FRANCHISE DISCLOSURE DOCUMENT

CREATIVE COLORS INTERNATIONAL, INC.
An Illinois corporation
19015 S. Jodi Road, Suite E
Mokena, Illinois 60448
(800) 933-2656
Terri@CreativeColorsIntl.com
www.CreativeColorsIntl.com

We offer a mobile-operated Franchised Business that specializes in repair, coloring, cleaning, protection and restoration of leather, cloth, vinyl, velour, plastics and other upholstery surfaces, and upholstering furniture, booths, tables. We offer these franchises individually under the terms of a standard Franchise Agreement.

The total investment necessary to begin operation of a single Creative Colors International Franchised Business is $101,560 to $125,625. This includes $99,000 that must be paid to the Franchisor.

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

You may wish to receive your franchise disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Terri L. Sniegolski at Creative Colors International, Inc., 19015 S. Jodi Road, Suite E, Mokena, Illinois, 60448, 1-800-933-2656 ext. 224.

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 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.

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider about *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in Illinois. Out-of-state arbitration and/or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate and/or litigate with the franchisor in Illinois than in your own state.

2. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund 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. **Inventory Control**. You must make inventory and supply purchases of a minimum of 2% of your gross sales or $1500 per mobile unit, whichever is lower, beginning on your second anniversary date, even if you do not need that much inventory. Your inability to make these purchases or to maintain inventory levels at all times may result in termination of your franchise and loss of your investment.

4. **Spousal liability**. Your spouse must sign a document that makes your spouse liable for all non-financial obligations under the franchise agreement and/or area development agreement. even though your spouse has no ownership interest in the franchise. If your spouse has an ownership interest in the franchise, your spouse must sign a guaranty that makes your spouse liable for all obligations under the franchise agreement and/or area development agreement.

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.

ADDITIONAL DISCLOSURES FOR THE STATE OF MICHIGAN

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

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

1. A prohibition on the right to join an association of franchisees.

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

3. A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the 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.

4. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise, or the franchisee does not receive at least 6 months advance notice of the franchisor's intent not to renew the franchise.

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

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

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

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

b) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

d) 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.

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

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

If the franchisor's most recent financial statements are unaudited, and show a net worth of less than $100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor 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
Department of Attorney General
Consumer Protection Division
Attn: Franchise
G. Mennen Williams Building, First Floor
525 West Ottawa Street
Lansing, Michigan 48933
Telephone Number: 517-373-7117

TABLES OF CONTENTS

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

CREATIVE COLORS INTERNATIONAL, INC. ("we" or "us") was incorporated in the State of Illinois on December 3, 1990, and maintains its principal place of business at 19015 S. Jodi Road, Suite E, Mokena, Illinois, 60448. Prior to November of 2005, our principal place of business was 5550 W. 175th Street, Tinley Park, Illinois, 60477. We conduct business as CREATIVE COLORS INTERNATIONAL, for the franchise offerings by this Franchise Disclosure Document. We have offered franchises since June of 1991, and we have not offered franchises for any other businesses. Our agents for service of process are listed in Exhibit B.

J&J's Creative Colors, Inc. ("J&J's"), our affiliate and predecessor, was established in Illinois on October 17, 1980, and was incorporated on July 19, 1982, in the State of Illinois. The principal business address is 19015 S. Jodi Road, Suite E, Mokena, Illinois, 60448. Prior to November of 2005 its principal place of business was 5550 W. 175th Street, Tinley Park, Illinois, 60477. We share mutual shareholders with J&J's. J&J's operates businesses offering services similar to those to be offered by the CREATIVE COLORS INTERNATIONAL Franchised Business ("Franchised Business").

J&J's was the original owner of the Trademarks ("Marks") and proprietary know-how ("System") you will use. We originally entered into a license agreement with J&J's dated March 25, 1991, which gave us the right to use and sublicense the Marks to you. Said license agreement was assigned on January 1, 2009, to KTG Creative Colors, Inc., which has subsequent to said assignment amended its corporate name to J&J's Creative Colors, Inc. On May 15, 2020, J&J's assigned the Marks to us. By virtue of the assignment of the Trademarks by J&J's to us on May 15, 2020, J&J's is our predecessor.

We will offer to qualified individuals and business/legal entities ("you") a franchise agreement (the "Franchise Agreement") for the right to operate one franchised business ("Franchised Business") within a specific geographic area ("Area of Primary Responsibility") solely with the mark "Creative Colors International" and associated logos and marks ("Marks") described in the Franchise Agreement. The form of Franchise Agreement you must sign is attached as Exhibit F to this Disclosure Document.

We offered Area Development Agreements, which granted the right and obligation to open 3 or more Franchised Businesses within a defined territory, from April 2015 to April 2023. We no longer offer Area Development Agreements.

You will specialize in promoting and providing services for the repair, coloring, cleaning, protection and restoration of leather, cloth, vinyl, velour, plastics and other upholstery surfaces, upholstering furniture, booths, tables and similar items, and related services on a mobile basis ("Services"), primarily to commercial customers. You will use a unique system ("System"), developed by J&J's and assigned to us on May 15, 2020. The System includes exclusively designed signage, equipment, solvents, chemicals and materials; specially equipped mobile units; procedures and techniques for providing upholstery repair, coloring, cleaning, protection and restoration and related services; upholstering methods, materials, and techniques; our Confidential Operations Manual, Sales & Marketing Manual, Training Manual, and SDS Manual; Proprietary Products (see Item 8 for a description); uniform operating methods, procedures and techniques; other confidential operations procedures; methods and techniques for inventory and cost controls, record keeping and reporting, personnel management, purchasing, sales promotion, marketing and advertising; all of which may be changed, improved and developed by us ("Trade Secrets").

All Services will be performed by you or your employee(s). At a minimum, you will start with one mobile unit and grow your territory into all markets by adding on additional mobile units as

Services are needed.

We have since January 1999, operated a business similar to the type you will operate. In addition, J&J's has operated the same business since 1980. We have, since 1991, offered franchises for the Franchised Business, which is the same type of business you will operate as a franchisee. J&J's has never offered Franchised Businesses.

You must comply with all local, state and federal laws and regulations that apply to the operation of a Franchised Business. Our System involves use of adhesives, cleaners, water- based dyes and related supplies. As with any chemical product used at work, OSHA regulations and the Federal Right-to-Know law require that you and your employees be familiar with the Safety Data Sheet ("SDS") for these materials. The SDS for these materials is included in the Start-Up Kit. Normal operation of a Franchised Business may involve disposal of small quantities of unused supplies. As with other chemicals, improper disposal of these materials may result in violation of federal, state and local laws and regulations. We are not aware of any other laws or regulations that are specifically applicable to the franchised business. We encourage you to consult with an attorney concerning these and other laws, regulations and ordinances that may affect operation of your Franchised Business.

You will compete with vinyl repair service businesses and other businesses specializing in upholstery repair, upholstering services, and related services.

ITEM 2 - BUSINESS EXPERIENCE

President and Director: Mark J. Bollman

Mr. Bollman has been our President since May 2000. He has been a Director since May 2000. Mr. Bollman is located at our Mokena, Illinois, office.

Sr Vice President/Secretary and Director: Terri L. Sniegolski

Ms. Sniegolski has been Sr. Vice President since May 2000. She has been a Director and Secretary since December 1990. Ms. Sniegolski has been the owner of J&J's Creative Colors since January 2009 and was employed by J&J's Creative Colors since June 1988. Ms.
Sniegolski is located at our Mokena, Illinois, office for both companies. Vice President/Treasurer and

Director: Kelli A. Bollman

Ms. Bollman has been our Vice President since May 2000. She has been a Director and Treasurer since December 1990. Ms. Bollman has been the owner of J&J's Creative Colors since January 2009 and was employed by J&J's Creative Colors since May of 1988. Ms.
Bollman is located at our Mokena, Illinois, office for both companies.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Franchise Business

The initial fees payable to us before you begin the Franchised Business include the Initial Franchise Fee of $59,500 and the Required Start-Up Package of $39,500, for a total of $99,000. Upon signing the Franchise Agreement and before commencement of initial certified training, we must receive payment in full of $99,000.

Except as expressly provided in the Franchise Agreement, the Initial Franchise Fee and the Required Start-Up Package are non-refundable.

Your mobile unit can be leased through us or another source. If you lease your mobile unit through us or our designated Supplier, you must pay us a 20% down payment of the total vehicle cost before we start your initial training. See Exhibit H for a sample of the Mobile Unit Lease Agreement.

Your mobile unit buildout can be done by us or another source. This includes interior workstation setup, including compressor and inverter hookup. If you lease the mobile unit through us or our designated Supplier, we will arrange for the required mobile unit buildout. The buildout fee is currently $4,000. Depending on your lease arrangement, the buildout fee may either be paid separately prior to commencement of initial certified training or capitalized into the vehicle lease. If you lease the mobile unit from another source, we will furnish you the compressor, inverter and graphics at training for no fee, but it will be your responsibility for transporting them back to your location and for having your mobile unit upfitted by another Supplier.

The Required Start-Up Package includes the initial training program for up to 2 people (transportation, lodging, and meals are not included), certain travel and clothing vouchers as described in Item 7 for the initial training program, the initial start-up supplies and equipment (detailed list provided in the Confidential Operations Manual), access during the term of the Franchise Agreement to additional CCI-certified one week training program for technicians at no tuition charge (although a registration deposit is required and credited toward purchases), subject to availability and scheduling, and administrative and onboarding support associated with establishment of the Franchised Business.

Certified training is provided by us. From time to time, advanced or supplemental training programs may be offered by us or by independent franchisees. Participation in such programs is optional and may require payment of additional fees.

We participate in the “Veterans Transition Franchise Initiative” (commonly referred to as “VetFran”), which seeks to provide an opportunity for veterans who want to be in business. If you are a veteran of the U.S. Armed Forces, have served at least 4 years of military service, and have received an honorable discharge, you are eligible to receive a 10% ($5,950.00) discount off of the Initial Franchise Fee upon receipt of an honorable discharge certificate. The VetFran discount applies only to the Initial Franchise Fee and does not apply to the Required Start-Up Package or any other fees.

In our fiscal year ended December 31, 2025, the Initial Franchise Fee was applied uniformly to all franchisees awarded franchises.

ITEM 6
OTHER FEES

Franchise Agreement

(1) Type of Fee	(2) Amount	(3) Due Date	(4) Remarks
Royalty1/	7.5% of gross sales, including cash, or a minimum of $375 a month for the first full year of business; a minimum of $500 a month for the second full year of business; and a minimum of $625 a month for each following full year of business.	Due on or before the 15th of every month	Gross Sales includes all revenues for the Franchised Business, except taxes. There is no Royalty fee for the first full month of business and there is no minimum for the first full three months of business
Marketing1/	1% of Gross Sales, or a minimum of $50 a month for the 1st full year of business; a minimum of $75 a month for the 2nd year in business; and a minimum of $100 a month for each following full year of business. If at any time, 50% or more of all other existing Franchised Business owners elect to raise the percentage marketing contribution level, participation will be required of all Franchised Business owners, but your contributions will not exceed 2% of your Gross Sales.	Due on or before the 15th of every month	Gross Sales includes all revenues from the Franchised Business, except taxes. If paying Marketing Fund by check, it needs to be written as payable only to "Creative Colors International Marketing Fund".
Proprietary Products1/	Per our price list	When purchased	You must purchase Proprietary Products from us. Beginning on the 2nd anniversary date of your Franchise Agreement, you must purchase from us a minimum inventory of Proprietary Products equal to 2% of gross sales every fiscal year, or $1,500 per mobile unit.

(1) **Type of Fee**	(2) **Amount**	(3) **Due Date**	(4) **Remarks**
CCI Certified Training Class Registration Fee1/	$500 registration fee per person	At least 2 weeks prior to training class	The registration fee will hold spot in both the 1- and 2-week class. If the technician does not attend and you do not cancel class at least 2 weeks prior to training class, you will lose the registration fee, and none of it will be refunded. If your technician attends the training class, you will receive a credit for supplies in the amount of $500. The $500 registration fee is credited toward required supplies and does not constitute a tuition charge. There are no additional training fees for a 1-week training class.
Extended CCI Certified Training Class1/	$1,000 for 2nd week of training class per person	At least 2 weeks prior to training class	If you send in your technician for a two-week training class, you must pay for the 2nd week of training in addition to the registration fee listed above.
Advanced CCI Certified Training Class1/	Registration fee up to $2,400 per person	As incurred; At least 2 weeks prior to training class	Payable only if you choose to attend the advanced training class. The registration fee will hold spot. If you do not attend and you do not cancel class at least 2 weeks prior to training class, you will lose the registration fee, and none of it will be refunded. Attendance is subject to certain prerequisites, in our sole discretion.

(1) Type of Fee	(2) Amount	(3) Due Date	(4) Remarks
Conference Registration Fee1/	$500 - $750 per person	Per conference registration schedule	For your attendance at our annual conference. Owner or manager attendance is mandatory.
Non-Attendance Fee1/	$1,000 after missing Annual Conference twice every three consecutive years.	Upon Demand	Payable only if you fail to attend the annual conference twice every three consecutive years.
Supplemental Training1/	Tuition fee of up to $2,000 per person	As incurred.	We may from time to time provide, at your option, supplemental training, seminars, regional franchise meetings or webinars (distinct from Advanced CCI Certified Training) to be conducted at times and locations designated by us. We may charge a tuition fee of up to $2,000 per person for any such training, seminars, meetings or webinars.
Additional Assistance in Territory1/	$300 per person per day plus transportation and lodging	On or before the first day of assistance.	We provide opening assistance to you at no charge for 4 business days. If you request onsite assistance in your Territory in addition to the 4 days we spend with you during your Grand Opening, we will charge you this fee.
National Account Admin Fee	Up to 5% of your gross sales from National Accounts	Upon Demand	We may charge you 5% of your gross sales from National Accounts that we offer you.

(1) Type of Fee	(2) Amount	(3) Due Date	(4) Remarks
Transfer Fee1/	$10,000	On or before closing date.	There is no fee for transfers to business or legal entities formed and solely owned by you for tax and/or legal reasons.
Renewal Fee1/	$1,000 due at time of renewal.	Due at least 90 days before your franchise agreement expires.	Paid at the time of acquiring a successor franchise.
Mobile unit Lease Payments1/	$850 - $950 per month, depending on amount of down payment.	Monthly	If you elect to lease your Mobile unit through us and our Supplier, you make the monthly payments to us.
Interest on Mobile unit Lease Agreement1/	Lesser of 18% of highest rate permitted by applicable law.	Upon Demand	Payable only if you lease a mobile unit through us and our Supplier and you are delinquent on monthly payments under Mobile unit Lease Agreement.
Interest on Payment Due to us other than under Mobile Unit Lease Payments1/	Highest legal rate allowed by your State for open account business credit not to exceed 2% per month.	Upon Demand	You must pay on all overdue amounts.
Insurance1/	Our costs	On Demand	You pay to us only if we have to pay your premium when you fail to do so. The fee is payable to Creative Colors International, Inc. or the insurance carrier.

(1) **Type of Fee**	(2) **Amount**	(3) **Due Date**	(4) **Remarks**
Business Listing Fee1/	$600 a year	Annually	For your annual business listing. These fees may increase in the future, but not more than 20% annually.
CCI Technology Fee1/	$750 a year	Annually	This is your CRM, all digital marketing and CCI email address. These fees may increase in the future, but not more than 20% annually.
Late Fee1/	$75.00 or the maximum amount permitted by law, whichever is less	Upon Demand	For all royalty fees paid late.
NSF Fee1/	$50 per occurrence	As incurred	You pay this amount if payment to us is not honored by the bank.
Warranty Reimbursement1/	Amount we pay your customer.	Upon Demand	You reimburse us if we decide to honor a warranty claim brought by your customer and you decline to honor it.
Audit1/	Cost of audit, including travel, lodging, and wage expense, reasonable legal and accounting costs, not to exceed $5,000, plus 21% annual interest on underpayment.	30 days after billing	You pay only if the audit shows an understatement of at least 3% of gross sales for any month.
Service Fee1/	$500 per day, plus our out-of-pocket travel, lodging and meal expenses.	Immediately upon billing	You pay this amount if we operate your business while you are in default.
Attorney's Fees and Costs1/	Our reasonable fees and costs.	On Demand	You pay us if we incur legal costs in enforcing the Franchise Agreement.

(1) Type of Fee	(2) Amount	(3) Due Date	(4) Remarks
Indemnification1/	Our loss, liability, taxes, or damages and costs.	When a claim is brought against us.	You must reimburse us for our costs if a claim is brought against us due to your ownership or operation of your Franchised Business or because we must manage your business on your behalf.

1/ Except for the royalty fees, all fees are uniformly imposed on all franchisee's purchasing a franchise under this offering and are payable only to us. Some franchisees:

- are on a reduced royalty structure based on total sales;
- are under, or grandfathered in, an older agreement with a lower royalty rate;
- who have multiple territories combined their minimum royalty fees for all their territories, rather than paying individual minimum royalties for each territory.

All fees are nonrefundable.

We can require you to pay us this fee or payment via electronic funds transfer ("EFT"). In addition, you must keep an active credit card on file with us. Your credit card must have a credit line sufficient to cover all Royalty Fee payments, advertising contributions to the marketing fund and amounts due for purchases by you from us. We may debit your designated payment method for undisputed amounts past due.

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ITEM 7
ESTIMATED INITIAL INVESTMENT

Franchise Agreement

(1) TYPE OF EXPENDITURE	(2) AMOUNT	(3) METHOD OF PAYMENT	(4) WHEN DUE	(5) TO WHOM PAYMENT MADE
Initial Franchise Fee1/	$59,500	Lump Sum	Signing of Franchise Agreement	Us
Required Start-Up Package2 /	$39,500	Lump Sum	Signing of Franchise Agreement	Us
Mobile unit3/	$900 - $12,460	As Arranged	As Incurred	Us (if leasing through us or our designated Supplier) Dealer, or Leasing Agent
Mobile unit Buildout / Setup4/	$0 - $6,600	As Arranged	As Incurred	Us or Suppliers
Pre-Opening Travel and Initial Training5/	$760 - $1,265	As Incurred	As Incurred	Suppliers of transportation & food
Insurance6/	$750 - $3,000	As Arranged	As Incurred	Insurers
Office Equipment and Office Supplies7/	$0 - $1,600	As Arranged	As Incurred	Suppliers
Business Listing8/	$150 - $600	Lump Sum	As Incurred	Us or Suppliers
Internet Access 9/	$0 - $500	As Arranged	As Incurred	Suppliers
Additional Funds10/	$0 - $600	As Incurred	As Incurred	Employees, Suppliers, Utilities
TOTAL11/	$101,560 - $125,625			

Except as described in Item 5 and the Franchise Agreement, amounts paid to us are non-refundable. Amounts paid to third-party vendors are refundable according to their individual terms and policies.

Notes:

1/ Initial Franchise Fee – Except as disclosed in Item 5 under the VetFran program, the initial fee of $59,500 must be paid at the time of signing the Franchise Agreement and before commencement of initial certified training. The initial franchise fee is described in Item 5.

2/ Required Start-Up Package - This Required Start-Up Package fee of $39,500 must be paid in full upon signing the Franchise Agreement and before commencement of initial certified training. The Required Start-Up Package includes Initial certified training for up to two (2) individuals; Initial inventory and start-up supplies; Marketing presentation materials; Approved graphics package for one mobile unit and installation; Grand opening support and initial field visit support; Airline voucher up to $500; Hotel voucher up to $1,500; Clothing voucher up to $500; Access during the term of the Franchise Agreement to additional CCI-certified one week training programs at no tuition charge (although a registration deposit may be required and credited toward purchases), subject to availability and scheduling; and Administrative onboarding support. Transportation, lodging beyond the provided vouchers, and meals are not included.

3/ Mobile Unit - You must operate from a white van meeting our specifications. The low estimate assumes you will use a personally owned mobile unit. The high estimate assumes you lease a mobile unit through our designated Supplier and includes an estimated deposit of $9,000 plus three (3) months of lease payments of approximately $900 per month. Both estimates include fuel for the first three (3) months of operation of approximately $300 per month. If you lease through our designated Supplier, the vehicle lease may include capitalized buildout costs as described in Note 4.

4/ Mobile Unit Buildout/Setup - The required mobile unit buildout is described in Item 5 and is currently $4,000. If you lease your mobile unit through our designated Supplier, this amount may be capitalized into the vehicle lease. If you acquire your vehicle independently, you will be responsible for arranging and paying for installation through approved Suppliers. The low estimate assumes buildout is included in the lease arrangement. The high estimate assumes independent buildout by third-party Suppliers and may include shipping costs for required equipment.

5/ Pre-Opening Travel and Initial Training - You will incur travel expenses to attend initial certified training. The Required Start-Up Package includes an airline voucher up to $500 and a hotel voucher up to $1,500. The estimated range above reflects potential out-of-pocket travel and meal expenses beyond the value of these vouchers and will vary depending on distance traveled and accommodation choices.

6/ Insurance - You must obtain insurance coverage meeting our requirements, including auto, business, and liability coverage. The low estimate assumes quarterly premium payments totaling approximately $750 for the first three (3) months. The high estimate assumes payment of the full annual premium upfront.

7/ Office Equipment and Supplies - You will need a smartphone, computer, and certain software, including Microsoft 365 Business Premium and QuickBooks Online Plus. The low estimate assumes you will use existing personal equipment. The high estimate assumes purchase of new equipment.

8/ Business Listing - You must obtain a business listing within 45 days of your grand opening date. The low estimate reflects approximately three (3) months of listing fees. The high estimate reflects approximately twelve (12) months.

9/ Internet Access - You must maintain internet access. The low estimate assumes you already have service. The high estimate reflects approximately three (3) months of service.

10/ Additional Funds - The Additional Funds estimate reflects operating expenses for your first three (3) months of operation, including inventory replacement and miscellaneous business expenses.

These figures are estimates only. We cannot guarantee that you will not incur additional expenses.

11/ Basis of Estimates - We relied on the experience of our existing franchisees in preparing these estimates. Your actual costs may vary depending on location, market conditions, personal spending decisions, and other factors. We do not finance any of these expenses except that vehicle lease arrangements may be available through our designated Supplier, as described in Item 10.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase Proprietary Products from us. We are the designated supplier of the Proprietary Products identified in the Confidential Operations Manual, which you are required to use in your Franchised Business. We furnish you with the initial inventory of Proprietary Products as part of your Start-Up Fee disclosed in Item 5. When you have used up your initial inventory, you must purchase these products exclusively from us to preserve our trade secrets and maintain uniform quality throughout our System. We will sell to you Proprietary Products and equipment that you require in the operation of the Franchised Business at prices in effect at the time of purchase. You must carry an adequate supply and maintain an inventory of Proprietary Products as set forth in the Operations Manual. You must maintain and promote Proprietary Products for use in service to the general public to meet customer demand.

Beginning on the second anniversary date of your Franchise Agreement (i.e., in the third year of operation), you must purchase from us each year Proprietary Products in an amount equal to at least 2% of your Gross Sales or $1,500 per mobile unit, as further described in the Operations Manual.

You acknowledge that an essential component of the System is the development and promotion of environmentally responsible, biodegradable solutions and cleaners consistent with applicable standards, including those approved by the Environmental Protection Agency. You may use solvents and cleaners (other than our Proprietary Products) only if approved by us in writing, as provided in the Operations Manual.

We will provide you with a list of approved manufacturers, suppliers, and distributors authorized for the Franchised Business ("Approved Supplier List") and a list of approved inventory, products, tools, equipment, signage, supplies, chemicals, merchandise, and other items or services necessary to operate the Franchised Business ("Approved Supplies List"). These lists are maintained in the Operations Manual and/or the Franchisee Portal and may be updated from time to time. We may revise the Approved Supplier List and Approved Supplies List at our sole discretion, and you must comply with all such updates.

Franchisees are required to purchase certain Proprietary Products and other items from us or our approved suppliers, as described in the Franchise Agreement and Confidential Manuals. These requirements are intended to maintain uniform quality, protect our proprietary system, and ensure consistent operation of the CREATIVE COLORS INTERNATIONAL business.

In addition, Franchisees may be required to purchase certain branded or system-approved containers, bottles, packaging, or similar items used in the storage, handling, and application of Proprietary Products. All such containers and packaging must meet our specifications and branding requirements and must be purchased from us or from suppliers we designate or approve.

We may receive revenue from the sale of Proprietary Products and other required items purchased by Franchisees.

The approved source of supply for any individual item may be us, J&J's, or an independent third party. Currently, we are the only approved supplier for Proprietary Products. If you propose to use any product, material, or supply that is not on the Approved Supplies List, or to purchase from a supplier not on the Approved Supplier List, you must first notify us in writing and obtain our approval, as outlined in the Operations Manual. Based on the information and samples you provide, we may test the items to determine whether they meet our specifications and quality standards and are compatible with our Proprietary Products. We may also evaluate the proposed supplier's financial condition, business reputation, delivery performance, creditworthiness, and other relevant factors. We reserve the right to inspect and re-inspect any supplier or approved item and to revoke approval if our standards are no longer met. We will notify you within 30 days of approval or disapproval after receiving all required information.

We have no current purchase arrangements with our suppliers that result in payments to us based on your purchases. We do not provide material benefits to you based on your use of approved suppliers. We may, however, negotiate pricing or terms with approved suppliers in an effort to obtain favorable pricing for franchisees. We do not currently maintain any purchasing or distribution cooperatives. You must purchase computer hardware with internet access and specific software meeting our specifications. See Item 11.

Some or all of the officers of the Franchisor own an interest in the Franchisor, which is an approved Supplier of Proprietary Products and the leased mobile units.

You may, but are not required, to purchase the Inverter and Heat Gun's from us. If you do, all warranties come from the manufacturer.

In the year ending December 31, 2025, our revenues from the sale of Inventory and related items to our franchisees was was $312,761 or 13.63% of our total revenues of $2,295,122. The purchase of supplies, equipment, inventory and other items from approved sources will represent 15% to 23% of your overall purchases in **establishing** the Franchised Business. The purchase of supplies, equipment, inventory and other items from approved sources will represent 3-8% of your overall purchases in **operating** the Franchised Business.

No affiliate derived revenue from required purchases or leases.

You need to have a white van as your mobile unit for the Franchised Business. You may purchase or lease original and replacement mobile units from any source. We are an approved intermediary for the mobile unit lease arrangement described in Item 10. In the year ending December 31, 2025, our revenues from the lease of mobile units to our franchisees was $5,560 or 0.24% of our total revenue of $2,295,122.

You must maintain the interior and exterior of the mobile unit in good repair, attractive appearance, sound operating condition and equipped in accordance with our standards and specifications. The mobile units must be capable of prominently providing the logo and graphics supplied or approved by us and the logo and graphics must be maintained in good appearance.

Other than from the sale of inventory and mobile unit lease or related service described above, we did not derive any revenue in 2025 from franchisee's purchases or leases from us.

You must use only approved warranty and guarantee forms, work order forms, invoices and other forms. You will obtain forms from us or from Suppliers approved by us to produce forms utilizing the Marks. All invoices must be sequentially numbered. Copies of all work order forms and invoices issued or voided out by you must be submitted to us on a monthly basis.

You must obtain and maintain insurance in accordance with our standards and specifications described in our Operations Manual. You must obtain workers' compensation insurance, commercial general liability insurance (including products and completed operations coverage) with minimum limits of $1,000,000 per occurrence and $2,000,000 aggregate, automobile liability insurance with minimum limits of $1,000,000 per occurrence, and any additional insurance we may require. We may increase the minimum insurance requirements from time to time.

You may obtain insurance from any insurance company licensed in your state that is reasonably acceptable to us. You must name Creative Colors International, Inc. (19015 S. Jodi Road, Suite E, Mokena, Illinois 60448) as an additional insured on a primary and non-contributory basis. The policies must include a waiver of subrogation in our favor and must provide for notice of cancellation or material modification to the extent available under the policy.

If you fail to maintain the required insurance, we may obtain such insurance on your behalf and charge you for the cost.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Franchise Agreement: III, Exhibit A	11,12
b. Pre-opening purchases/leases	Franchise Agreement: I.F., IV.A., XIII.B., XIV.E	5, 7, 8
c. Site development and other pre-opening requirements	Franchise Agreement: I.D., III	11
d. Initial and Ongoing training	Franchise Agreement: V	11
e. Opening	Franchise Agreement: XIII.B	11
f. Fees	Franchise Agreement: I, V., X, XI	5, 6

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
g. Compliance with standards and policies/Operating Manual	Franchise Agreement: VII, XIII	11
h. Trademarks and proprietary information	Franchise Agreement: VI	13
i. Restrictions on products/services offered	Franchise Agreement: XIII	16
j. Warranty and customer service requirements	Franchise Agreement: XIII.E., XIII.Q., XIII.R.	6, 8
k. Territorial development and sales quotas	Franchise Agreement: I.H., IV.B.	11, 12
l. Ongoing product/service purchases	Franchise Agreement: XIII.G, XIII.H.	8
m. Maintenance, appearance and remodeling requirements	Franchise Agreement: IV.D, IV.F., XIII.C	8
n. Insurance	Franchise Agreement: XV	7, 8
o. Advertising	Franchise Agreement: X., XIII.	6, 7 & 11
p. Indemnification	Franchise Agreement: VI.C., XV.C., XV.D., XVII.F, XXII.C.	6, 13, 17
q. Owner's participation, management and staffing	Franchise Agreement: XIII.V., XXXIV, Exhibit E	15
r. Records and reports	Franchise Agreement: XII	6
s. Inspections/audits	Franchise Agreement: VI.E., XI.A.1., XII.E.	6 & 11
t. Transfer	Franchise Agreement: XIX	17
u. Renewal	Franchise Agreement: II	6, 17
v. Post-termination obligations	Franchise Agreement: XVIII	17

w. Non-competition covenants	Franchise Agreement: XVI	17
x. Dispute resolution	Franchise Agreement: XXVIII, XXIX	17
y. Other (describe)	Not Applicable	N/A

ITEM 10 FINANCING

Other than the below, we will not offer, directly or indirectly, any arrangements for financing your initial investment or the operation of the Franchised Business. We are unable to estimate whether you will be able to obtain financing for all or any part of your investment and, if you are able to obtain financing, we cannot predict the terms of such financing.

We have made arrangements where you can lease your mobile unit from us through a third-party agreement with Enterprise Fleet Management and your payments will be made through us. Lease payments are submitted to us and forwarded to the leasing company. A copy of the Mobile Unit Lease Agreement is attached in Exhibit H. The terms of the lease are as follows:

> You must pay a down payment of 20% of the delivered price of the vehicle. You will pay 60 monthly lease payments at an interest rate of approximately 6% to 9%. The amount of interest charged will not exceed the maximum amount allowed by state law. At the end of 60 months, you may buy out the mobile unit at a price of $0 to $500. If you do not buy it out, you must return the mobile unit to us. In addition, you may be liable for an “additional rent” charge if the Book Value of the mobile unit exceeds the greater of (i) the wholesale value as determined by us in good faith, or (ii) 20% of the Delivered Price of the mobile unit (Paragraph 3(c) of the Master Mobile Unit Lease Agreement). You may prepay without a penalty, but you may not be entitled to a refund or reduction in interest.
>
> The above arrangement represents the financing of 80% of the Delivered Price of the mobile unit. If the required mobile unit buildout described in Item 5 is capitalized into the lease, the financed amount may include such buildout costs as part of the Delivered Price.
>
> You are obligated for the cost of all license plates, registrations, fuel, maintenance, upkeep, fines, tickets, penalties, municipal stickers, insurance, repairs, and all other ongoing expenses in operating the mobile unit. In addition, if you are delinquent in any monthly payments under the Mobile Unit Lease Agreement, you must pay us interest on the delinquent amount at the rate of 18% per annum as provided in the Mobile Unit Lease Agreement. The amount of interest charged will not exceed the maximum amount allowed by state law. There are no other finance charges in connection with the mobile unit lease.
>
> Enterprise Fleet Management retains the title to the vehicle as collateral for the mobile unit lease. Other than holding title, there is no other security interest you must furnish in connection with the mobile unit lease.
>
> We require a personal guarantee of the mobile unit lease from all the individual owners of your franchise entity.

If you default the Mobile Unit Lease Agreement, we will take immediate possession of the mobile unit from you, without releasing you from your obligations under the Agreement. You may be obligated to pay our court costs, attorney's fees and expenses if you default the Agreement.

We do not receive direct or indirect payments for placing financing.

Other than the lease arrangements noted above, we do not offer direct or indirect financing. We do guarantee the mobile unit lease if leased through Enterprise. We do not receive any consideration for placing financing with the lender.

We may, at your request, assist you in obtaining financing from a third party for all or part of your investment. We will not guarantee any part of your obligation. We will not receive any benefit from this assistance.

We reserve the right to assign, pledge or transfer our rights under the Mobile unit Lease Agreement to a third party. If we exercise that right, we will remain primarily obligated to provide you with the leased mobile unit. You will lose your defenses against our assignee if we assign the Mobile unit Lease Agreement.

Unless we assign the Mobile unit Lease Agreement to a third party, you do not waive defenses or other legal rights you may have against us.

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

Except as listed below, we need not provide any assistance to you.

PRE-OPENING OBLIGATIONS

Before you open the Franchised Business, we (or our designee) must provide the following assistance and services to you:

Franchise Agreement

1. We will lend you one copy of the Operations Policy and Procedures Manual. See Exhibit C to this Franchise Disclosure Document, current Table of Contents of the Operations Manual. (Franchise Agreement Section VII)

2. We will lend you one copy of the Operations Training Manual. See Exhibit D to this Franchise Disclosure Document, current Table of Contents of the Training Manual. (Franchise Agreement Section VII)

3. We will lend you one copy of the Operations Sales & Marketing Manual. See Exhibit E to this Franchise Disclosure Document, current Table of Contents of the Sales & Marketing Manual. (Franchise Agreement Section VII)

4. We will provide you with your Start-Up Equipment & Supplies during training. (Franchise Agreement Section I.F.)

5. We will provide training as set forth below. (Franchise Agreement Section V.)

6. We will review all of your promotional materials and marketing and you must obtain our approval before using them. (Franchise Agreement Section X.A.)

7. All of the specifications, Approved Supplies List, Approved Supplier List, and Confidential Manuals will be delivered to you during the initial training class and before your Grand Opening. (Franchise Agreement Section XIV.E.)

8. You may purchase or lease original and replacement mobile units from any source. If you lease the mobile unit through us, we will arrange for the lease to you of your mobile unit that will be upfitted with equipment, graphics, custom upfit and workstation during training. (Franchise Agreement Section IV.A.). If you lease or purchase your mobile unit through another source, we will not arrange for the upfitting of your mobile unit. We will furnish you with the equipment, supplies, and graphics during initial training. You must transport these items back to your location and have your mobile unit upfitted with them, as well as with interior set-up and graphics installation, by another Supplier.

We do not have to provide any other supervision, assistance, or services before you open the Franchised Business.

Site Selection

You must locate your office, or post office box, within your Area of Primary Responsibility. You may operate your business office from your home. If you decide to relocate your office outside of your home, you must first obtain our written approval. Our primary consideration in approving your site is whether it is within your area of Primary Responsibility. We will advise you within 30 days of our approval or disapproval; if we cannot agree, we will resolve the dispute through arbitration. (Franchise Agreement Section III)

Length of Time Before Operation

The typical length of time between the signing of the Franchise Agreement and the beginning of operations of the Franchised Business is approximately 60 to 90 days. Factors affecting this length of time may include the ability to arrange financing, meet local ordinances or community requirements, complete delivery of mobile units and equipment, complete training and other factors. If you fail to begin operations within 90 days of signing the Franchise Agreement, we may terminate the Franchise Agreement. (Franchise Agreement Section XIII.B)

CONTINUING OBLIGATIONS

During the ongoing operation of the Franchised Business, we will provide the following assistance and services to you. If the assistance or service is an obligation in the Franchise Agreement, there will be a reference to the Section number. If there is no reference to a Section number, then we are not obligated by the Franchise Agreement.

Franchise Agreement

1. We will provide you with a list of established sources of and specifications for tools, equipment, chemicals, supplies, and services necessary for the operation of the Franchised Business. (Franchise Agreement Section XIV.B)

2. We will keep you updated on information about new methods of operation and new services. (Franchise Agreement Section XIV.B)

3. We will offer advice to you regarding prices for the services and products offered for sale by the business and prices charged for competitive services and products. (Franchise Agreement Section XIV.A)

4. We will offer you advice as to the proper administrative, bookkeeping, accounting, inventory control, supervisory and general operating procedures for the effective operation of the Franchised Business. (Franchise Agreement Section XIV.C)

5. We will use reasonable efforts to make our personnel available to you for telephone consultation and periodic field visits to assist you in all aspects of the operation of the business. We will prepare written reports about these visits outlining any suggested changes or improvements and we will also detail any defaults. A copy of this report will be given to you. (Franchise Agreement Section XIV.D)

6. We will make available further training for the Franchised Products and Services we may introduce at our annual conference and at our headquarters in Mokena, Illinois.

We are not obligated by the Franchise Agreement or any other agreement to provide any other supervision, assistance, or services during the operation of the Franchised Business.

National Accounts

We may enter into agreements with certain customers who have jobs in multiple areas (“National Accounts”) under which we and participating franchisees agree to provide certain services at certain specified rates or in accordance with certain procedures. If any National Account has a job in your area of primary responsibility, we will offer you the opportunity to participate under the National Account agreement. We may charge you 5% of your gross sales from National Accounts that we offer you. In addition, we have the right to withhold from payments paid to us by National Accounts for services you performed, the amount by which you are delinquent in payments you owe us. Your participation is voluntary, but if you choose not to participate, we may reduce your exclusive territory by excluding the National Account from your area of primary responsibility, and we may allow another franchisee or affiliate to service that customer. (Franchise Agreement Section I.H.)

Marketing

We have a Marketing and Development Fund ("Fund"). The purpose of the Fund is to create, develop, direct and prepare national or regional advertising materials and marketing materials relating to the System and the products and services you offer and to pay for public relations projects intended to enhance the goodwill and public image of the System. CCI is not obligated to make expenditures for you which are equivalent or proportionate to your contribution or to ensure that you or any particular franchisee benefits directly or proportionately from expenditures by the Fund.

All payments to the Fund will be used solely for marketing and development of CCI franchisees and their products and services. “Marketing and development” expenditures will include direct costs of producing, maintaining, administering, directing and placing consumer advertising, including the cost of preparing and conducting television, e-commerce, direct mail, magazine and newspaper print, radio, outdoor advertising, promotional materials and brochures and expenses directly incurred and related to the cost of marketing and administration of the Fund. Neither we nor our Affiliate receives payment for providing goods or services to the Fund other than reimbursement of reasonable administrative expenses..

If you wish to use your own marketing material, including telemarketing scripts, newspapers, radio and television advertising, you must submit them to us or our designated agency, for our prior approval. You are permitted to use your own advertising material only after receiving approval from us. (Franchise Agreement Section X.A.)

You must advertise continuously your business listing with our approved internet provider. Your expenditure for business listing advertisements will be independent of and in addition to your contributions to the Fund. (Franchise Agreement Section X.C.)

We do not require you to participate in a local or regional marketing cooperative.

We have created a Marketing Fund Committee ("Committee") that is designed to provide us with a regular forum to hear advice and counsel from the franchisee network. The Committee will provide you with recognized leaders to whom all franchise owners can turn for advice and offer guidance on advertising development, marketing development and promotional materials. The Committee will offer advice and review advertising themes, marketing development and promotional projects and propose new advertising/marketing materials. The format of this Committee is to advise and help determine the focus and offer direction for the CREATIVE COLORS INTERNATIONAL Marketing Fund. The Committee will be the voice of franchisees. The Committee is not a decision-making board but is advisory only and can make recommendations.

You are prohibited from advertising on the internet unless it is through your customized website, which is linked to our main website, and your advertising is approved by us. You may not create or maintain independent social media accounts using our Marks without our prior written approval. All social media activity relating to the Franchised Business must comply with our standards and receive prior approval where required. We reserve the right to require you to obtain our approval of any message involving your Franchised Business or that uses our Marks that you send or post over social media. You are strictly prohibited from creating any email addresses for your business other than the email address(es) we assign and provide to you. (Franchise Agreement Section X.E.)

You and all Franchisees must contribute to the Fund, at the same time and in the same manner as the Royalty Fee, 1% of your Gross Sales or a minimum of $50 the first year, $75.00 the second year or $100.00 the third year, derived from each Franchised Business you operate. If paying Marketing Fund by check, it needs to be written as payable only to "Creative Colors International Marketing Fund". We may require you to pay all fees via electronic funds transfer. (Franchise Agreement Section X.B.)

All of our company owned outlets and our affiliate owned outlets will pay marketing fees in the same manner as you.

If at any time, 50% or more of all other existing Franchised Business owners elect to raise the percentage marketing contribution level, participation will be required of all Franchised Business owners, but your contribution will not exceed 2% of your Gross Sales. (Franchise Agreement Section X.B.4)

The Fund will not be our asset. Although the Fund is not a trust, we will hold all Fund contributions for the benefit of the contributors and use contributions only for the purposes described in the Franchise Agreement. We do not owe any fiduciary obligation to you for administering the Fund or any other reason. (Franchise Agreement Section X.B.7.)

The Fund's fiscal year will begin on January 1 and end on December 31 of each year. Any amount not expended in the calendar year shall be applied and used for the Fund expenses in the following year. We have the right to terminate the Fund. The Fund will not be terminated until all monies in the Fund have been expended for both marketing and promotional purposes.
No contributions you make to the Fund will be returned to you under any circumstances. An unaudited accounting of the income and expenses of the Fund will be prepared annually and be made available to you upon request. (Franchise Agreement Section X.B.2.)

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In our most recent fiscal year (ended December 31, 2025), the Fund was expended for the following uses:

Marketing & Promotional	33%
Local Co-Op Reimbursements	20%
Tradeshow	4%
Internet Marketing	28%
Administrative Expense	9%
Other (includes Association & Subscription dues and bad debit & bank charges)	6%
Total	100%

The marketing projects are contracted out, with some projects done in-house. In 2025, 0% of the work (in terms of dollars expended) was done in-house, and the rest was contracted out. Any remaining balance of the fund is carried over to the following years.

The Fund will not be used for research and development of new products or services; the design of new or different trademarks, service marks or logos; or any of our general operating expenses. We will not use Fund contributions to create or place any advertisement that is principally a solicitation for new franchises, but we may include in all advertising prepared from Fund contributions (including Internet advertising) information concerning franchise opportunities.

The following expenses will not be paid for by the Funds for your individual use: Incentive programs; charitable, political, or other contributions or donations; reproduction costs; and conference and educational costs.

Computer Requirements

You must have computer hardware with internet access and specific software meeting our specifications. At present, you need to have a computer that is comparable to, or better than, the following:

- Windows PC: Windows 11 operating system, a 2.4 GHz processor, and 8GB of RAM (16GB recommended).
- Mac: OS X "Big Sur" 11.1 or newer.
- Internet connection: 3 Mbps or higher.

The specific software that you will need is Quickbooks Online Plus (or higher) and Microsoft Office 365 Business Premium 2025 (or higher). The estimated cost for these purchases is $0 to $750, depending on the software you may already own.

Neither CCI, any affiliate, nor any third party is obligated to provide ongoing maintenance, repairs, upgrades, or updates to your computer system.

You must acquire, maintain, upgrade and update hardware and software during the term of the franchise, at your own expense. We may require reasonable upgrades and updates to maintain system compatibility. CCI does not currently recommend or require a specific type of maintenance, updating, upgrading or support contract.

You must update the software every 3 years, and the cost to you will not exceed $1,500. You must also have an Internet provider to access our online internet system. The hardware and software will record all Gross Sales, inventory date, sales information, and other information we require. Neither the hardware nor the software is proprietary to us or a third party. We will have remote access to business data necessary to monitor compliance with the Franchise Agreement and system standards.

Online Marketing Portal

You will have access to our online marketing portal. The online marketing portal provides you with resources essential to the operation of your business. The online marketing portal is part of the CCI Technology Fee of $750 a year that you must pay. This fee may increase in the future, but not more than 20% annually. (Franchise Agreement Section X.D.)

Manuals for Franchised Business

We will make available to you 1 copy of our Policies and Procedures Operations Manual, Sales & Marketing Operations Manual, and Training Operations Manual (the "Confidential Manuals") for your Franchised Business. The Confidential Manuals will contain specifications, standards, operating procedures and policies, which you must follow in operating your Franchised Business. We may revise the Confidential Manuals at any time. The Confidential Manuals are strictly confidential and remain our sole property. The master copy is at our principal office and will be controlling if there is a dispute concerning content. The master copy will be available to you on our CCI Internet Portal. Any changes to the manual will be made electronically. (Franchise Agreement Section VII.A.).

A copy of the Table of Contents for the Operations Manual is attached as Exhibit C. The total number of pages in the Operations Manual as of the date of this Franchise Disclosure Document is 254.

A copy of the Table of Contents for the Training Manual is attached as Exhibit D. The total number of pages in the Training Manual as of the date of this Franchise Disclosure Document is 358.

A copy of the Table of Contents for the Sales & Marketing Manual is attached as Exhibit E. The total number of pages in the Sales & Marketing Manual as of the date of this Franchise Disclosure Document is 153.

Training Programs

We will provide a CCI Certified Training class to you and your employees. Before opening your Franchised Business, you must attend and successfully complete to our satisfaction a training and familiarization course of 3 weeks at our headquarters and one week in your franchised territory. We will train up to 2 people, including you, at the Initial training program. An airline voucher up to $500.00 and a hotel voucher up to $1,500 will be provided. All other expenses for you and your employees, including travel costs, room and board expenses and employees' salaries, are your responsibility. The CCI Certified Training program will cover techniques and procedures for providing upholstery coloring, repairs, cleaning, protection and restoration; upholstering methods, materials, and techniques; management and operational techniques; safety techniques; marketing and advertising techniques; and maintenance of quality standards. (Franchise Agreement Section V.A and V.C)

The Initial training program for you will be approximately 4 weeks of both classroom instruction, on-the-job training and on-the-job training in your territory, and is scheduled monthly. The Initial training program will be supervised by Ms. Kelli Bollman, who is disclosed in Item 2 and/or Ms. Annetta Teeter. Ms. Bollman has been an employee of CCI since 2000 and an employee of our affiliate, J&J's Creative Colors since 1989, and she has 35 years of experience in the subjects she will be responsible for teaching. Ms. Teeter has been an employee of CCI since 2005, and she has 18 years of experience in the subjects she will be responsible for teaching.

The instructional materials we use include our Confidential Manuals.

In certain unique situations (Covid-19), we may have to temporarily suspend our in- person training and convert our training to virtual.

During the Grand Opening of your Franchised Business, one of our representatives will provide on-the-job training and solicitation of accounts in your area of primary responsibility for 4 business days. (Franchise Agreement Section V.B)

If you designate new or additional managers and employees after the Initial training program, we will provide a one- or two-week CCI Certified Training program for them if we can accommodate them in our regularly scheduled training course. A $500 non-refundable deposit must be received by us at least two weeks prior to the class. If your technician attends the training class, you will receive a credit for supplies in the amount of $500. There is no fee for the one-week CCI Certified Training Class. The $500 deposit is credited toward required supplies and is not a tuition charge. If you send your technician to the extended two- week CCI Certified Training Class, you must pay a training fee of $1,000 plus the non- refundable deposit, at least two weeks prior to the class. (Franchise Agreement Section V.A and V.C)

We will provide required refresher training programs at our conference to be conducted at a location designated by us, at your expense. This training program will be conducted at our annual conference. Your attendance is mandatory, unless we waive the requirement; however, your attendance will not exceed 3 business days. You must pay your travel and living expenses. In addition, we will charge you a registration fee for the conference (currently expected to range from $500 to $750). (Franchise Agreement Section V.D.)

We expend a great deal of time and effort in planning and conducting the annual conferences. We also believe attending the annual conference is vital to you, not only in terms of information and knowledge you gain, but also from networking with the other franchisees. If you do not attend the annual conference twice every 3-year period, you must pay us a Non- Attendance Fee of $1,000. The only reasons for which you will be excused from attending a conference is in the event of a marriage, birth, or death of an immediate family member, for which you must furnish us written evidence. (Franchise Agreement, Section V.D.)

If you do not attend the annual conference, you may be required to attend training at our headquarters for new Franchised Products and Services not to exceed 3 days in duration. You must pay for any travel and daily living expenses for this extra training. We will charge a fee of $200 per day for this additional training, in addition to the applicable Non-Attendance Fee. (Franchise Agreement, Section V.D.)

Additional or supplemental training programs may be provided by us or our designees (including affiliates or qualified franchisees).

At your option, you may attend a one-week Advanced CCI Certified Training program, which is scheduled on an as-needed basis. If you plan to attend the Advanced CCI Certified Training Class, you must pay a training fee of up to $2,400 at least two weeks prior to the class. Advanced training programs are optional and are not required to operate the Franchised Business. (Franchise Agreement Section V.E.)

At your option, you may attend supplemental training, seminars, regional franchise meetings or webinars to be conducted at times and locations designated by us. We may charge a tuition fee of up to $2,000.00 for any such supplemental training. Supplemental training programs are optional, and are not required to operate the Franchised Business. (Franchise Agreement Section V.F.)

TRAINING AGENDA

Franchise Agreement

The subjects covered in the 3-week Initial CCI Certified Training program held in Mokena, Illinois, are described below:

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Pre-Training – Read Sections A, B, C, D, E and complete tests	9 ½	0	Online – No more than 10 days prior to first day of Training Class
Colors	10	0	Workshop – (our headquarters at 19015 S. Jodi Road, Suite E, Mokena, Illinois, 60448)
Introduction to Vinyl, Commercial, Furniture and Automotive	8	0	Workshop
Basic Vinyl Repairs	9 ½	0	Workshop
RV Repairs	11	0	Workshop
Fabric Repairs; Sewing Techniques; Stain Removal	10	0	Workshop
Carpet Repair and Dyeing; Hard Plastic; Metallics	11	0	Workshop
Introduction to Leather	8	0	Workshop
Leather Repairs	8	0	Workshop
SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
High End Leather	8	0	Workshop

Miscellaneous Repairs	8	0	Workshop
General Business Operations	8	0	Conference Room
Pre-Training – Read Sections A, B, C, D, E and complete tests	9 ½	0	Online – No more than 10 days prior to first day of Training Class
Sales and Marketing	8	0	Conference Room
QB's & General Internet Marketing	8	0	Conference Room
On-the-Job Training	0	8	Out in Field
In Territory Training	0	32	In your Territory

The subjects covered in the 1-week CCI Certified Training Program are described below. Employees must be out in field for at least 4 weeks to participate in the one week training class.

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Pre-Training – Read Sections A, B, C, D, J, K and complete tests	11		Online – No more than 10 days prior to first day of Training Class
Mixing of Colors; Uses of Products; Vinyl Repairs	10	0	Workshop – (our headquarters at 19015 S. Jodi Road, Suite E, Mokena, Illinois, 60448)
Commercial Vinyl; Furniture Vinyl; Automotive Vinyl	11 ½	0	Workshop
Fabric Repairs; Sewing; Carpet Repair	10	0	Workshop
Automotive Leather Repairs; Commercial Leather Repairs; Furniture Leather Repairs	10	0	Workshop

Miscellaneous Repairs	8	0	Workshop

The subjects covered in the 2-week Extended CCI Certified Training program are described below:

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Pre-Training – Read Sections A, B, C, D and complete tests	8		Online – No more than 10 days prior to first day of Training Class
Colors	10	0	Workshop – (our headquarters at 19015 S. Jodi Road, Suite E, Mokena, Illinois, 60448)
Introduction to Vinyl, Commercial, Furniture and Automotive	8	0	Workshop
Basic Vinyl Repairs	9 ½	0	Workshop
RV Repairs	11	0	Workshop
Fabric Repairs; Sewing Techniques; Stain Removal	10	0	Workshop
Carpet Repair and Dyeing; Hard Plastic; Metallics	10	0	Workshop
Introduction to Leather	8	0	Workshop
Leather Repairs	8	0	Workshop
High End Leather	8	0	Workshop
Miscellaneous Repairs	8	0	Workshop

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ITEM 12
TERRITORY

Franchise Agreement

The Franchise Agreement grants you the right to operate the Franchised Business within an exclusive Area of Primary Responsibility ("Area of Primary Responsibility" or "Territory"). If you are in compliance with the Franchise Agreement, your Area of Primary Responsibility will be exclusive, and we will not establish a franchised or company-owned business that offers or provides products and services similar to those offered in our System, within your Area of Primary Responsibility under the Marks or different trademark or trade name. We can grant franchises outside of your Area of Primary Responsibility. Both within and outside your Area of Primary Responsibility, we have the right to offer and sell at wholesale or retail, products and services which make up part of the System and those that do not make up part of the System.
The products and services which are a part of the System are in the Confidential Manuals. The Confidential Manuals may be amended to reflect changes in these products and services.

You will receive an Area of Primary Responsibility which will vary in size and dimensions, which will be agreed upon by you and us. Your Area of Primary Responsibility will be determined by people population and be identified by zip code and/or street boundary. The Area of Primary Responsibility you select will be described in writing and on a map attached to the Franchise Agreement. An Area of Primary Responsibility shall contain a people population of approximately 500,000.

You are strictly prohibited from soliciting and providing services to an account or customer that is outside your Area of Primary Responsibility. Violation of this prohibition is a breach of the Franchise Agreement, and it is grounds for termination of the Franchise Agreement.

The continuation of your Area of Primary Responsibility is dependent on your participation in a National Account in your Territory. If you decide not to service a National Account, three days' written notice will be given to you, and we will reduce your Area of Primary Responsibility by excluding the customers' of the National Account from your exclusive territory. We may allow another franchisee or our affiliate to service the customers of the National Account within your territory without any liability to you. Not all Areas of Primary Responsibility will have a National Account.

Other than your participation in a National Account in your Territory, your territorial exclusivity is not dependent upon achievement of a certain sales volume, market penetration or any other contingency, including required mobile unit and inventory purchases from us that must be maintained.

You do not have any options, rights of first refusal or similar rights to acquire additional franchises.

You may not solicit for business, promote the business, and/or offer and sell services or products authorized under the Franchise Agreement through the use of a toll-free number, catalog, smartphone application or any electronic service, including the internet in any manner or social media without our approval.

We and our affiliate may sell products under the Trademarks within and outside your Territory through any method of distribution other than a dedicated Creative Colors International franchise location, including, sales through such channels of distribution as electronic commerce, internet, websites, catalog sales, telemarketing, or other direct marketing sales (together, "alternative distribution channels"). You may not use alternative distribution channels to make sales outside or inside your Territory and you will receive no compensation for our sales through alternative distribution channels.

We and our affiliate can use alternative distribution channels to make sales within your Territory of products or services under trademarks different from the Trademarks you will use under the Franchise Agreement, but we and our affiliate have not yet made any sales of this type.

If you wish to relocate your office, you must first obtain our written approval. Our primary consideration in approving your relocated site is whether it is easily accessible to customers. We will advise you within 30 days of our approval or disapproval; if we cannot agree, we will resolve the dispute through arbitration.

ITEM 13
TRADEMARKS

J&J's was the original owner of the Marks. J&J's registered the following Marks on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

Trademark:	"CREATIVE COLORS INTERNATIONAL"
Registration No.:	1,731,631
Registration Date:	November 10, 1992
Expires:	November 10, 2032
Word Mark:	Creative Colors International

Service Mark:	"CCI" Registration No.: 4,908,242
Registration Date:	March 1, 2016
Expires:	March 1, 2036
Word Mark:	CCI

On March 25, 1991, J&J's and we entered into a license agreement, which gave us the exclusive right to use and sublicense the Marks for the Franchise Agreement. On May 15, 2020, J&J's assigned the Marks to us, which effectively terminated the License Agreement dated March 25, 1991. The Assignment of Trademark was filed with the United States Patent and Trademark Office on May 20, 2020.

In addition, J&J's has registered the following Mark in Canada: Canada Trademark:

	"CREATIVE COLORS INTERNATIONAL"
Registration No.:	TMA481,805 Registration Date: May 29, 1995
Expires:	August 28, 2027
Word Mark:	Creative Colors International
Canada Trademark:	"CREATIVE COLOURS INTERNATIONAL"

Registration No.:	TMA496,693 Registration Date: June 13, 1995
Expires:	June 25, 2028
Word Mark:	Creative Colours International

We have registered the following Marks on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

Service Mark:	"We Can Fix That" Registration No.: 3186848
Registration Date:	December 19, 2006
Expires:	December 19, 2026
Word Mark:	We Can Fix That

All required affidavits and renewal applications have been filed. You can use the Marks in the operation of your Franchised Business.

There are no currently effective material determinations of the USPTO, the trademark trial and appeal board, the trademark administrator of this state, or any court nor is there any pending infringement, opposition, or cancellation proceeding, nor any pending material litigation involving the principal Marks.

There are no agreements currently in effect that significantly limit our rights to use or license the use of the Trademarks listed in this section in a manner material to you.

CCI agrees to indemnify you against and to reimburse you for all direct, but not consequential (including, but not limited to, loss of revenue and/or profits), damages for which you are held liable in any proceedings arising out of the use of any Mark under and in compliance with the Franchise Agreement, and for all costs reasonably incurred by you in the defense of any such claim brought against it or in any such proceeding in which it is named as a party, provided that you have timely notified CCI of such claim or proceeding and have otherwise complied with the Franchise Agreement.

You must promptly notify CCI in writing of any apparent infringement or of challenge to your use of any Mark, or of any claim, demand, or cause of action based upon or arising from any attempt by any other person, firm or corporation to use the Marks or any colorable imitation of the Marks. You may not communicate with any person other than CCI and its counsel in connection with such infringement, challenge or claim. CCI or its affiliate has sole discretion to take such action as it deems appropriate and the right to control exclusively any litigation, U. S. Patent and Trademark Office proceeding or any other administrative proceeding arising out of any infringement, challenge or claim or otherwise relating to any Mark. You further agree under the Franchise Agreement to sign any and all instruments and documents, render such assistance and do whatever may be necessary or advisable to protect and maintain the interests of CCI in any such litigation, U. S. Patent and Trademark Office proceeding or other administrative proceedings or otherwise to protect and maintain the interests of CCI in the Marks.

You may not use any of the Marks or portion of any of the Marks as part of any corporate or trade name, or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form. You shall not for your own account register the Marks or use the Marks on any form of technology, including, but not limited to, websites, email address, social media, or smart phone applications, or use or register the Marks on the internet, as part of an email address, or any electronic service in any other manner. You are strictly prohibited from creating or maintaining a website for your Franchised Business, or a website that uses our Marks. We have the sole right to create, establish, own, and control the website for your Franchised Business. We also have the sole right to create, establish, own and control the email address(es) for your Franchised Business. You agree to display the Marks prominently and in the manner we prescribed on signs, forms, and other materials and articles. You shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by us. You shall 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. You shall prominently identify your business as "CREATIVE COLORS INTERNATIONAL" in all your advertising, stationery, invoices, telephone directory listings, signage and all other like displays. You may include a corporate name or individual person's name in association with "CREATIVE COLORS INTERNATIONAL," provided that such other name shall not be as prominent as "CREATIVE COLORS INTERNATIONAL" and provided that such other name is accompanied by the words "FRANCHISE OWNER" or "FRANCHISEE."

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights

We do not own any rights in, or licenses to, any patents or registered copyrights that are material to you. We do not have any pending patent applications that are material to you.

There are no current material determinations of the United States Patent and Trademark Office, the United States Copyright Office, or a court regarding a patent or copyright.

You will not use in advertising, or any other form of promotion, our copyrighted materials without the appropriate copyright designation.

Confidential Manuals

We claim common law rights and copyright protection for our System and Marks. All Confidential Manuals remain our sole property and must be returned upon the expiration or termination of the Franchise Agreement.

You must operate the Franchised Business in accordance with the standards, methods, policies, and procedures specified in the Confidential Manuals, you will receive one copy of each on loan from us for the term of the Franchise Agreement upon your completion of our Initial training program to our satisfaction. These manuals are designed to protect our standards, systems, names and marks, and not to control the day-to-day operations of your Franchised Business.

You must treat the Confidential Manuals, any other manuals and their information created for or approved for use in the operation of the Franchised Business as confidential. You must make all reasonable efforts to keep this information secret and confidential. You must not copy or otherwise reproduce these materials, in whole or in part, or make them available to any unauthorized person. The Confidential Manuals will remain our sole property and must be kept in a secure place in your Franchised Business.

We may revise the contents of the Confidential Manuals, and you must comply with each new standard. You must ensure that the Confidential Manuals are kept current at all times. If there are any disputes as to the contents of the Confidential Manuals, the terms of the master copy contained by us at our home office will be controlling.

Confidential Information

J&J's originally owned the Confidential Information and the System and licensed us the exclusive right to use and sublicense the System for the Franchise Agreement.

On May 15, 2020, J&J’s assigned the System to us.

There are no agreements currently in effect which limit our right to use or license others to use the System.

You must not, during the term of the Franchise Agreement or after the term of the Franchise Agreement, communicate, or use for the benefit of any other person or business or legal entity any confidential information regarding the operation of the Franchised Business which may be communicated to you or of which you may know because you operate the Franchised Business (including information regarding the specifications, standards, pricing, and operating procedures). You may provide this confidential information only to those of your employees who must have it in order to operate the Franchised Business.

At our request, you must require all of your employees who have access to any of our confidential information to sign a covenant that they will maintain the confidentiality of information they receive during their employment by you at the Franchised Business. The statement must be in a form satisfactory to us, including specific identification of us as an intended third-party beneficiary with the independent right to enforce the covenant. Attached to this disclosure document as Exhibit K is our “Confidentiality Agreement, Proprietary Rights and Non-Competition Agreement” which is our approved form agreement for use by you with your employees.

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

During the term of the Franchise Agreement, except as otherwise approved in writing by us, you or your fully-trained manager must devote full time and best efforts to the operation of your Franchised Business and you must not engage in any business or other activities that will conflict with your obligations under the Franchise Agreement. The Franchised Business must at all times be under the direct supervision of you or a manager who has satisfactorily completed our training program. If you are an individual, we recommend that you be the fully trained manager.

We do not have the right to approve your manager. The manager will not be required to have an equity interest in your franchised business. The manager and other employees must attend and complete our training program, as described in Item 11. The manager and other employees must enter into an agreement (i) not to compete with Franchised Businesses while employed by you and for 2 years after, and (ii) not to reveal confidential information obtained during their employment with you. See Item 14 for a description of these obligations. You must keep us informed of the identity of any employee(s) acting as manager(s). You must provide us with a list of current names, addresses and phone numbers of all your employees.

Your personnel who perform the CREATIVE COLORS INTERNATIONAL services to your accounts must be W-2 employees and not independent contractors.

If the Franchisee is a corporation, limited liability company (LLC), or partnership, all owners of the corporation, LLC or partnership must agree jointly and severally to guarantee the obligations of Franchisee under the Franchise Agreement and must sign Attachment B to the Franchise Agreement (Guaranty and Assumption of Obligations).

If your spouse is not an owner of the Franchisee, your spouse must sign the Spousal Guaranty and Assumption of Obligations. The Spousal Guaranty applies only to non-monetary obligations and does not include liability for payment obligations. (Attachment E to the Franchise Agreement).

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale and use at your Franchised Business all types of services for repair, coloring, cleaning, protection, and restoration of leather, cloth, vinyl, velour, plastics and other upholstery surfaces; upholstering furniture, booths, tables and upholstery replacement; and providing services that we authorize. You shall not offer for sale any other category of materials, supplies, merchandise, products or accessories or use the Franchised Business for any purpose other than the operation of a Franchised Business in full compliance with the Franchise Agreement. We have the right to change the types of authorized goods and services, and there are no limits on our right to make changes.

We have the right to add additional services that you must offer. You must successfully complete training for any additional products and services. There are no limits on our right to add additional services and you will incur additional costs for all travel and lodging expenses.

You are not limited to the customers to whom you may sell products or services, other than the geographic limitations described in Item 12.

You must not offer and sell products through the use of a toll-free number, catalog, smart phone application or any electronic service, including the internet in any manner or Socia Media without our approval.

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
a. Length of the franchise term	FA: II.A.	FA: Term is 10 years.
b. Renewal or extension of the term	FA: II.B.	FA: You may acquire a successor franchise provided you are not in default of your Franchise Agreement. We may reduce your Area of Primary Responsibility if you fail to adequately service your customer base or provide service to a National Account.
c. Requirements for Franchisee to renew or extend	FA: II.B.	FA: Give notice, sign new franchise disclosure document that may have materially different terms and conditions than your original agreement, comply with current training requirement, execute general release and satisfy all monetary obligations. Pay $1,000.00. The renewal agreement may contain materially different terms and conditions than your original contract, but the royalty fee will not be greater than the royalty fee that we then impose on similarly situated renewing franchisees.
d. Termination by Franchisee	FA: XVII.A.	FA: If we are in material breach and fail to cure after notice (subject to state law).
e. Termination by Franchisor without cause	FA: None	FA: None
f. Termination by franchisor with cause	FA: XVII.B. and C.	FA: We can terminate only if you are in default.
g. "Cause" defined – curable defaults	FA: XVII.C.	FA: You have 10 days to cure non-payment and 30 days to cure any other default not listed in Section 17.B.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
h. "Cause" defined – non-curable defaults	FA: XVII.B.	FA: Fails to equip mobile unit, fails to complete training, fails to commence business within 60 days of signing Franchise Agreement; providing false information, conviction of certain crimes, unauthorized use or disclosure of confidential information, abandon or fails to operate business, surrenders or transfers control of the business, understating records by 5% for all fees owed, insolvency, impair goodwill in any Marks, 3 or more defaults, use of unauthorized products or supplies, servicing an account outside your Area of Primary Responsibility, terrorist activities.
i. Franchisee's obligations on termination & nonrenewal	FA: XVIII	FA: Immediately cease operation of business and use of all marks, payment of amounts due, return all manuals, ship everything with CCI logo back to Creative Colors International, remove graphics from mobile unit and send photo of un-graphiced mobile unit, and assign usage of telephone number.
j. Assignment of contract by Franchisor	FA: XIX.A.	FA: No restrictions.
k. "Transfer" by Franchisee – definition	FA: XIX.B.	FA: Includes transfer of contract or ownership change.
l. Franchisor's approval of transfer by Franchisee	FA: XIX.B.2	FA: We must approve all transfers. The approval will not be unreasonably held.
m. Conditions for Franchisor's approval of transfer	FA: XIX.B.3	FA: Your buyer must meet our standards and satisfactorily complete training and we must be paid a transfer fee of $10,000.00.
n. Franchisor's right of first refusal to acquire Franchisee's business	FA: XXI	FA: We can match any offer for your franchise.
o. Franchisor's option to purchase Franchise's business	FA: XVIII.I.	FA: Upon termination or expiration, we can buy all marketing materials and all items bearing our marks at your cost or fair market value.

PROVISION	**SECTION IN FRANCHISE OR OTHER AGREEMENT**	**SUMMARY**
p. Franchisee's death or disability	FA: XX	FA: Heirs may apply for the right to operate business or transfer your interest in accordance with contract.
q. Non-competition covenants during the term of the franchise	FA: XVI.C.	FA: You cannot divert business to any competitor, employ our employees or other Franchised Business owners or have any interest in a Competitive Business (subject to state law).
r. Non-competition - covenants after the franchise is terminated or expires	FA: XVI.D.	FA: No competing business for 2 years after termination or expiration to any accounts serviced by you or any other Franchised Business or within a 10-mile radius of any Franchised Business Owner or J&J's or within your Area of Primary Responsibility (subject to state law).
s. Modification of the agreement	FA: XXVI	FA: We may amend and use new or modified products, equipment or techniques and you agree to comply with the modifications even if these modifications change the license.
t. Integration/merger clause	FA: XXVI	FA: Only the terms of the Franchise Agreement are binding (subject to state law). Any promises or representations outside the franchise disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration	FA: XXIX	FA: All disputes must be submitted to arbitration.
v. Choice of forum	FA: XXVIII.B., XXIX	FA: Arbitration will be conducted in the city where our principal business address is then located (currently Chicago, Illinois) (subject to applicable state law).
w. Choice of law	FA: XXVIII	FA: Illinois law applies (subject to applicable state law).

Certain provisions summarized above may be modified by state-specific addenda included in this Disclosure Document. Applicable state law might require additional disclosures related to the information contained in this Item 17. These additional disclosures, if any, appear in Exhibit J.

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 outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

There are 3 types of financial performances representations in this Item 19:

Chart 1: Overview of Franchise and Company-Owned mobile unit performance by Model that were in operation for the entire calendar year ending December 31, 2025;

Chart 2: Annual revenue in 2025, which includes revenue comparisons for 2024 vs 2025, for each of the 67 franchised locations by franchise owner (some franchise owners own multiple territories and share mobile units amongst all territories) and 2 company stores, including data for each mobile unit (referenced by Multi Mobile unit Model and Single Mobile unit Model) that were in operation for the entire calendar year ending December 31, 2025; and

Chart 3: Spreadsheet showing annual revenue history by calendar year in business, for each Multi Territory Franchise Owner and for each Single Territory Franchise Owner, from the beginning of the franchised business.

The sales experience included in Charts 1, 2 and 3 of this Item 19 represents the annual revenue, subject to the assumptions outlined below, of 67 franchised locations by franchise owner and 2 company stores in operation for the entire year from January 1 through December 31, 2025. There are 67 franchised locations in operation as of April 15, 2025. As of December 31, 2025, there were 117 franchised mobile units and 4 Company-Owned mobile units operating throughout the United States and 1 franchised mobile unit operating in Canada.

During 2025, 2 franchise locations did not renew and were excluded from the tables in this Item 19.

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Chart 1

Overview of Franchise and Company Store referenced by model for calendar year ending December 31, 2025.

Multi-Mobile unit Model: 2 or more Mobile units
Single Mobile unit Model: 1 Mobile unit

Overview of Franchise Van Performance								
Model	FA Owner	2025 Revenue	Vans	Van Revenue	Low Van Revenue	High Van Revenue	# of owners who attained Van Revenue	% of owners who attained Van Revenue
Multi Van Model	26	$16,585,674	95	$ 174,586	$ 44,886	$397,515	6	23%
Average		$ 637,911	4	$ 147,258			11	42%
Median		$ 354,242	2	$ 142,191			13	50%
Single Van Model	23	$ 2,928,530	23	$ 127,327	$ 37,405	$ 275,940	10	43%
Average		$ 127,327	1	$ 127,327			10	43%
Median		$ 115,443	1	$ 115,443			12	52%
Systemwide Total	49	$19,514,204	118					
CCI Company Store	Stores	2025 Revenue	Vans	Van Revenue			# attained avg van revenue	% attained avg van revenue
Multi Van Model	1	$ 468,223	3	$ 156,074			1	100%
Single Van Model	1	$ 62,740	1	$ 62,740			1	100%
Company Store Total	2	$ 530,963	4					

Overview of Franchise Vans								
Model	FA Owner	% of System Owners	Total Vans	Owner Vans	Low Vans	High Vans	# of owners who attained vans	% of owners who attained vans
Multi Van Model	26	53.1%	95	3.65	2	20	10	38%
			Average	4			10	38%
			Median	2			26	100%
Single Van Model	23	46.9%	23	1.00	1	1	23	100%
			Average	1			23	100%
			Median	1			23	100%
Systemwide Total	49	100.0%	118					
Overview of Company Stores Vans	Stores	% of Stores	Total Vans				# of stores who attained vans	% of stores who attained vans
Multi Van Model	1	50.0%	3				1	100%
Single Van Model	1	50.0%	1				1	100%
Systemwide Total	2	100.0%	4					

Chart 2

Annual revenue in 2025 compared with 2024 annual revenue for each of the 67 franchised locations by franchise owner and 2 company stores, including data for each Mobile unit (Referenced by Model and Franchisee)

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FRANCHISEE and COMPANY OWNED BUSINESSES
FOR THE PERIOD OF JANUARY 1 THROUGH DECEMBER 31, 2025 COMPARED WITH 2024 ANNUAL REVENUE

MULTI VAN MODEL

FA	FA Owner	Major Market	Year Started	2025 Revenue	Mobile Unit	AVG Van	2024 Revenue	Mobile Unit		AVG Van	Revenue vs 2024 Revenue
2	Neff, Zebrauskas, Kaiser	South Bend, Elkhart, Indianapolis, IN	1991	$5,697,459	20	$284,873	$4,120,055	21	*	$196,193	38.29%
4	Waitekus, Doug & Jill	Chicago, IL;	1991	$1,738,732	7	$248,390	$1,572,846	6		$262,141	10.55%
2	Kettelhack, Werner & Alicia	Jacksonville, FL; Brunswick-Savannah, GA	2002	$641,104	4	$160,276	$684,638	4		$171,160	-6.36%
1	Hunt, Dave	Sandusky, Cleveland, OH	1994	$284,154	2	$142,077	$289,776	2		$144,888	-1.94%
2	McCoy, Andy	Phoenix, Mesa, Scottsdale, AZ	1995	$336,398	4	$84,099	$373,120	4		$93,280	-9.84%
1	Shreve, Jesse	Peoria, IL	1995	$644,641	4	$161,160	$666,645	5		$133,329	-3.30%
1	Aridjian, Arthur	Los Angeles, CA	1999	$381,847	2	$190,923	$380,590	2		$190,295	0.33%
1	Seo, Ben	Orlando, FL	2002	$291,186	2	$145,593	$303,134	2		$151,567	-3.94%
1	Koselke/Mendez	Tucson, AZ	2005	$232,080	2	$116,040	$176,555	2		$88,278	31.45%
1	Malcolm, Steve	Charlotte, NC	2009	$150,596	2	$75,298	$216,585	2		$108,293	-30.47%
1	Strosinski, Jeff	Omaha-Council Bluffs, NE	2009	$795,029	2	$397,515	$706,641	2		$353,321	12.51%
1	Crowe, Jim	Fort Payne, AL	2012	$179,542	4	$44,886	$247,046	5		$49,409	-27.32%
4	Boyer, Jeff	Arlington, Grapevine, Lewsville, Frisco, TX	2014	$578,298	5	$115,660	$653,377	5		$130,675	-11.49%
1	Earnest, Frank & Lena	Northern Oklahoma City, OK	2015	$373,170	2	$186,585	$382,828	3		$127,609	-2.52%
1	Fishman, Robert	Westchester, NY	2015	$654,207	4	$163,552	$477,737	3		$159,246	36.94%
3	Bennett, Jeff	St. Louis, MO	2015	$224,962	2	$112,481	$272,364	2		$136,182	-17.40%
3	Bargemann, Matt	Minneapolis, MN	2015	$329,891	3	$109,964	$291,191	3		$97,064	13.29%
2	Perry, Warren	Brandywine, PA & Wilmington, DE	2015	$227,968	2	$113,984	$161,917	2		$80,959	40.79%
1	Martin, Curtis	Hershey, PA	2016	$130,066	2	$65,033	$128,047	2		$64,024	1.58%
1	McNairy, Lynette	Douglas County, CO	2016	$372,087	2	$186,043	$303,869	3		$101,290	22.45%
1	Meunier, Kelley & Bob	Lansing, MI	2016	$597,518	4	$149,380	$726,652	5		$145,330	-17.77%
1	Weber, Jeremy	Grand Rapids, MI	2016	$284,610	2	$142,305	$354,011	2		$177,006	-19.60%
3	German, Patrick	Clearwater, Tampa, Ft Myers, FL	2016	$743,069	5	$148,614	$420,835	3		$140,278	76.57%
1	Chu, Florence - Scott, Joe	San Jose, CA	2017	$118,639	2	$59,320	$193,325	2		$96,662	-38.63%
1	Rozsypal, John & Mary-Shea	Ann Arbor, MI	2017	$387,279	3	$129,093	$386,230	3		$128,743	0.27%
1	Weil, Eric and Karen	Portland, OR	2017	$191,142	2	$95,571	$201,392	2		$100,696	-5.09%
42	**26 - FA Owners**			**$16,585,674**	**95**	**$174,586**	**$14,691,404**	**97**		**$151,458**	**12.89%**
FA			**Average**	$637,911	4	$147,258	$565,054	4		$139,535	3.44%
			Median	$354,242	2	$142,191	$363,566	3		$132,002	-2.23%

* Upholstery is generally done via mobile unit. However, the Neff, Zebruaskas, Kaiser location has a separate physical location providing upholstery services only. Those services are not included in 2025, or 2024, revenue. The upholstery revenue not included in 2025 revenue was $800,012.03. This upholstery revenue of $800,012.03 plus 2025 mobile unit revenue of $5,697,459 totals $6,497,471. The upholstery revenue not included in 2024 revenue was $1,904,180. This upholstery revenue of $1,904,180 plus 2024 mobile unit revenue of $4,120,055, totals $6,024,235.

Multi Van Model	Major Market	Year Started	2025 Revenue	Mobile Unit	AVG Van	2024 Revenue	Vans	AVG Van	2025 Revenue vs 2024 Revenue
1 CCI company store	Milw, WI	1999	$468,223	3	$156,074	$465,767	3	$155,256	0.53%
1 Totals									
		Average	$468,223	3	$156,074	$465,767	4	$155,256	0.53%
		Median	$468,223	3	$156,074	$465,767	4	$155,256	0.53%

FA	FA Owner	Major Market	Year Started	2025 Revenue	Vans	AVG Van	2024 Revenue	Vans	AVG Van	2025 Revenue vs 2024 Revenue
		SINGLE VAN MODEL								
1	Parce, Logan	Ashville, NC; Greenfield, SC	1995	$115,443	1	$115,443	$105,611	1	$105,611	9.31%
1	Selkirk, Graeme	Ontario, Canada	1995	$68,250	1	$68,250	$74,255	1	$74,255	-8.09%
1	Hoehne, Bernice	Gulfport-Hattiesburg, MS	1996	$134,895	1	$134,895	$132,338	1	$132,338	1.93%
1	Walker, Steve	Pensacola, Deston, FL	1997	$195,440	1	$195,440	$238,110	2	$119,055	-17.92%
1	Leavene, Jeremy	Columbia, Jefferson, MO	2002	$89,975	1	$89,975	$89,500	1	$89,500	0.53%
1	Green, Kevin	Raleigh, NC	2006	$61,476	1	$61,476	$77,378	1	$77,378	-20.55%
1	Olin, Earnie	Atlanta, GA	2013	$104,613	1	$104,613	$94,300	1	$94,300	10.94%
2	East, Chris	Columbus, OH	2015	$188,967	1	$188,967	$213,115	1	$213,115	-11.33%
1	Lawrence, Tim	New Orleans, LA	2015	$43,892	1	$43,892	$79,347	1	$79,347	-44.68%
1	Leimone, Susan	Houston, TX	2016	$162,870	1	$162,870	$155,353	1	$155,353	4.84%
1	Budel, Franz	Miami, FL	2016	$72,020	1	$72,020	$74,024	1	$74,024	-2.71%
1	Bensimon, Andrew	Leesburg, VA	2017	$141,785	1	$141,785	$128,003	1	$128,003	10.77%
1	Francis, Tom	Thomaston, CT	2017	$46,281	1	$46,281	$47,576	1	$47,576	-2.72%
2	Wein, Jeremy & Heather	Atlanta, GA	2017	$231,872	1	$231,872	$166,070	1	$166,070	39.62%
1	Batchelder, Paul	Mobile, AL	2018	$242,631	1	$242,631	$237,287	1	$237,287	2.25%
1	Cruz, Anthony & Renaldo	Bethlehem, PA	2018	$275,940	1	$275,940	$225,507	1	$225,507	22.36%
1	Lui, Heather	NE Minneapolis	2018	$196,311	1	$196,311	$144,276	1	$144,276	36.07%
1	Smith, Anthony	Colorado Springs, CO	2018	$121,809	1	$121,809	$127,729	2	$63,865	-4.64%
1	Smith, Paul	Erie, PA	2018	$143,994	1	$143,994	$112,972	1	$112,972	27.46%
1	Hughes, Jeff	Provo, UT	2022	$113,755	1	$113,755	$122,893	1	$122,893	-7.44%
1	Yamamoto, Greg	Pearl City, HI	2022	$73,170	1	$73,170	$131,249	1	$131,249	-44.25%
1	Florendo, Schubert	Roseville, CA	2024	$65,737	1	$65,737				
1	Hunt, Farrell & Morgan	SE Idaho	2024	$37,405	1	$37,405				
25	**23 - FA Owners**			**$2,928,530**	**23**	**$127,327**	**$2,776,893**	**23**	**$120,734.48**	**5.46%**
FA			**Average**	$127,327	1	$127,327	$132,233	1	$123,523	0.08%
			Median	$115,443	1	$115,443	$127,729	1	$119,055	0.53%

Single Van Model	Major Market	Year Started	2025 Revenue	Vans	AVG Van	2024 Revenue	Vans	AVG Van	2025 Revenue vs 2024 Revenue
1 CCI company store	Cleves, OH	2019	$62,740	1	$62,740	$74,157	1	$74,157	-15.40%
1 Totals									
		Average	$62,740	1	$62,740	$74,157	1	$74,157	-15.40%
		Median	$62,740	1	$62,740	$74,157	1	$74,157	-15.40%

Chart 2: Basis of Compilation

The sales experience included above in Chart 1 and 2 of this Item 19 represents the annual revenue, subject to the assumptions outlined below, of 69 locations (67 franchised and 2 company owned) in operation for the entire year from January 1 through December 31, 2025. There are 67 franchised locations in operation as of April 15, 2026. As of December 31, 2025, there were 117 franchised mobile units and 4 Company-Owned mobile units operating throughout the United States and 1 franchised mobile unit operating in Canada.

Of the 67 franchised locations operating for the full 12 month period from January 1 through December 31, 2025, there were 26 franchise owners that operated with two and more mobile units referenced as the Multi Mobile Unit Model, and 23 franchise owners that operated with one mobile unit referenced to as the Single Mobile Unit Model.

Some franchise owners own multiple territories and share franchised mobile units amongst all territories. There are 49 independent franchise owners and 26 of those independent franchise owners operate two or more franchise locations, as described in the first column of Chart 2.

<u>Chart 3</u>

Spreadsheet showing annual revenue history for Multi Territory Franchise Owners and Single Territory Franchise Owners, with Company Store operations listed separately

STATEMENT OF ACTUAL HISTORICAL REVENUE
FOR EACH FULL CALENDAR YEAR

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MULTI TERRITORY FRANCHISE OWNERS

Start Date	FA	Last Name	Market	First Full Calendar Year as described (or disclosed) in this Item 19 Model	1 Year	2 Years	3 Years	4 Years	5 Years
Jul-91	4	Waitekus	Chicago, IL	Multi Territory	[2] $125,005	$196,578	$281,208	$402,221	$467,353
Jul-02	2	Waitekus - Kettelhack	Jacksonville, Fl; Savannah, GA	Multi Territory					
Jul-91	2	Neff, Kaiser, Zebrauskas	South Bend, Elkhart, Goshen, Ft. Wayne, Indianapolis, IN	Multi Territory	$80,285	$208,536	$268,475	$330,237	$331,428
Aug-95	2	McCoy	Phoenix, Mesa, Scottsdale, AZ	Multi Territory	$212,872	$275,988	$372,141	$527,155	$677,385
Feb-15	4	Boyer	Arlington, Grapevine, Lewsville, Frisco, TX	Area Developer	$70,469	$255,139	$425,631	[2,3] $630,016	[4] $580,702
Mar-15	3	Bargemann	Minneapolis, MN	Multi Territory	$101,002	$197,493	[2,3] $235,592	$223,880	$228,386
Mar-15	3	Bennett	St Louis, MO	Area Developer	$104,343	[2] $145,966	$200,857	[3] $190,611	$203,970
Jun-15	2	Perry	Brandywine, PA & Wilmington, DE	Multi Territory	$114,762	[2] $125,411	$106,714	$102,650	$100,852
Jun-15	2	East	Columbus, OH	Multi Territory	[2] $170,639	$240,395	$225,058	$205,135	$148,445
Aug-16	3	German	Clearwater, Tampa, Ft. Meyers FL	Multi Territory	$126,228	$131,796	[2] $207,665	$198,557	$173,703
Aug-17	2	Wein	Atlanta, GA	Multi Territory	[2] $75,839	$148,659	$131,011	$164,436	$155,791
	29			Average Sales	$118,144	$192,596	$245,435	$297,490	$306,802
		# Owners who Attained Average Sales			4	6	4	4	4
		% Owners who Attained Average Sales			40%	60%	40%	40%	40%
			Median Sales		$109,553	$197,036	$230,325	$214,508	$216,178
Dec-99		Company	Milwaukee, WI;	Multi Territory	$221,098	$319,287	$359,941	$424,479	$483,742
		# Stores who Attained Average Sales			1	1	1	1	1
		% Stores who Attained Average Sales			100%	100%	100%	100%	100%

Last Name	6 Years	7 Years	8 Years	9 Years	10 Years	11 Years	12 Years	13 Years
Waitekus	$486,595	$694,763	$941,191	$924,913	$1,090,500	$1,013,993	[3] $883,139	$886,813
Waitekus - Kettelhack							$443,837	$566,804
Neff, Kaiser, Zebrauskas	$330,875	$353,570	$356,400	$355,665	$365,950	$453,953	$568,108	$762,686
McCoy	$730,042	$712,988	$769,415	$743,592	$825,710	$1,033,568	$1,058,864	$883,834
Boyer	$744,997	$761,679	$617,339	$653,377	$578,298			
Bargemann	$280,391	$308,382	$328,525	$291,191	$329,891			
Bennett	$231,697	$233,200	$283,184	$272,364	$224,962			
Perry	$159,603	$161,952	$282,656	$161,917	$227,968			
East	$165,201	$194,260	$218,589	$213,115	$188,967			
German	$163,187	[3] $257,216	$420,835	$743,069				
Wein	$174,339	$166,070	$231,872					
	$346,693	$384,408	$445,001	$484,356	$479,031	$833,838	$738,487	$775,034
	3	3	3	4	3	2	2	2
	30%	30%	30%	44%	38%	67%	50%	50%
	$256,044	$282,799	$342,463	$355,665	$347,920	$1,013,993	$725,623	$823,260
Company	$475,244	$515,750	$676,768	$738,056	$693,157	$651,524	$624,036	$727,680
	1	1	1	1	1	1	1	1
	100%	100%	100%	100%	100%	100%	100%	100%

Last Name	14 Years	15 Years	16 Years	17 Years	18 Years	19 Years	20 Years	21 Years
Waitekus	$759,511	$775,787	$870,064	$871,400	$823,401	$830,787	$887,691	$1,040,410
Waitekus - Kettelhack	$698,505	$784,235	$1,011,779	$758,935	$638,244	$679,105	$844,972	$927,314
Neff, Kaiser, Zebrauskas	$961,383	$953,511	$814,458	$537,215	$375,906	$545,285	$488,056	$854,513
McCoy	$662,528	$703,409	$728,999	$695,244	$716,905	$690,139	$669,830	$679,215
Boyer								
Bargemann								
Bennett								
Perry								
East								
German								
Wein								
	$770,482	$804,235	$856,325	$715,699	$638,614	$686,329	$722,637	$875,363
	1	1	2	2	2	2	2	2
	25%	25%	50%	50%	50%	50%	50%	50%
	$729,008	$780,011	$842,261	$727,090	$677,574	$684,622	$757,401	$890,914
Company	$805,727	$819,681	$746,725	$700,244	$671,053	$716,769	$645,945	$574,811
	1	1	1	1	1	1	1	1
	100%	100%	100%	100%	100%	100%	100%	100%

Last Name	23 Years	24 Years	25 Years	26 Years	27 Years	28 Years	29 Years	30 Years
Waitekus	$1,184,333	$1,271,726	$1,315,042	$1,334,580	$1,535,778	$1,558,322	$1,430,001	$1,445,276
Waitekus - Kettelhack	$884,581	$910,491	$912,264	$1,054,177	$933,629	$917,083	$740,230	$748,801
Neff, Kaiser, Zebrauskas	$2,339,629	$2,512,394	$3,981,855	$5,146,801	$5,392,251	$4,551,291	$4,180,041	$6,326,449
McCoy	$690,378	$599,380	$443,049	$444,840	$424,404	$368,505	$373,120	$336,398
Boyer								
Bargemann								
Bennett								
Perry								
East								
German								
Wein								
	$1,274,730	$1,323,498	$1,663,053	$1,995,100	$2,071,516	$1,848,800	$1,680,848	$2,214,231
	1	1	1	1	1	1	1	1
	25%	25%	25%	25%	25%	25%	25%	25%
	$1,034,457	$1,091,109	$1,113,653	$1,194,379	$1,234,704	$1,237,703	$1,085,116	$1,097,039
Company	$533,720	$540,889	$465,767	$468,223				
	1	1	1	1				
	100%	100%	100%	100%				

Last Name	31 Years	32 Years	33 Years	34 Years
Waitekus	$1,419,424	$1,544,885	$1,572,846	$1,738,732
Waitekus - Kettelhack	$750,791	$654,029	$684,608	$641,104
Neff, Kaiser, Zebrauskas	$7,716,899	$6,863,645	$6,024,235	$5,697,459
McCoy				
Boyer				
Bargemann				
Bennett				
Perry				
East				
German				
Wein				
	$3,295,705	$3,020,853	$2,760,563	$2,692,432
	1	1	1	1
	33%	33%	33%	33%
	$1,419,424	$1,544,885	$1,572,846	$1,738,732

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SINGLE TERRITORY FRANCHISE OWNERS

Last Name	Start Date	FA	Last Name	Market	First Full Calendar Year as described (or disclosed) in this Item 19 Model	1 Year	2 Years	3 Years	4 Years	5 Years
Hunt	Apr-94	1	Hunt	Sandusky, Cleveland, O	Single Territory	$29,536	$61,798	$56,645	$75,895	$74,225
Shreve	May-95	1	Shreve	Peoria, IL	Single Territory	$156,895	$242,109	$336,005	$382,941	$494,201
Parce	May-95	1	Parce	Ashville, NC; Greenfield	Single Territory	$82,404	$97,981	$98,925	$86,235	$131,700
Selkirk	Jul-95	1	Selkirk	Ontario, Canada	Single Territory	$89,100	$92,356	$141,776	$197,335	$197,324
Hoehne	Jul-96	1	Hoehne	Gulfport-Hattiesburg, M	Single Territory	$76,190	$138,946	$182,620	$237,178	$302,276
Walker	Aug-97	1	Walker	Pensacola, Deston, FL	Single Territory	$64,055	$86,080	$109,330	$139,030	$143,675
Aridjian	Sep-99	1	Aridjian	Los Angeles, CA	Single Territory	$82,902	$164,493	$275,340	$239,795	$250,060
Seo	Feb-02	1	Seo	Orlando, FL	Single Territory	$225,702	$283,279	$317,845	$256,939	$192,764
Leavene	Feb-02	1	Leavene	Columbia, Jefferson, M	Single Territory	$24,862	$23,550	$22,221	$24,894	$28,195
Koselke	May-05	1	Koselke	Tucson, AZ	Single Territory	$158,043	$196,509	$221,098	$209,834	$270,868
Green	Oct-06	1	Green	Raleigh, NC	Single Territory	$28,805	$80,458	$140,883	$88,011	$103,628
Malcolm	May-09	1	Malcolm	Charlotte, NC	Single Territory	$131,150	$130,793	$144,957	$155,569	$148,467
Strosinski	Aug-09	1	Strosinski	Omaha-Council Bluffs,	Single Territory	$332,855	$351,335	$390,285	$390,585	$478,132
Crowe	Feb-12	1	Crowe	Fort Payne, Alabama	Single Territory	$153,913	$157,682	$127,376	$134,623	$182,535
Olin	Dec-13	1	Olin	Alpharetta, Atlanta, GA	Single Territory	$35,511	$89,094	$116,993	$136,800	$117,838
Lawrence	May-15	1	Lawrence	New Orleans, LA	Single Territory	$91,723	$93,462	$78,952	$51,596	$42,102
Fishman	Jun-15	1	Fishman	Westchester, NY	Single Territory	$142,022	$151,110	$194,930	$197,093	$204,145
Earnest	Aug-15	1	Earnest	Oklahoma City, OK	Single Territory	$47,521	$122,940	$227,585	$304,852	$233,845
McNairy	Feb-16	1	McNairy	Douglas County, CO	Single Territory	$88,582	$94,544	$182,296	$168,602	$229,478
Leimone	Feb-16	1	Leimone	Houston, TX	Single Territory	$144,259	$110,229	$125,922	$179,139	$200,494
Meunier	Apr-16	1	Meunier	Grand Blanc, MI	Single Territory	$435,760	$594,960	$615,693	$512,962	$630,865
Martin	May-16	1	Martin	Hershey, PA	Single Territory	$40,188	$37,461	$73,715	$80,729	$115,491
Weber	May-16	1	Weber	Grand Rapids, MI	Single Territory	$223,503	$318,791	$296,752	$189,117	$295,349
Budel	Aug-16	1	Budel	N. Miami, FL	Single Territory	$103,231	$133,918	$130,173	$115,757	$94,163
Bensimon	Feb-17	1	Bensimon	Leesburg, VA	Single Territory	$134,695	$146,444	$116,911	$155,400	$189,608
Chu	Mar-17	1	Chu	San Jose, CA	Single Territory	$109,679	$144,498	$175,524	$231,987	$280,750
Francis	Mar-17	1	Francis	Thomaston, CT	Single Territory	$61,526	$61,491	$60,646	$70,279	$65,020
Rozsypal	Apr-17	1	Rozsypal	Ann Arbor, MI	Single Territory	$205,888	$252,286	$201,390	$274,531	$278,580
Weil	Sep-17	1	Weil	Portland, OR	Single Territory	$115,717	$138,835	$140,813	$165,646	$179,855
Smith, A	Jun-18	1	Smith, A	Colorado Springs, CO	Single Territory	$122,672	$123,628	$148,121	$140,627	$151,300
Cruz	Jan-18	1	Cruz	Bethlehem, PA	Single Territory	$69,565	$103,376	$116,382	$186,579	$199,941
Batchelder	May-18	1	Batchelder	Mobile, AL	Single Territory	$122,459	$131,861	$187,535	$205,190	$241,953
Lui	Jan-18	1	Lui	NE Minneapolis	Single Territory	$116,714	$150,779	$234,305	$242,416	$180,099
Smith, P	Oct-18	1	Smith, P	Erie, PA	Single Territory	$65,186	$65,146	$93,337	$105,669	$110,333
Hughes	Aug-22	1	Hughes	Provo, UT	Single Territory	$110,091	$122,893	$113,755		
Yamamoto	Oct-22	1	Yamamoto	Pearl City, HI	Single Territory	$128,789	$131,249	$73,170		
Florendo	Dec-23	1	Florendo	Roseville, CA	Single Territory	$65,737				
Hunt	Jan-24	1	Hunt	SE Idaho	Single Territory	$37,405				
		38			Average Sales	$117,232	$150,732	$174,172	$186,289	$207,037
	# Owners who Attained Average Sales					15	11	15	16	12
	% Owners who Attained Average Sales					39%	31%	42%	47%	35%
				Median Sales		$106,455	$131,021	$141,329	$173,871	$191,186
CCI Ohio	Aug-19		CCI Ohio	Cleves, OH	Single Territory	$40,519	$53,922	$62,289	$64,361	$74,157
		# Stores that Attained Average Sales				1	1	1	1	1
		% Stores that Attained Average Sales				100%	100%	100%	100%	100%

Last Name	6 Years	7 Years	8 Years	9 Years	10 Years	11 Years	12 Years
Hunt	$55,020	$50,185	$46,997	$26,941	$32,272	$38,466	$53,171
Shreve	$271,218	$242,401	$386,625	$387,758	$381,445	$283,797	$236,285
Parce	$136,980	$103,500	$73,792	$66,450	$66,748	$81,279	$84,319
Selkirk	$165,203	$155,716	$152,875	$154,115	$157,341	$162,585	$165,310
Hoehne	$253,280	$250,148	$270,621	$356,156	$430,859	$357,898	$281,580
Walker	$144,650	$160,718	$170,037	$174,485	$159,841	$137,244	$88,375
Aridjian	$340,310	$343,863	$317,710	$290,055	$185,845	$224,975	$216,940
Seo	$173,896	$109,480	$228,785	$228,520	$229,665	$294,763	$305,379
Leavene	$22,852	$27,783	$38,035	$40,639	$40,629	$53,717	$61,023
Koselke	$167,176	$193,485	$237,735	$218,080	$178,060	$154,690	$165,265
Green	$94,733	$75,456	$50,577	$91,608	$85,184	$99,134	$100,245
Malcolm	$173,922	$239,941	$232,084	$177,001	$187,846	$142,821	$156,469
Strosinski	$506,986	$510,546	$470,945	$510,097	$537,805	$566,747	$682,835
Crowe	$219,689	$212,795	$216,837	$353,312	$249,409	$251,187	$247,046
Olin	$96,012	$95,687	$89,482	$96,640	$100,520	$94,300	$104,613
Lawrence	$66,419	$62,867	$96,680	$79,347	$43,892		
Fishman	$311,214	$394,428	$468,539	$477,737	$654,207		
Earnest	$330,691	$333,441	$432,869	$382,828	$373,170		
McNairy	$265,169	$266,693	$303,869	$372,087			
Leimone	$207,677	$193,363	$155,353	$162,870			
Meunier	$717,527	$656,904	$726,652	$597,518			
Martin	$123,666	$136,614	$128,047	$130,066			
Weber	$303,573	$336,748	$354,011	$284,610			
Budel	$115,882	$86,491	$74,024	$72,020			
Bensimon	$174,288	$128,003	$141,785				
Chu	$267,458	$193,325	$118,639				
Francis	$56,999	$47,576	$46,281				
Rozsypal	$317,582	$386,230	$387,279				
Weil	$196,330	$201,392	$191,142				
Smith, A	$127,729	$121,809					
Cruz	$225,507	$275,940					
Batchelder	$237,287	$242,631					
Lui	$144,276	$196,311					
Smith, P	$112,972	$143,994					
Hughes							
Yamamoto							
Florendo							
Hunt							
	$209,534	$211,072	$227,873	$238,789	$227,485	$196,240	$196,590
	14	14	13	10	7	6	6
	41%	41%	45%	42%	39%	40%	40%
	$174,105	$193,424	$191,142	$197,541	$181,953	$154,690	$165,265

CCI Ohio	$62,740						
	1						
	100%						

Last Name	13 Years	14 Years	15 Years	16 Years	17 Years	18 Years	19 Years
Hunt	$59,253	$71,978	$106,901	$114,304	$108,604	$122,190	$125,769
Shreve	$207,381	$233,328	$250,761	$255,952	$266,085	$239,509	$251,310
Parce	$70,917	$97,372	$97,590	$122,075	$138,268	$170,115	$205,989
Selkirk	$164,470	$177,248	$176,206	$177,919	$173,120	$178,973	$168,339
Hoehne	$188,554	$187,684	$222,571	$229,620	$270,207	$274,216	$266,407
Walker	$121,270	$166,224	$187,325	$186,480	$201,215	$202,678	$207,775
Aridjian	$293,455	$267,545	$277,110	$247,040	$221,655	$204,600	$184,805
Seo	$192,295	$226,719	$261,722	$363,285	$322,596	$285,765	$309,682
Leavene	$74,068	$84,910	$78,630	$88,479	$89,618	$78,475	$88,065
Koselke	$157,835	$185,815	$178,600	$190,375	$186,176	$213,371	$176,555
Green	$97,753	$77,092	$110,574	$110,201	$89,231	$77,378	$61,476
Malcolm	$152,111	$158,993	$216,585	$150,596			
Strosinski	$669,910	$656,456	$706,641	$795,029			
Crowe	$179,542						
Olin							
Lawrence							
Fishman							
Earnest							
McNairy							
Leimone							
Meunier							
Martin							
Weber							
Budel							
Bensimon							
Chu							
Francis							
Rozsypal							
Weil							
Smith, A							
Cruz							
Batchelder							
Lui							
Smith, P							
Hughes							
Yamamoto							
Florendo							
Hunt							
	$187,772	$199,336	$220,863	$233,181	$187,889	$186,115	$186,016
	5	4	5	4	5	6	5
	36%	31%	38%	31%	45%	55%	45%
	$161,153	$177,248	$187,325	$186,480	$186,176	$202,678	$184,805

Last Name	20 Years	21 Years	22 Years	23 Years	24 Years	25 Years	26 Years
Hunt	$107,065	$120,404	$131,595	$219,545	$240,929	$249,200	$239,953
Shreve	$261,460	$288,559	$313,782	$403,320	$562,275	$526,021	$521,365
Parce	$168,245	$146,820	$134,622	$113,154	$117,107	$94,988	$107,050
Selkirk	$162,109	$158,860	$149,799	$157,782	$156,429	$132,785	$105,464
Hoehne	$249,694	$210,345	$202,481	$184,555	$129,918	$142,767	$165,251
Walker	$216,160	$229,915	$246,490	$242,580	$251,940	$269,140	$267,940
Aridjian	$192,530	$150,057	$193,716	$297,528	$339,338	$380,590	$381,847
Seo	$323,797	$332,942	$303,134	$291,186			
Leavene	$86,870	$90,915	$89,500	$89,975			
Koselke	$232,080						
Green							
Malcolm							
Strosinski							
Crowe							
Olin							
Lawrence							
Fishman							
Earnest							
McNairy							
Leimone							
Meunier							
Martin							
Weber							
Budel							
Bensimon							
Chu							
Francis							
Rozsypal							
Weil							
Smith, A							
Cruz							
Batchelder							
Lui							
Smith, P							
Hughes							
Yamamoto							
Florendo							
Hunt							
	$200,001	$192,091	$196,124	$222,181	$256,848	$256,499	$255,553
	5	4	4	4	2	3	3
	50%	44%	44%	44%	29%	43%	43%
	$204,345	$158,860	$193,716	$219,545	$240,929	$249,200	$239,953

Last Name	27 Years	28 Years	29 Years	30 Years	31 Years
Hunt	$283,817	$283,137	$276,670	$ 289,776	$284,154
Shreve	$574,050	$633,701	$666,645	$ 644,641	
Parce	$131,959	$122,988	$105,611	$ 115,443	
Selkirk	$82,080	$94,110	$74,255	$ 68,250	
Hoehne	$156,355	$132,338	$134,895		
Walker	$238,110	$195,440			
Aridjian					
Seo					
Leavene					
Koselke					
Green					
Malcolm					
Strosinski					
Crowe					
Olin					
Lawrence					
Fishman					
Earnest					
McNairy					
Leimone					
Meunier					
Martin					
Weber					
Budel					
Bensimon					
Chu					
Francis					
Rozsypal					
Weil					
Smith, A					
Cruz					
Batchelder					
Lui					
Smith, P					
Hughes					
Yamamoto					
Florendo					
Hunt					
	$244,395	$243,619	$251,615	$279,527	$284,154
	2	2	2	2	1
	33%	33%	40%	50%	100%
	$197,233	$163,889	$134,895	$202,609	$284,154

Chart 3: Basis of Compilation

Chart 3 in this Item 19 shows the actual annual revenue history of Franchisee performance and company owned Franchised Businesses (collectively, "Businesses") that were in operation for the full calendar year ending December 31, 2025. The Businesses are listed in chronological order, beginning with the one that opened first. The first chart shows the performance for Franchisee's with Multi Territories and the second chart shows the performance for Franchisee's who are Single Territory Owners. The company owned Franchised Businesses are listed separately.

The columns do not represent the same calendar years for each Business. Instead, the columns represent the specific chronological period for each Business that corresponds to its longevity in business – 1st calendar year in business, 2nd calendar year in business, etc. The last number in each row is the actual annual revenue in calendar year 2025 that each Business owner generated.

The Average Sales in the final row of each column are averages of revenue that occurred in different calendar time periods. For example, the average revenues for the 1st calendar year for Single Territory in business is $117,232. That average includes the 1st Business for which we have its 1st year's annual revenue, (whose 1st calendar year in business was 1994), as well as the last Business opened in 2023.

Some franchise owners purchased additional territory throughout their term, as is noted by a 2, 3 or 4, in the Annual Revenue column of the year they purchased additional territory. Some franchise owners purchased an existing franchised business. The yellow, green and blue highlighted rows signify the purchases of existing territory(ies) from previous owners.

The spreadsheet has been compiled from figures that have been reported from CREATIVE COLORS INTERNATIONAL franchisees and company owned operation for the periods represented.

The spreadsheet does not include any expenses related to the operation of the business.

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The annual revenue included in Charts 1, 2, and 3 of this Item 19 have been compiled from figures that have been reported from Franchised Businesses for the 12 months ending December 31, 2025. The annual revenue figures are gross sales only and do not include any expenses related to the operation of the business.

The common characteristics of the outlets represented in this Item 19 are: they are operated on a mobile basis with no fixed location where services are provided; they are all conducting services within exclusive territories; they provide the same services that include the repair, coloring, cleaning, protection, and restoration of leather, cloth, vinyl, velour, plastics and other upholstery surfaces; upholstering furniture, booths, tables and upholstery replacement; they all use Proprietary Products obtained from the Franchisor; and they all face competition from other vinyl repair service businesses and other businesses specializing in upholstery repair and related services. The characteristics that differ among the outlets represented in this Item 19 are: their length of time in business, as shown in Chart 3; the size of their territory (depending on population increase or decrease from when they signed their franchise agreements and whether they purchased additional territories); the number of their mobile units, as shown in Chart 2; and their status as franchised outlets (70) and company-owned outlets (2).

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

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

Other than the financial performance representation in Item 19, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Terri L. Sniegolski, Senior Vice President, 19015 S, Jodi Road, Suite E, Mokena, Illinois, 60448, 1-800-933-2656 ext. 224, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
Outlets and Franchisee Information

Table No. 1
Systemwide Outlet Summary
For Years 2023 to 2025
(As of December 31st of each year)

(Column 1) Outlet Type	(Column 2) Year	(Column 3) Outlets at the Start of the Year	(Column 4) Outlets at the End of the Year	(Column 5) Net Change
Franchised	2023	71	70	-1
	2024	70	70	0
	2025	70	67	-3
Company Owned1/	2023	3	3	0
	2024	3	3	0
	2025	3	3	0
Total Outlets	2023	74	73	-1
	2024	73	73	0
	2025	73	70	-3

1/ Includes Affiliate

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2023 to 2025
(As of December 31st of each year)

(Column 1) State	(Column 2) Year	(Column 3) Number of Transfers
Florida	2023	1
	2024	2
	2025	0
Minnesota	2023	0
	2024	0
	2025	3
Michigan	2023	0
	2024	0
	2025	1
Total Outlets	2023	1
	2024	2
	2025	4

Table No. 3
Status of Franchised Outlets
For Years 2023 to 2025
(As of December 31st of each year)

(Column 1) State	(Column 2) Year	(Column 3) Outlets at Start of Year	(Column 4) Outlets Opened	(Column 5) Terminations	(Column 6) Non-Renewals	(Column 7) Reacquired by Franchisor	(Column 8) Ceased Operations – Other Reasons	(Column 9) Outlets at End of the Year
Alabama	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Arizona	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
California	2023	2	0	0	0	0	0	2
	2024	2	1	0	0	0	0	3
	2025	3	0	0	0	0	0	3
Colorado	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	1	0	0	2
Connecticut	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Delaware	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Florida	2023	8	0	0	0	0	0	8
	2024	8	0	0	0	0	0	8
	2025	8	0	0	0	0	1	7
Georgia	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Hawaii	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Idaho	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Illinois	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
	2025	5	0	0	0	0	0	5
Indiana	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Louisiana	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Michigan	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
Minnesota	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Mississippi	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1

(Column 1) State	(Column 2) Year	(Column 3) Outlets at Start of Year	(Column 4) Outlets Opened	(Column 5) Terminations	(Column 6) Non-Renewals	(Column 7) Reacquired by Franchisor	(Column 8) Ceased Operations – Other Reasons	(Column 9) Outlets at End of the Year
Missouri	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Nebraska	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
New York	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	1	1
	2025	1	0	0	0	0	0	1
N. Carolina	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
Ohio	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
Oklahoma	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Oregon	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Pennsylvania	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Texas	2023	7	0	0	1	0	0	6
	2024	6	0	0	0	0	0	6
	2025	6	0	0	1	0	0	5
Utah	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Virginia	2023	2	0	0	0	0	0	2
	2024	2	0	1	0	0	0	1
	2025	1	0	0	0	0	0	1
U.S. TOTAL	2023	70	0	0	1	0	0	69
	2024	69	2	1	0	0	1	69
	2025	69	0	0	2	0	1	66
Canada	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
TOTAL	2023	71	0	0	1	0	0	70
	2024	70	2	1	0	0	1	70
	2025	70	0	0	2	0	1	67

Table No. 4
Status of Company-Owned Outlets
For Years 2023 to 2025
(As of December 31st of each year)

(Column 1) State	(Column 2) Year	(Column 3) Outlets at Start of Year	(Column 4) Outlets Opened	(Column 5) Outlets Reacquired from Franchisee	(Column 6) Outlets Closed	(Column 7) Outlets Sold to Franchisee	(Column 8) Outlets at End of the Year
Ohio	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
Wisconsin	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
Illinois1/	2023	1	0	0	0	0	1
	2025	1	0	0	0	0	1
	2025	1	0	0	0	0	1
Total	2023	3	0	0	0	0	3
	2024	3	0	0	0	0	3
	2025	3	0	0	0	0	3

1/ Includes the affiliate-owned company.

Table No. 5
Projected Openings as of December 31, 2025
(As of December 31st of each year)

(Column 1) State	(Column 2) Franchise Agreement Signed but Outlet Not Opened	(Column 3) Projected New Franchised Outlet in The Next Fiscal Year	(Column 4) Projected New Company-Owned Outlet in the Next Fiscal Year
Michigan	0	1	0
Texas	0	1	0
Total	0	2	0

The names, addresses, and telephone numbers of the Franchised Business owners and their outlets are as follows:

Alabama

Paul & Jennifer Batchelder
2200 Hwy 98 Ste 4 PMB 346
Daphne, AL 36532
(251) 517-7740

Jeremy Johnson
313 2nd Street NW
Fort Payne, AL 35967
(256) 273-4950

Arizona

Christen Koselke & Vanessa Mendez
P.O. box 10514
Casa Grande, AZ 85222
(520) 829-9777

Andy McCoy
5547 E. Dolphin
Mesa, Arizona 85206
(480) 830-2199
(OWNS TWO FRANCHISED TERRITORIES)

California

Arthur Aridjian
25802 Royal Oaks Road
Stevenson Ranch, CA 91381
(818) 761-1111

Florence Chu
2059 Camden Ave - #288
San Jose, CA 95124
888-952-5665

Schubert Florendo
5549 Great Valley Drive
Antelope, CA 95843
(916) 514-7778

Colorado

Mike and Lynette McNairy
834-F S. Perry Street
Castle Rock, CO 80104
(303) 400-0757

Anthony & LaDawna Smith
PO Box 62896
Colorado Springs,
CO 80962
(719) 344-5004

Connecticut

Tom Francis
113 Newgate Road
Oxford, CT 06787
860-484-2247

Delaware

Warren Perry
1687 Waterglen Drive
West Chester, PA 19382
(610) 793-2197

Florida

Franz Budel
PO Box 141117
Miami, FL 33114
(786) 781-9494

Patrick German
15287 Jadestone Drive
Punta Gorda, FL 33982
(727) 251-3015
(OWNS THREE FRANCHISED TERRITORIES)

Ben Seo
P.O. Box 163034
Altamonte Springs,
FL 32716
(407) 999-5117

Werner and Alicia Kettelhack
P.O. Box 330575
Atlantic Beach, FL 32333
(904) 215-3520
(Jacksonville, FL)

Steve Walker
44 Peters Court
Freeport, FL 32439
(904) 678-0049

Georgia

Earnie Olin
13795 Belleterre Drive
Milton, GA 30004
(770) 990-7687

Werner and Alicia Kettelhack
P.O. Box 330575
Atlantic Beach, FL 32333
(904) 215-3520
(Savannah, GA)

Jeremy & Heather Wein
2722 Sedgeview Lane
Buford, GA 30519
(770) 456-5333
(OWNS (2) FRANCHISED TERRITORIES)

Hawaii

Greg and Lara Yamamoto
1433 Kanihi Street
Pearl City, Hawaii 96782
(808) 220-7458

Idaho

Farrell & Morgan Hunt
1255 N 590 E
Shelley, ID 83274
(208) 541-2211

Illinois

Jesse Shreve
P.O. Box 953
Roanoke, IL 61561
(800) 300-1770

Jim, Linda, Doug & Jill Waitekus
P.O. Box 677
Crystal Lake, IL 60039
(630) 372-9766
(OWNS (4) FRANCHISES in IL)

Indiana

Dick & Jean Neff
Kevin Kaiser & Scott Zebrauskas
P.O. Box 1814
Mishawaka, IN 46546
(800) 487-4163
(OWNS (2) FRANCHISED TERRITORIES)

Louisiana

Tim & Melissa Lawrence
1053 Murray Road Loop
Pearl River, LA 70452
(504) 858-3533

Michigan

Kelley and Bob Meunier
6093 Woodridge Lane
Grand Blanc, MI 48439
(888) 891-6131

John & Mary-Shea Rozsypal
P.O. Box 1386
Ann Arbor, MI 48106
(888) 805-7731

Jeremy Weber
4767 7th Street
Caledonia, Michigan 49316
(616) 804-7372

Minnesota

Heather Lui
P.O. Box 125
Hudson, WI 54016
(612) 349-6623
(Northeast MN territory)

Alyssa & Matt Bargmann
4672 Pebblebrook Drive
Monticello, MN 55362
(952) 283-1360
(Northwest MN, Southwest MN, Southeast MN)
(OWNS (3) FRANCHISED TERRITORIES)

Mississippi

Bernice Hoehne
P.O. Box 186
Poplarville, MS 39470
(601) 270-6442

Missouri

Jeff Bennett*
1939 Wentzville Parkway
Suite 143
Wentzville, MO 63385
(636) 248-5478
(OWNS (3) FRANCHISED TERRITORIES)

Jeremy Leavene
3904 Snow Leopard Drive
Columbia, MO 65202
(573) 268-8876

Nebraska
Jeff & Nancy Strosinski
P.O. Box 27853
Omaha, NE 68127
(402) 505-8030

New York

Robert Fishman
333 Heritage Hills, Unit B
Somers, NY 10589
(914) 330-9192

North Carolina

Kevin Greene
P.O. Box 6606
Raleigh, NC 27628
(919) 803-1570

Donna & Steve Malcolm
3020-1 Prosperity Church Road –
Suite 155
Charlotte, NC 28269
(704) 780-4622

Logan Parce
416 Lake Rugby Drive
Hendersonville, NC 28791
(828) 215-4882

Ohio

Dave Hunt
4543 Patricia Drive
Brunswick, OH 44212
(216) 407-0881

Chris East
549 Courtright Court
Pickerington, OH 43147
(614) 570-2311
(OWNS TWO FRANCHISED TERRITORIES)

Oklahoma

Frank & Lena Earnest
375033 E. 1020 Road
Okemah, OK 74859
(405) 227-4142

Oregon

Eric & Karen Weil
3519 NE 15th Ave
Portland, OR 97212
(971) 777-2238

Pennsylvania

Anthony & Rolando Cruz
1874 Catasauqua Road – PMB#510
Allentown, PA 18109
(610) 442-4666

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* Area Developer

Curtis, Dolly &
Andrew Martin
P.O. Box 367
Palmyra, PA 17078
(717) 833-4545

Warren Perry
1687 Waterglen Drive
West Chester, PA 19382
(610) 793-2197

Paul & Trisha Smith
104 Longacre Ave
Erie, PA 16509
(814) 602-4361

Texas

Jeff Boyer*
P.O. Box 1222
Frisco, TX 75034
(972) 816-5383
(OWNS (4) FRANCHISED TERRITORIES)
(Area Development Agreement: One outlet not opened or signed Franchise Agreement)

Susan Leimone
15003 Prairie Rose Drive
Houston, TX 77070
(713) 398-5271

Utah

Jeff Hughes
1392 W Turf Farm Way - #303
Payson, UT 84651
(385) 404-8088

Virginia

Andrew & Kim Bensimon
P.O. Box 1509
Leesburg, VA 20175
(571) 376-0975

CANADA

Graeme Selkirk
PO Box 740
231 Main St
Park Hill, Ontario
Canada N0M 2K0
(519) 461-1910

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* Area Developer

The name and last known city, state and telephone number of every Franchised Business owner who has had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased doing business under their Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure are as follows:

Alabama

Jim Crowe
4710 Desoto Parkway NE
Fort Payne, Alabama 35967
(256) 273-4950
Transferred to Jeremy Johnson

Colorado

Joe and Luba Bocian
10448 Olathe Way
Commerce City, CO 80022
(303) 286-3643
Non-Renewal

Florida

Stacy Valdivia
4207 S. Munro Street
Tampa, FL 33603
(813) 690-1124
(Furniture Only)
(Transferred Tampa Furniture Only franchise to German Tampa Auto/Comm Only resulting in these 2 franchises merged into 1 remaining Franchise)

Michigan

Adam Hebekeuser
P.O. Box 387
Williamston, MI 48895
(888) 891-6131
Transferred to Bob and Kelley Meunier

Minnesota

Mike Mulheran
36 Boone Rd.
Taft, TN 38488
(952) 283-1360
(Northwest MN, Southwest MN, Southeast MN)
Transferred to Matt Bargmann

Texas

Lee Parnell
12311 Stoneridge Gap Lane
Manor, TX 78653
(512) 792-7971
Non-Renewal

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

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

We have not created, sponsored, or endorsed any franchisee associations. There are no franchisee associations that have asked to be disclosed in our Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

The financial statements listed below are attached as Exhibit G in the following order:

1. Our Audited balance sheets as of December 31, 2024, and December 31, 2025, and related statements of operations, shareholders equity and cash flows as of December 31, 2023, December 31, 2024, and December 31, 2025.

ITEM 22 CONTRACTS

The following contracts are attached to this Franchise Disclosure Document: Exhibits:

E. Franchise Agreement
H. Mobile Unit Lease Agreement
J. Addenda to the Franchise Agreement, for certain states
L. Form General Release

ITEM 23 RECEIPT

The last page of the Franchise Disclosure Document is a document acknowledging receipt of the Franchise Disclosure Document by you. Please return one copy to us and retain the other for your records.

EXHIBIT A
LIST OF ADMINISTRATORS

CALIFORNIA
Department of Financial Protection & Innovation
320 West 4th Street - Suite 750
Los Angeles, CA 90013-2344
866-275-2677

HAWAII
Hawaii Commissioner of Securities
Department of Commerce
and Consumer Affairs
335 Merchant Street
Honolulu, Hawaii 96813

ILLINOIS
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

INDIANA
Indiana Secretary of State
302 West Washington - Room E-111
Indianapolis, Indiana 46204

MARYLAND
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202

MICHIGAN
Michigan Department of Commerce
Corporations and Securities Bureau
670 Law Building
Lansing, Michigan 48913

MINNESOTA
Commissioner of Commerce
85 7th Place East – Suite 280
St. Paul, Minnesota 55101

NEW YORK
NYS Department of Law
Investor Protection Bureau
28 Liberty Street – 21st Floor
New York, New York 10005
212-416-8222

NORTH DAKOTA
Securities Commissioner
State of North Dakota
Capitol Building
Bismarck, North Dakota 58505

RHODE ISLAND
Director of Department of Business Regulation
1511 Pontiac Avenue – Bldg. 68-2
Cranston, Rhode Island 02920

SOUTH DAKOTA
Director of Division of Securities
118 West Capitol Avenue
Pierre, South Dakota 57501

VIRGINIA
State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street - 9th Floor
Richmond, Virginia 23219

WASHINGTON
Securities Division
Department of Financial Institutions
PO Box 41200
Olympia, WA 98504-1200

WISCONSIN
Commissioner of Securities
Fourth Floor
101 East Wilson Street
Madison, Wisconsin
57302

EXHIBIT B
LIST OF AGENTS FOR SERVICE OF PROCESS

CALIFORNIA
Department of Financial Protection & Innovation
Suite 750
320 West 4th Street
Los Angeles, California 90013-2344 (Toll Free: (866) 275-2677)

HAWAII
Hawaii Commissioner of Securities Department of Commerce and Consumer Affairs
335 Merchant Street
Honolulu, Hawaii 96813

ILLINOIS
Attorney General's Office
500 South Second Street
Springfield, Illinois 62706

INDIANA
Secretary of State Room
201 Statehouse
200 West Washington Street
Indianapolis, Indiana 46204

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

MICHIGAN
Department of the Attorney General's Office
Consumer Protection Division
Attn: Franchise 670 Law Building
Lansing, Michigan 48913

MINNESOTA
Department of Commerce
85 7th Place East – Suite 280
St. Paul, Minnesota 55101

NEBRASKA
Nebraska Department of Banking and Finance
1200 N Street
P.O. Box 95006
Lincoln, Nebraska 68509-5006

NEW YORK
Secretary of State
99 Washington Avenue
Albany, NY 12231

NORTH DAKOTA
Securities Commission
State of North Dakota Capitol Building
Bismarck, North Dakota 58505

OREGON
Director
Department of Consumer and Business Services
Corporate Securities Section
Labor and Industries Building
Salem, Oregon 97310

RHODE ISLAND
State of Rhode Island
Department of Business Regulation
1511 Pontiac Avenue – Bldg. 68-2
Cranston, RI 02920

SOUTH DAKOTA
Department of Commerce and Regulation
Division of Securities
118 West Capitol Avenue
Pierre, South Dakota 57501-2017

TEXAS
Secretary of State
P.O. Box 12887
Austin, Texas 78711

VIRGINIA
Clerk of the State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219

WASHINGTON
Department of Financial Institutions
150 Israel Rd SW
Tumwater, WA 98501

WISCONSIN
Commissioner of Securities
Franchise Investment Division
Fourth Floor
101 East Wilson Street
Madison, Wisconsin 53702

EXHIBIT C

TABLE OF CONTENTS TO THE POLICIES AND PROCEDURES OPERATIONS MANUAL

EXHIBIT D

TABLE OF CONTENTS TO THE TRAINING OPERATIONS MANUAL

EXHIBIT E

TABLE OF CONTENTS TO THE SALES & MARKETING OPERATIONS MANUAL

CREATIVE COLORS INTERNATIONAL, INC.

FRANCHISE AGREEMENT

EXHIBIT F

TO THE FRANCHISE DISCLOSURE DOCUMENT

<u>**THIS CONTRACT IS SUBJECT TO ARBITRATION.**</u>

TABLE OF CONTENTS

ATTACHMENTS

CREATIVE COLORS INTERNATIONAL, INC.,
FRANCHISE AGREEMENT

This Franchise Agreement ("this Agreement"), made this ____ day of __________, 2026, by and between **CREATIVE COLORS INTERNATIONAL, INC**., an Illinois corporation, having its principal place of business at 19015 South Jodi Road, Suite E, Mokena, Illinois, 60448 ("Franchisor"), and ________ ____ ("Franchisee").

WITNESSETH:

WHEREAS, Franchisor or its affiliate, over a period of time and as the result of the expenditure of time, skill, effort and money, has developed and owns a unique system ("System"), identified by the mark "CREATIVE COLORS INTERNATIONAL" relating to the establishment, development and operation of businesses specializing in providing services for the repair, coloring, cleaning, protection, and restoration of leather, cloth, vinyl, velour, plastics and other upholstery surfaces; upholstering furniture, booths, tables and upholstery replacement; and providing related services on a mobile basis, primarily to automobile, furniture, and commercial customers; and

WHEREAS, the distinguishing characteristics of the System include, without limitation, exclusively designed signage, equipment, solvents, chemicals and materials; specially equipped mobile units; procedures and techniques for providing upholstery repair, coloring, cleaning, protection and restoration of leather, cloth, vinyl, velour, plastics and other upholstery surfaces, and upholstering furniture, booths, tables and related services; the CREATIVE COLORS INTERNATIONAL Confidential Manuals; the CREATIVE COLORS INTERNATIONAL Proprietary Products; uniform operating methods, procedures and techniques; other confidential operations procedures; and methods and techniques for inventory and cost controls, record keeping and reporting, personnel management, purchasing, sales promotion, marketing and advertising; all of which may be changed, improved and further developed by Franchisor from time to time; and

WHEREAS, Franchisor is the owner of the trade name, trademark and service mark "CREATIVE COLORS INTERNATIONAL", "CCI", "WE CAN FIX THAT", associated logos and commercial symbols, and such other trade names, trademarks and service marks as are now designated (and may be designated in writing by Franchisor) as an integral part of the System (the "Mark(s)"), together with the right, title, and interest and all the goodwill connected with the Marks; and

WHEREAS Franchisor is the owner of the right, title and interest in the System; and

WHEREAS Franchisor grants qualified persons franchises to own and operate Franchised Businesses providing services authorized and approved by Franchisor in utilizing the System and Marks. Franchisee desires to operate a Franchised Business under the System and using the Marks and has applied for a franchise and such application has been approved by Franchisor in reliance upon all of the representations made therein; and

WHEREAS Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, operations, and service and the necessity of operating the Franchised Business in strict conformity with Franchisor's standards and specifications; and

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other set forth in this Agreement hereby agree as follows:

I. APPOINTMENT AND FRANCHISE FEE

A. Franchisor hereby grants to Franchisee, upon the terms and conditions herein contained, the right, license and privilege to use the Mark "CREATIVE COLORS INTERNATIONAL," and the other Marks, and Franchisee undertakes the obligation, to operate a Franchised Business providing services for the repair, coloring, cleaning, protection and restoration of leather, cloth, vinyl, velour, plastics and other upholstery surfaces; providing upholstering of furniture, booths, tables and similar items; and providing related services on a mobile basis ("Franchised Business"), all as designated or approved from time to time by Franchisor, and to use solely in connection therewith the System, as it may be changed, improved and further developed from time to time, from one (1) location only, such location to be determined on or before the day of signing this agreement and attached as Attachment A ("Area of Primary Responsibility").

B. Franchisee receives an exclusive Area of Primary Responsibility which will vary in size and dimensions from the Areas of Primary Responsibility of other franchisees. The boundaries of Franchisee's Area of Primary Responsibility shall be determined by approximately 500,000 people in population located within the area and be identified by zip code and/or street boundary. The determination of the Area of Primary Responsibility shall be made and agreed upon between Franchisor and Franchisee, and shall be set forth in Attachment A. Notwithstanding the foregoing, the Area of Primary Responsibility may be modified as provided in this Agreement, including in connection with National or Regional Accounts.

C. Franchisor will not, so long as this Agreement is in force and effect and Franchisee is not in default under any of the terms hereof or except as provided in this Paragraph C. and in Paragraph H below, franchise or operate any other business that provides similar services under the CREATIVE COLORS INTERNATIONAL marks or under different marks, within the Area of Primary Responsibility which is described in Attachment A of this Agreement. However, Franchisor has the right to grant such other franchises outside of the Area of Primary Responsibility as Franchisor, in its sole and exclusive discretion, deems appropriate. Further, both within and outside of the Area of Primary Responsibility, Franchisor reserves the right to offer and sell at wholesale or retail (through any retail or distribution channel) products and services, and CREATIVE COLORS INTERNATIONAL Proprietary Products, if any, as defined in Paragraph XIII.G. hereof, which comprise, or may in the future comprise a part of the System, which products may be resold at retail to the general public by such entities. Franchisor further reserves the right both within and outside the Area of Primary Responsibility to sell both wholesale and retail all products and services which do not comprise a part of the System. Those products and services which comprise a part of the System are delineated and set forth in detail in the CREATIVE COLORS INTERNATIONAL Confidential Operations Manual, Sales & Marketing Manual and Training Manual ("Confidential Manuals"), which Confidential Manuals may be amended from time to time to reflect additions to, deletions from and modifications to the specification of those services and products which comprise a part of the System. Further, Franchisee acknowledges that any website, e-commerce, Internet or other online or digital platform is by its very nature a potential encroachment beyond and within the Area of Primary Responsibility granted herein. Franchisee therefore agrees that the manner and content of any Franchisee advertising, marketing and/or selling on any website, e-commerce, Internet or other cyberspace application is subject to the prior written permission of Franchisor and must be done in strict compliance with the standards, policies and procedures established from time to time by Franchisor.

D. At the time of execution of this Agreement, Franchisee acknowledges that upon its own independent investigation of its Area of Primary Responsibility that it contains approximately 500,000 people in population as determined by the most recent census listed on US Census Bureau. Franchisor makes no representation that such number of people population shall remain in the Area of Primary Responsibility throughout the term of this Agreement.

E. In consideration of the franchise granted herein, Franchisee shall pay to Franchisor the Initial Franchise Fee of Fifty-Nine Thousand Five Hundred Dollars ($59,500.00) upon execution of this Agreement. Said fee shall be non-refundable upon payment thereof. Franchisee is prohibited from opening a Franchised Business until the Initial Franchise Fee for that Franchised Business has been paid by Franchisee to Franchisor.

F. In addition to the Initial Franchise Fee, you are required to pay Thirty-Nine Thousand, Five Hundred Dollars ($39,500.00) for the Required Start-Up Package upon execution of this Agreement. The start-up fee includes the initial training program for up to two (2) individuals, initial inventory and start-up supplies, marketing presentation materials, approved graphics package for one mobile unit and installation, grand opening support and initial field visit support, airline voucher up to $500, hotel voucher up to $1,500, clothing voucher up to $500, access during the term of the Franchise Agreement to additional CCI-certified one-week training programs and other advanced or supplemental training programs provided by Franchisor or its designee (which may include affiliates or qualified franchisees) at no tuition charge (although a registration deposit may be required and credited toward purchases), subject to availability and scheduling, and administrative onboarding support. Transportation, lodging (beyond the provided vouchers), and meals are not included. The Required Start-Up Package fee is non-refundable except as expressly provided in this Agreement.

G. Except as expressly permitted in this Agreement, Franchisee shall not solicit or provide services to an account that is located outside Franchisee's Area of Primary Responsibility. Violation of this prohibition is a material breach of this Agreement and constitutes grounds for termination of this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall be construed as prohibiting Franchisee from servicing an account located outside of Franchisee's Area of Primary Responsibility on condition that such account is not located in another CCI franchisee's Area of Primary Responsibility. Provided further, Franchisee agrees that if another CCI franchisee acquires the territory in which the account serviced by Franchisee is located, Franchisee must relinquish to said other franchisee all rights to service such account.

H. Franchisor may, but is under no obligation to, actively or passively obtain National/Regional Accounts which have more than one place of business that wishes to utilize the services of Creative Colors International.

In the event a National/Regional Account is obtained, Franchisor or Franchisor's affiliate will have the right to provide service to any customers as directed or requested by the National/Regional Account, even if said customers are located in Franchisee's Area of Primary Responsibility. Franchisee shall have a limited, conditional, revocable right to service customers of National/Regional Accounts upon the following conditions:

1. Franchisee shall attend and satisfactorily complete any additional training required by Franchisor in order to master the services required by the National/Regional Account; and

2. Within forty-eight (48) hours following receipt of notification from Franchisor of an offer to service a National/Regional Account (including the terms, conditions and prices which Franchisor and National/Regional Account have contracted to), Franchisee shall notify Franchisor in writing whether it will service the account; and

3. Franchisee agrees to accept the duties, obligation and rights under Franchisor's contract; and

4. Franchisor may charge you 5% of your gross sales from National Accounts that we offer you. This 5% is in addition to the Royalty Fee required in Section XI.A. of this Agreement. It is also in addition to the contributions to the Marketing and Development Fund required in Section X.B. of this Agreement.

5. Franchisee agrees to render such services to a National/Regional Account at the prices set forth in Franchisor's contract (such prices possibly being less than the prices charged by Franchisee to its customers). In the event Franchisee elects to service a National/Regional Account, Franchisee shall be bound by the terms and conditions of the Franchisor's contract with said National/Regional Account. In the event Franchisee at any time fails to meet or comply with the conditions set forth in this Paragraph H, Franchisee's right to service any or all National/Regional Accounts may be revoked by Franchisor without any compensation to Franchisee. If Franchisee elects not to service a National/Regional Account, Franchisor or its representative may service said National/Regional Account within Franchisee's Area of Primary Responsibility.

Continuation of Franchisee’s Area of Primary Responsibility is dependent on Franchisee’s participation in a National Account in Franchisee’s Territory. If Franchisee decides not to service a National Account, three days written notice will be given to Franchisee and Franchisor will reduce your Area of Primary Responsibility by excluding the customers’ of the National Account from Franchisee’s exclusive territory. The Franchisor may allow another franchisee or Franchisor’s affiliate to service the customers of the National Account within Franchisee’s territory without any liability to Franchisee. Not all Areas of Primary Responsibility will have a National Account.

I. Franchisee must obtain and maintain a mobile unit that meets Franchisor’s specifications. Franchisee may acquire such mobile unit from any approved source. Franchisor or its affiliate may assist Franchisee in arranging for the lease or financing of a mobile unit, and additional terms may apply.

II. TERM AND GRANT OF A SUCCESSOR FRANCHISE.

A. This Agreement shall be effective and binding for an initial term equal to ten (10) years from the date of its execution.

B. Grant of a Successor Franchise. Franchisee shall have the right to acquire a grant of a successor franchise at the expiration of the initial term of the franchise, for successive terms of ten (10) years each, and provided that all of the following conditions have been fulfilled:

1. Franchisee has, during the entire term of this Agreement, materially complied with all material provisions of this Agreement;

2. Franchisee has brought the Franchised Business into full compliance with the specifications and standards then applicable for new or successor Franchised Businesses;

3. Franchisee has given notice of its election to acquire a successor franchise to Franchisor as provided below in Paragraph II.C;

4. Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor and its subsidiaries and affiliates and is not in default of any monetary obligations at the time of renewal of this Agreement;

5. Franchisee has executed upon the grant of a successor franchise Franchisor's then-current form of this Agreement (with appropriate modifications to reflect the fact that the agreement relates to the grant of a successor franchise), which agreement shall supersede in all respects this Agreement, and the terms of which may differ from the terms of this Agreement, including, without limitation, a different percentage Royalty Fee and advertising contribution; a different territorial grant; or a requirement for the operation of an additional number of mobile units; provided that such agreement is the same form of agreement then being offered to similarly situated franchisees; provided, however, Franchisee shall not be required to pay the then-current initial franchise fee or its equivalent. Franchisor may modify or reduce the Area of Primary Responsibility upon grant of a successor franchise based on Franchisee's performance, failure to adequately service the territory, or system-wide or national account considerations, as described in the Franchise Disclosure Document;

6. Franchisee shall pay to Franchisor a Renewal Fee in the amount of One Thousand Dollars ($1,000.00);

7. Franchisee has complied with Franchisor's then-current qualification and training requirements, which may be provided by Franchisor or its designee; and

8. Franchisee has executed a general release, to the extent permitted by applicable law, in a form prescribed by Franchisor, of any and all claims against Franchisor and its subsidiaries and affiliates, and their respective officers, directors, agents and employees.

C. If Franchisee desires to acquire a successor franchise at the expiration of this Agreement, Franchisee shall give Franchisor written notice at least six (6) months, but not more than twelve (12) months, prior to the expiration of the initial term of this Agreement. Within thirty (30) days after its receipt of such timely notice to acquire a successor franchise, if Franchisor does not consent to the grant of a successor franchise, Franchisor shall furnish Franchisee with written notice of: (1) reasons which could cause Franchisor not to grant a successor franchise to Franchisee, including any deficiencies which require correction and a schedule for correction thereof by Franchisee; and (2) Franchisor's then current requirements relating to the image, appearance, decoration, furnishing, equipping and stocking of Franchised Businesses, and a schedule for effecting such upgrading or modifications in order to bring the Franchised Business in compliance therewith, as a condition of the grant of a successor franchise.

The grant of a successor franchise shall be conditioned upon Franchisee's compliance with such requirements and continued compliance with all the terms and conditions of this Agreement up to the date of termination of the initial term, provided, however, that in the event Franchisee is curing any deficiencies as required by Franchisor, the term of this Agreement shall be extended for a period of time equal to the number of days granted under the notice provision of Paragraph II.C. herein.

D. In the event the Franchisee is not granted a successor franchise for any reason, Franchisee shall be required to comply with all covenants contained in Paragraph XVI.D. of this Agreement upon non-renewal.

E. Franchisor may extend this Agreement's term for the time period necessary to give Franchisee either reasonable time to correct deficiencies or the thirty (30) days' notice of Franchisor's refusal to grant a successor franchise. If Franchisee fails to notify Franchisor of Franchisee's election to acquire a successor franchise within the prescribed time period, Franchisor need not grant a successor franchise.

F. If Franchisee does not execute a Successor Agreement after the expiration of the Initial Term, and Franchisee continues to accept the benefits of this Agreement after the expiration of the Initial Term, then at Franchisor's option, this Agreement may be treated, at Franchisor's sole option, as either: (i) expired as of the date of the expiration with Franchisee then operating without a franchise to do so and in violation of Franchisor's right; or (ii) continued on a month-to-month basis (the "Interim Term") until either party provides the other party with written notice of such party's intention to terminate the Interim Term. In the latter case, all of Franchisee's obligations shall remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Term.

III. <u>BUSINESS LOCATION</u>

Franchisee must maintain a business address (which may include a home office) within Franchisee's Area of Primary Responsibility and may also maintain a post office box for mailing purposes. Franchisee may operate the business from Franchisee's residence, provided such residence is located within the Area of Primary Responsibility. Franchisee is not required to maintain a retail storefront location.

If Franchisee elects to establish or relocate to a business location other than Franchisee's residence, Franchisee must first obtain Franchisor's prior written approval of such location.

Franchisor's approval will consider, among other factors, whether the proposed location is within the Area of Primary Responsibility and complies with Franchisor's standards and applicable laws.

Franchisor will use reasonable efforts to respond to Franchisee's request for approval within thirty (30) days after receipt of all required information. Any dispute regarding site approval shall be resolved in accordance with the dispute resolution provisions of this Agreement.

Franchisor reserves the right to require Franchisee to relocate its business address if Franchisor reasonably determines that the location no longer meets Franchisor's standards or system requirements.

IV. MOBILE UNITS

A. Franchisee must own, lease, or otherwise acquire a white van (or such other vehicle as approved by Franchisor) as the mobile unit. Franchisee may obtain original and replacement mobile units from any source, provided such mobile unit meets the standards established by Franchisor. Franchisor or its affiliate may assist Franchisee in arranging for the lease or financing of a mobile unit through approved suppliers, and additional terms may apply as described in the Franchise Disclosure Document.

B. Franchisee must use commercially reasonable efforts to operate at least one (1) mobile unit during normal business hours, as defined by Franchisor from time to time.

C. Franchisee agrees to expand operations and deploy additional mobile units as reasonably required to adequately service the Area of Primary Responsibility and meet customer demand, as determined by Franchisor.

D. Franchisee, at its expense, shall at all times maintain the interior and exterior of all mobile units in good repair, attractive appearance, sound operating condition, and equipped in accordance with Franchisor's standards and specifications, including all required equipment, fixtures, and buildout components. Franchisee shall make any required repairs, modifications, or additions within a reasonable period of time after notice from Franchisor.

E. Franchisee is responsible for complying with all applicable licensing, permits, leasing, and regulatory requirements relating to the operation and maintenance of its mobile units.

F. The mobile units must prominently display the CREATIVE COLORS INTERNATIONAL marks and approved graphics. Any additional advertising or display materials require Franchisor's prior written approval.

G. Franchisee must maintain insurance for all mobile units as required under Section XV of this Agreement.

V. TRAINING AND ASSISTANCE

A. Franchisor shall make training available to Franchisee and to employees employed by Franchisee. Franchisor or its designee (which may include affiliates or qualified franchisees) may provide certain training programs. Franchisee is required to attend and successfully complete to

Franchisor's satisfaction prior to opening for business, a training and familiarization course of three (3) weeks in duration to be conducted at Franchisor's headquarters. Franchisor will train up to two (2) people, including Franchisee, at the initial training program, without charge to Franchisee. Failure to successfully complete required training may constitute a default under this Agreement. Franchisor will provide an airline voucher up to Five Hundred Dollars ($500.00) and a hotel voucher up to One Thousand Five Hundred Dollars ($1,500.00). All other expenses incurred by Franchisee and its designees in attending the initial training program, including, but not limited to, travel costs, room and board expenses, and employees' salaries, shall be the sole responsibility of Franchisee. Said training program shall cover material aspects of the operation of the Franchised Business, including but not limited to: an understanding of CREATIVE COLORS INTERNATIONAL conceptual plan; financial controls; promotion and merchandising methods, techniques and procedures; other management and operational techniques; procedures and techniques for providing upholstery coloring, repairs, cleaning and restoration; upholstering methods, materials, and techniques; safety techniques; marketing and advertising techniques; deployment of labor; and maintenance of quality standards.

All of Franchisee's employees are required to attend and successfully complete to Franchisor's satisfaction, a CCI Certified Training course of approximately one or two (2) weeks in duration conducted at a Franchisor-designated facility, subject to availability and scheduling. In order for employees to attend a one-week CCI Certified training course, they must be out in the field for 4 to 8 weeks prior to training class. For employees who attend a one-week CCI Certified Training course following the initial training program, there will be no charge. For employees who attend a two-week extended CCI Certified Training course following the initial training program, Franchisee shall pay Franchisor a training fee of One Thousand Dollars ($1,000.00) per person for the second week of training. For all training after the initial training program, a Five Hundred Dollar ($500.00) deposit, which will be credited toward required supplies if the employee attends the training, must be paid at least two weeks prior to the training class. There is no tuition fee for the one-week CCI Certified Training course.

In certain circumstances, Franchisor may temporarily suspend in-person training and provide training through virtual or alternative formats.

Franchisor may modify the content, duration, location, and format of training programs from time to time.

B. At or around the time of commencement of operations of the Franchised Business, Franchisor shall furnish to Franchisee, at Franchisee's business location and at Franchisor's expense, one (1) of Franchisor's representatives for one (1) week, for the purpose of facilitating the opening of Franchisee's Franchised Business. During this period, such representative will also assist Franchisee in establishing and standardizing procedures and techniques essential to the operation of a Franchised Business and shall assist in training personnel. Should Franchisee request additional assistance from Franchisor in order to facilitate the opening of the Franchised Business, and should Franchisor, in its discretion, deem it necessary, feasible and appropriate to comply with the request, Franchisee shall pay Franchisor a fee of THREE HUNDRED DOLLARS ($300.00) per person per day of additional assistance, plus transportation and lodging expenses.

C. If Franchisee designates new or additional managers or employees after the initial training program, Franchisor shall provide a CCI Certified Training program to such managers or employees to the extent that Franchisor can reasonably accommodate such managers or employees in Franchisor's regularly scheduled training course subject to availability and scheduling. Franchisor shall provide such training at Franchisor's then-current fee as described in Section V.A. above. Franchisee shall be responsible for all expenses incurred by Franchisee's employees in attending such training.

D. Franchisor will provide and will require that previously trained and experienced franchisees, their managers and/or employees attend refresher training programs at Franchisor's annual conference to be conducted at Franchisor's headquarters or at such other location as may be designated by Franchisor. Franchisee or its designated representative's attendance is mandatory except for good cause as determined by Franchisor, including but not limited to significant personal or family events. Franchisee will be charged a nonrefundable registration fee of $500 to $750, depending on when Franchisee registers. If Franchisee does not register, Franchisee will be charged the highest registration fee. If Franchisee does not attend the conference for two (2) conferences within any three (3) year period, Franchisee must pay Franchisor a Non-Attendance Fee of One Thousand Dollars ($1,000) in addition to the registration fee. Attendance at such refresher training programs or conference shall be at Franchisee's sole expense, including a registration fee to Franchisor. Attendance will not exceed three business days in duration. The registration and attendance requirements for the annual conference will be established by policies promulgated by Franchisor. If Franchisee does not attend conference, Franchisee may be required to attend a refresher training class at Franchisor's headquarters and shall pay Franchisor an additional fee of TWO HUNDRED DOLLARS ($200.00) per person per day of additional training, in addition to the applicable Non- Attendance Fee.

E. At Franchisee's option, Franchisor or its designee will provide, subject to certain prerequisites in Franchisor's sole discretion, a one-week Advanced CCI Certified Training program, which is scheduled on an as-needed basis subject to availability and scheduling. Franchisor shall provide such training for a non-refundable training fee of up to TWO THOUSAND FOUR HUNDRED DOLLARS ($2,400.00), which must be paid at least two weeks prior to such training. Advanced training programs are optional, and are not required to operate the Franchised Business. Franchisee shall be responsible for all expenses incurred in attending such training.

F. Franchisor or its designee may from time to time provide, at Franchisee's option, supplemental training, seminars, regional franchise meetings or webinars to be conducted at times and locations designated by Franchisor subject to availability and scheduling. Franchisor may charge a tuition fee of up to TWO THOUSAND DOLLARS ($2,000.00) for any such training, seminars, meetings or webinars. Supplemental training programs are optional, and are not required to operate the Franchised Business. Franchisee shall be responsible for all expenses incurred by Franchisee in attending such training.

VI. PROPRIETARY MARKS

A. Franchisee acknowledges that Franchisor is the sole owner of the Marks. Franchisee further acknowledges that Franchisee's right to use the Marks is derived solely from this Agreement and is limited to the conduct of business by Franchisee pursuant to and in compliance with this Agreement and all applicable standards, specifications, and operating procedures prescribed by Franchisor from time to time during the term of the franchise. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee acknowledges that all usage of the Marks by Franchisee and any goodwill established by

Franchisee's use of the Marks shall inure to the exclusive benefit of Franchisor and that this Agreement does not confer any goodwill or other interests in the Marks upon Franchisee. Franchisee shall 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 assist any other person in contesting the validity or ownership of any of the Marks. All provisions of this Agreement applicable to the Marks apply to any additional trademarks, service marks, and commercial symbols authorized for use by and licensed to Franchisee by Franchisor after the date of this Agreement. Franchisee shall not register or use any domain name containing the Marks without Franchisor's prior written approval.

B. Franchisee shall not use any of the Marks or portion of any of the Marks as part of any corporate or trade name, or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form. Franchisee shall not for his own account register the Marks or use the Marks on any form of Technology (as defined in Section XIII.X), including, but not limited to, websites, email addresses, social media, or smart phone applications, or use or register the Marks on the internet or any electronic service in any other manner. Franchisee shall not create or operate any website or digital presence using the Marks without Franchisor's prior written approval. Franchisor has the sole right to create, establish, own, and control the website and email address(es) for Franchisee's Franchised Business. Franchisee acknowledges that any email systems or accounts provided or controlled by Franchisor are for business use and may be monitored by Franchisor. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law. The parties covenant and agree that Franchisee shall prominently identify its business as "CREATIVE COLORS INTERNATIONAL" in all its advertising, stationery, invoices, telephone directory listings, signage and all other like displays. Franchisee may include a corporate name or individual person's name in association with "CREATIVE COLORS INTERNATIONAL," provided that such other name shall not be as prominent as "CREATIVE COLORS INTERNATIONAL" and provided that such other name is accompanied by the words "FRANCHISE OWNER" or "FRANCHISEE." A sample of the proper layout and use of the CREATIVE COLORS INTERNATIONAL name and the Franchise owner's name is attached hereto as Attachment D. Attachment D is the current layout only, and Franchisor reserves the right to modify the layout at any time. Franchisee may use social media platforms in compliance with Franchisor's standards and guidelines.

C. Franchisee shall promptly notify Franchisor of any claim, demand, or cause of action based upon or arising from any attempt by any other person, firm or corporation to use the Marks or any colorable imitation thereof. Franchisee shall notify Franchisor of any action, claim or demand against Franchisee relating to the Marks, promptly, and in any event within ten (10) days after Franchisee receives notice of said action, claim, or demand. Upon receipt of timely notice of an action, claim or demand against Franchisee relating to the Marks, Franchisor and its affiliate shall have the sole right to prosecute or defend any such action. Franchisor and its affiliate shall have the exclusive right to contest or bring action against any third party regarding the third party's use of any of the Marks and shall exercise such right at their sole discretion. Franchisor and its affiliate shall have the right to control exclusively any litigation, U.S. Patent and Trademark Office proceeding or any other administrative proceeding arising out of any infringement, challenge, or claim or otherwise relating to any Mark. In any defense or prosecution of any litigation relating to the Marks or components of the System undertaken by Franchisor, Franchisee shall cooperate with Franchisor and its affiliate and execute any and all documents and take all actions as may be desirable or necessary in the opinion of Franchisor's counsel, to carry out such defense or prosecution. Franchisee may not communicate with any person other than Franchisor and its counsel in connection with such infringement, challenge or claim. Franchisor and Franchisee will make every effort consistent with the foregoing to protect, maintain, and promote the Marks as identifying the System. Franchisor agrees to indemnify Franchisee against and to reimburse Franchisee for all direct, but not consequential (including, but not limited to, loss of revenue and/or profits), damages for which Franchisee is held liable in any proceeding arising out of the use of any Mark pursuant to and in compliance with this Agreement, and for all costs reasonably incurred by Franchisee in the defense of any such claim brought against it or in any such proceeding in which it is named as a party, provided that Franchisee has timely notified Franchisor of such claim or proceeding and has otherwise complied with this Agreement, and that Franchisor shall have the right to defend any such claim. If Franchisor defends such claim, Franchisor shall have no obligation to indemnify or reimburse Franchisee with respect to any fees or disbursements of any attorney retained by Franchisee.

D. If it becomes advisable at any time, in Franchisor's sole discretion, for Franchisor and/or Franchisee to modify or discontinue use of any of the Marks, and/or use one or more additional or substitute trade names, trademarks, service marks, or other commercial symbols, Franchisee shall comply with Franchisor's directions within a reasonable time after notice to Franchisee by Franchisor, and Franchisor shall have no liability or obligation whatsoever with respect to Franchisee's modification or discontinuance of any of the Marks, other than to pay Franchisee’s reasonable out-of-pocket costs directly incurred in modifying tangible items.

E. In order to preserve the validity and integrity of the Marks and copyrighted materials licensed herein, to assure that Franchisee is properly employing the same in the operation of its Franchised Business, and to determine whether Franchisee and the Franchised Business are complying with this Agreement and all System Standards, Franchisor and Franchisor’s designated agents or representatives may at all times and with or without prior notice to Franchisee have the right of entry and inspection of Franchisee’s operations and: (1) inspect the Franchised Business; (2) observe the manner in which Franchisee is rendering its services and conducting its activities and operations; (3) photograph the Business Location and Mobile unit(s) and observe and videotape the Franchised Business’ operation for consecutive or intermittent periods Franchisor deems necessary; (4) inspect equipment, merchandise, accessories, products, supplies, reports, forms and documents and related data for test of content and evaluation purposes; (5) remove samples of any products and supplies; (6) interview the Franchised Business personnel and customers; and (7) inspect and copy any books, records, and documents relating to the Franchised Business operation. Franchisee agrees to cooperate with Franchisor fully. If Franchisor exercises any of these rights, Franchisor will not interfere unreasonably with the Franchised Business’ operation.

F. If Franchisor requests, Franchisee must also sign such other documents as Franchisor reasonably requires in order to allow others in Franchisee’s state to use Franchisor’s Marks, including without limitation any documents required by the applicable Secretary of State or Department of Commerce located in Franchisee’s state.

VII. CONFIDENTIAL MANUALS

A. Franchisor will make available to Franchisee during the term of this Agreement all Confidential Manuals containing reasonable, mandatory and suggested specifications, standards, recommended pricing, operating procedures, and rules prescribed from time to time by Franchisor for Franchised Businesses and information relative to Franchisee's obligations and operation of the Franchised Business.

Franchisor shall have the right to add to and modify the Confidential Manuals from time to time to reflect changes in system standards, provided that no such addition or modification shall materially alter Franchisee's rights under this Agreement. Franchisee shall comply with such updates within a reasonable time after notice from Franchisor.

Franchisee acknowledges that these manuals are designed to protect Franchisor's standards, systems, names and marks, and not to control the day-to-day operations of Franchisee's Franchised Business. Franchisor will make available all Confidential Manuals through its online portal or shall provide hard copies at Franchisee's written request.

B. The Confidential Manuals shall at all times remain the sole property of Franchisor and shall promptly be returned upon expiration or termination of this Agreement. Franchisee shall not disclose, duplicate, or otherwise use any portion of the Confidential Manuals except as expressly authorized. Franchisee shall not share login credentials or permit unauthorized access to the Confidential Manuals or any online portal.

C. The Confidential Manuals contain proprietary and trade secret information of Franchisor and shall be kept confidential by Franchisee during the term of this Agreement and thereafter. In the event of any dispute as to the contents of the Confidential Manuals, the master copy maintained by Franchisor at its principal place of business shall control.

VIII. CONFIDENTIAL INFORMATION

A. Definition. Franchisor and its affiliate possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law (the "Confidential Information"), relating to developing and operating Franchised Businesses, including (without limitation):

Territory selection criteria; Confidential Manuals;

Methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Franchised Businesses;

Marketing and advertising programs for Franchised Businesses; Knowledge of, specifications

for, and Suppliers of products and supplies;

Customer Data (as defined in Subsection VIII.H. below) and the customer list, including names, addresses and other information;

Knowledge of the operating results and financial performance of Franchised Businesses other than the Franchised Business; and

Graphic designs and related intellectual property.

B. Franchisee acknowledges and agrees that Franchisee will not acquire any interest in Confidential Information, other than the right to use it as Franchisor specifies in operating the Franchised Business during this Agreement's term, and that Confidential Information is proprietary, includes Franchisor's trade secrets, and is disclosed to Franchisee only on the condition that Franchisee agrees, and Franchisee in fact does agree, that Franchisee:

Will not use Confidential Information in any other business or capacity;

Will keep each item deemed to be part of Confidential Information strictly confidential, both during this Agreement's term and then thereafter for as long as the item is not generally known in the upholstery repair or upholstering industry;

Will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form; and

Will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restricting its disclosure to Franchised Business personnel and others and using non-disclosure agreements and, where permitted by applicable law, non-competition agreements with those having access to Confidential Information. Franchisor has the right to prescribe and regulate the form of agreements that Franchisee uses. Franchisor must be a named third-party beneficiary of those agreements with independent enforcement rights. Attached to Franchisor's disclosure document as Exhibit K is "Confidentiality Agreement, Proprietary Rights and Non-Competition Agreement", which is Franchisor's prescribed form of non-disclosure and non- competition agreement.

C. Franchisee acknowledges that it has received substantial knowledge of the operation of a Franchised Business including the knowledge or know-how regarding the specifications, standards and operating procedures of the CREATIVE COLORS INTERNATIONAL services, is derived from information disclosed to Franchisee by Franchisor, whether existing now or in the future, and that certain of such information is proprietary, confidential and a trade secret of Franchisor. Franchisee shall maintain the strictest confidentiality of all such proprietary information during and after the term of the franchise and shall not use any such information in any other business or in any manner not specifically authorized or approved in writing by Franchisor.

D. Franchisee shall divulge such confidential information only to the extent and only to such of its employees as must have access to it in order to operate the Franchised Business. Any and all information, knowledge and know-how, including, without limitation, specifications and standards concerning the operation of the Franchised Business and other data, which Franchisor designates as confidential and that is not generally known, whether existing now or in the future, shall be deemed confidential for purposes of this Agreement.

E. Due to the special and unique nature of the Confidential Information, Marks, and Confidential Manuals of Franchisor, Franchisee acknowledges that any breach will cause irreparable harm and that Franchisor shall be entitled to immediate equitable remedies, including but not limited to, restraining orders and injunctive relief in order to safeguard such proprietary, confidential, unique, and special information of Franchisor and that money damages alone would be an insufficient remedy with which to compensate Franchisor for any breach of the terms of Sections VI, VII, and VIII of this Agreement. Furthermore, Franchisee agrees that all employees or agents of Franchisee having access to the confidential and proprietary information of Franchisor shall be required to execute a confidentiality agreement in a form acceptable to Franchisor.

F. Franchisee shall not use any copyrighted materials of Franchisor except as expressly authorized and must include all required copyright notices.

G. Innovations. All ideas, concepts, techniques, and marketing, advertising or other materials relating to a Franchised Business, whether or not protectable intellectual property and whether created by or for Franchisee or Franchisee's owners or employees, must be promptly disclosed to Franchisor and will be deemed to be Franchisor's sole and exclusive property, part of the Franchise System, and works made-for-hire for Franchisor. To the extent that any item does not qualify as a "work made- for-hire" for Franchisor, by this paragraph Franchisee assigns ownership of that item, and all related rights to that item, to Franchisor and agrees to take whatever action (including signing assignment or other documents) Franchisor requests to evidence Franchisor's ownership or to help Franchisor obtain intellectual property rights in the item.

H. Customer Data. Franchisee will follow Franchisor's written instructions and applicable data protection and privacy laws with respect to the collection, disposition, treatment, transmission and handling of customer data and similar information ("Customer Data"). Franchisee agrees that Customer Data is Franchisor's sole and exclusive property, and that the customer list is Franchisor's proprietary information and property. Franchisee's use of Customer Data (even if Franchisee initially collected such data) shall be by virtue of this limited license from Franchisor. Franchisee's license to use the Customer Data is limited to Franchisee's use of the Customer Data solely in connection with the operation of Franchisee's Franchised Business during the term of this Agreement. Promptly upon expiration or termination of this Agreement, Franchisee will destroy or, at Franchisor's option, transmit to Franchisor, all Customer Data and copies thereof. Customer Data is included in "Confidential Information" as defined in Subsection A. above.

IX. MODIFICATION OF THE SYSTEM

Franchisee acknowledges that Franchisor may from time to time modify the System identified by the Marks. Such modifications may include, without limitation, the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials; new programs or systems; new upholstery repair, coloring, cleaning, protection and restoration techniques, products and services; new upholstering methods, materials, and techniques; new employee training or education programs and services; new equipment; and other operational changes.

Franchisee agrees to comply with and implement such modifications in accordance with this Agreement, provided that such changes are applied on a system-wide basis or to similarly situated franchisees and do not materially alter Franchisee's rights under this Agreement. Franchisee shall implement such changes within a reasonable time after notice from Franchisor and shall make such reasonable expenditures as may be required to do so.

Franchisee shall not change, modify, or alter any aspect of the System without Franchisor's prior written consent.

X. MARKETING

Recognizing the value of marketing and the importance of the standardization of marketing and promotion to the furtherance of the goodwill and the public image of Franchised Businesses, Franchisee agrees as follows:

A. Franchisee will submit to Franchisor or its designated agency, for its prior approval, all promotional materials and marketing to be used by Franchisee, including, but not limited to, newspapers, radio and television advertising, signs and digital advertising and social media content. In the event written disapproval of said marketing and promotional materials is not given by Franchisor to Franchisee within twenty (20) days from the date such material is received by Franchisor, said materials shall be deemed approved. Failure by Franchisee to conform with the provisions herein and subsequent nonaction by Franchisor to require Franchisee to cure or remedy this failure and default shall not be deemed a waiver of future or additional failures and defaults of any other provision of this Agreement. The submission of marketing to Franchisor for approval shall not affect Franchisee's right to determine the prices at which Franchisee sells its products or services. Franchisor reserves the right to use for its own purposes or to disseminate to other CREATIVE COLORS INTERNATIONAL franchisees any and all marketing materials, procedures and concepts submitted to Franchisor by Franchisee.

B. Franchisee shall contribute to the CREATIVE COLORS INTERNATIONAL Marketing and Development Fund ("Fund") an amount equal to the greater of: (i) one percent (1%) of the Gross Sales ("Gross Sales") derived from the Franchised Business, or (ii) the following minimum amounts per month:

During the first full year from Grand Opening date …………… $ 50.00
During the second full year from Grand Opening date ………….. $ 75.00
During the third full year from Grand Opening date………………$100.00

Franchisee's required payments to the Fund shall be made at the same time and in the same manner as the Royalty Fee as provided in Section XI. of this Agreement. Such sums shall be maintained and administered by Franchisor, or its designee as follows:

1. Franchisor shall oversee all marketing programs over the creative concepts, materials and media used in such programs and the placement and allocation thereof. All marketing materials shall be and remain the property of Franchisor and may not be altered by Franchisee. Franchisor cannot and does not ensure that any particular franchisee benefits directly or pro rata from the placement of marketing.

2. Although Franchisor intends the Fund to be of perpetual duration, Franchisor maintains the right to terminate the Fund. The Fund shall not be terminated, however, until all monies in the Fund have been expended for marketing and promotional purposes.

3. Once contributions to the Fund are made by Franchisee, all such monies shall be

used as herein required and shall not be returned to Franchisee. Contributions to the Fund are not refundable and will not be segregated by franchisee.

4. Franchisor may increase the required contribution to the Fund from time to time; provided, however, that in no event will Franchisee's required contribution exceed two percent (2%) of Franchisee's Gross Sales.

5. Franchisor may charge the Fund an administrative fee, not to exceed ten percent (10%) of the expenditures made. The administrative fee is intended to cover Franchisor's internal costs of administering the Fund.

6. The Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining an electronic commerce website and/or related strategies; developing and producing in-store marketing materials.

7. The Fund is not a trust or escrow account and Franchisor does not act as a fiduciary in administering the Fund.

C. Franchisee is required to list their business continuously on the internet through Franchisor's approved Supplier or another supplier approved by Franchisor. The fee of Six Hundred Dollars and No Cents ($600.00) will be paid annually for the business listing. This fee may increase in the future, but not more than 20% annually. Franchisee's expenditures for listing their business on the internet shall be independent of and in addition to Franchisee's contributions to the Fund.

D. Upon thirty (30) days written notice that this program is implemented, Franchisee is required to pay Seven Hundred Fifty Dollars and No Cents ($750.00) annually for the CCI Technology Fee. This fee may increase in the future, but not more than 20% annually.

E. Franchisee may advertise on the internet only through websites and platforms approved by Franchisor and in compliance with Franchisor's standards.

F. Franchisee shall not use in marketing or any other form of promotion, the trademarks, service marks or commercial symbols of Franchisor without the appropriate ® registration mark or the designations TM or SM where applicable.

G. Technology. Franchisee acknowledges and agrees that the restrictions set forth in Section XIII.Y. of this Agreement apply to Franchisee's advertising and marketing activities.

XI. ROYALTY FEES

A. Franchisee shall pay without offset, credit or deduction of any nature to Franchisor, so long as this Agreement shall be in effect, monthly Royalty Fees equal to the greater of: (i) seven and a half percent (7.5%) of the Gross Sales derived from the Franchised Business, or (ii) the following minimum amounts per month:

During first full year from Grand Opening date..$375.00
During second full year from Grand Opening date..$500.00
During third full year from Grand Opening date and thereafter $625.00

Franchisee shall also pay any additional fees applicable to National or Regional Accounts, as described in Franchise Agreement Section I.H.

There are no Royalty Fees due for the first full month of business and there is no minimum for the first full three months of business. Franchisee shall pay Royalty Fees in the manner specified below or as otherwise specified by Franchisor in writing:

1. Due on or before the 15th day of each month, Franchisee will submit to Franchisor on a form approved by Franchisor, a correct statement of Franchisee's Gross Sales for the preceding month just ended. Each monthly statement of Gross Sales shall be accompanied by the Royalty Fees based on the Gross Sales reported in the statement so submitted. Franchisee will make available to Franchisor for inspection at reasonable times by Franchisor, all original books and records that Franchisor may deem necessary to ascertain Franchisee's Gross Sales.

2. Definition of Gross Sales. For purposes of this Agreement, "Gross Sales" means all receipts of the Franchised Business, whether collected or not, including amounts received, charged, or performed on a credit or time basis, and the value of all services or products received by Franchisee, for services provided or products or gift certificates sold, whether or not sold or performed at or from the Franchised Business, including cash and proceeds of business interruption insurance policies, less sales, use or service taxes collected and paid to the appropriate taxing authority.

3. All Royalty Fees not received by Franchisor on or before the 15th day of the month shall be in violation of this Agreement and will be charged $75.00 or the maximum amount permitted by law, whichever is less.

4. Franchisor shall have the right to require Franchisee to participate in an electronic funds transfer program under which all Royalty Fees, advertising contributions to the marketing fund, amounts due for purchases by Franchisee from Franchisor and its affiliates and any other payment due Franchisor under this Agreement or any other agreement between Franchisee and Franchisor are transferred electronically from Franchisee's bank account to the bank or other financial institution as specified by Franchisor. If Franchisor institutes this program, Franchisee agrees to make the funds available in its bank account for withdrawal by electronic transfer no later than the due date for the payment.

5. Franchisee shall keep an active credit card on file with Franchisor. Franchisee's credit card must have a credit line sufficient to cover all Royalty Fees, advertising contributions to the marketing fund and amounts due for purchases by Franchisee from Franchisor and its affiliates. Franchisor shall have the right to charge Franchisee's credit card for any undisputed amounts due under this Agreement that are not paid when due.

6. If Franchisee fails to timely submit any required sales report, Franchisor may estimate Gross Sales based on prior periods or comparable businesses, and Franchisee shall pay

Royalties based on such estimate until actual figures are provided.

B. All Royalty Fees, advertising contributions to the Fund, amounts due for purchases by Franchisee from Franchisor and its affiliates, and other amounts which Franchisee owes to Franchisor or its affiliates shall bear interest after due date at the rate of one and one-half percent (1.5%) per month, or the maximum rate permitted by law, whichever is less. Franchisee acknowledges that this Paragraph shall not constitute an agreement by Franchisor or its affiliates to accept such payments after same are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of, the Franchised Business. Further, Franchisee acknowledges that its failure to pay all amounts when due shall constitute grounds for termination of this Agreement, as provided in Section XVII hereof, notwithstanding the provisions of this Paragraph.

C. All payments under this Agreement that are not honored for any reason will be charged a fee of $50.00 to help offset bank charges and administrative expenses. This fee will be in addition to any late fee or interest that may accrue because of insufficient funds.

D. Franchisor shall have the right to establish reasonable procedures for verifying figures and collecting Royalty Fees.

E. Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, advertising contributions to the Fund, purchases from Franchisor and its affiliates, interest or any other indebtedness.

F. Franchisor has the right to withhold payments or amounts that it may owe, receive, or hold on behalf of Franchisee, to the extent that Franchisee is delinquent in its payments due to Franchisor. This right applies to, but is not limited to, payments that Franchisor receives from National Accounts customers for services provided by Franchisee. Franchisor has the right to apply such payments or amounts toward Franchisee’s delinquency due to Franchisor.

XII. ACCOUNTING AND RECORDS

A. Franchisee shall establish and maintain a bookkeeping, accounting and record keeping system conforming to the requirements prescribed by Franchisor, including, without limitation, the use and retention of customer invoices, payroll records, check stubs, cash receipts and disbursements, journals and general ledgers. Franchisee shall retain all records for at least three years.

B. Franchisee shall submit a Sales by Customer Summary by Type report to Franchisor each month in the form or format specified by Franchisor. In addition, Franchisee will supply to Franchisor on or before the fifteenth (15th) day of each calendar quarter, in the form or format specified by Franchisor, a profit and loss statement and balance sheet for the last preceding calendar quarter. Additionally, Franchisee shall, at its expense, submit to Franchisor within one hundred twenty days (120) days after the end of each fiscal year during the term of this Agreement, a profit and loss statement for such fiscal year and a balance sheet as of the last day of such fiscal year, prepared by an independent certified public accountant on an accrual basis including all adjustments necessary for fair presentation of the financial statements. Such financial statements will be certified by Franchisee as true and correct. Franchisor reserves the right to require certified annual financial statements, prepared in accordance with generally accepted accounting principles (GAAP), reviewed or audited by an independent certified public accountant.

C. Franchisee shall submit to Franchisor such other periodic reports, forms and records as specified, and in the manner and at the time as specified in the Confidential Operations Manual or otherwise in writing.

D. Franchisee must obtain, maintain, and use all computer hardware, software, internet access, and communication systems specified by Franchisor from time to time. Franchisee must pay all applicable technology fees and costs associated with such systems. Franchisor may require reasonable upgrades, updates, or replacements to ensure system compatibility and operational efficiency.

E. Franchisee shall obtain, maintain, and utilize computer terminals with on-line access and software which meet Franchisor’s specifications, which may be amended from time to time. All Gross Sales, inventory data, sales information, and such other information as required by Franchisor shall be recorded on such computer terminals. In addition, Franchisee shall utilize such automated central accounting system equipment and software program(s) as Franchisor may prescribe. Franchisor shall have access to Franchisee’s computer systems and data for purposes of monitoring compliance, reporting, and system operations.

F. Franchisor or its designated agents shall have the right at all reasonable times to examine and copy, at Franchisor’s expense, the books, records, and tax returns of Franchisee. Franchisor shall also have the right, at any time, to have an independent audit made of the books of Franchisee at Franchisor's expense. If an inspection or audit reveals an understatement of Gross Sales or any payments due to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the maximum rate permitted by law. If an inspection or audit discloses an understatement in any report of three percent (3%) or more, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection or audit (including, without limitation, reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

G. Franchisee authorizes Franchisor and its affiliates to initiate electronic funds transfers (EFT) or charge Franchisee’s designated bank account or credit card for all amounts due under this Agreement, including royalties, Marketing Fund contributions, technology fees, and any other fees or charges to the extent permitted by applicable law. Franchisee agrees to maintain valid payment information on file and to ensure sufficient funds are available. Franchisor may debit Franchisee’s account for undisputed amounts that are past due. Franchisee remains responsible for any fees, charges, or penalties resulting from failed transactions.

H. Franchisee acknowledges that nothing contained herein constitutes Franchisor's agreement to accept any payments after same are due or a commitment by Franchisor to extend credit to or otherwise finance Franchisee's operation of the Franchised Business. Further, Franchisee acknowledges that its failure to pay all amounts when due shall constitute a material default and grounds for termination of this Agreement.

I. Franchisee must record all Gross Sales of the Franchised Business on the Computer

System. Franchisor may provide SKU numbers (or other identification codes) for each type of revenue-producing transaction Franchisee may encounter at the Franchised Business (including revenues derived from transactions other than sales to customers). Franchisee must use the computer system to maintain certain sales data and other information.

XIII. FRANCHISEE STANDARDS OF QUALITY AND PERFORMANCE

A. Franchisee shall comply with all requirements set forth in this Agreement, the Confidential Manuals and other written policies supplied to Franchisee by Franchisor. Franchisee shall comply with such standards within a reasonable time after notice. Mandatory specifications, standards, operating procedures and rules prescribed from time to time by Franchisor in the Confidential Manuals or otherwise communicated to Franchisee in writing, shall be binding on Franchisee as part of this Agreement and shall be reasonably and uniformly applied to all franchisees. All references herein to this Agreement shall include all such mandatory specifications, standards and operating procedures and rules. Franchisee shall comply with the entire System including, but not limited to, the provisions of this Section XIII.

B. Franchisee shall commence operation of the Franchised Business not later than ninety (90) days after the execution of this Agreement unless extended by Franchisor in its reasonable discretion or as otherwise approved in writing by Franchisor. Prior to the opening of the Franchised Business, Franchisee shall have complied with all Franchisor's pre-opening standards and specifications. If Franchisee for any reason fails to commence operation as herein provided, such failure shall be considered a default and Franchisor may terminate this Agreement as herein provided.

C. Franchisee shall maintain the condition and appearance of the mobile units used in the operation of the Franchised Business consistent with Franchisor's standards. Franchisee shall maintain the mobile units used in the operation of the Franchised Business as Franchisor from time to time requires to maintain or improve the appearance and efficient operation of the Franchised Business, including, but not limited to, replacement of worn out or obsolete mobile units, equipment, and signs. If at any time in Franchisor's judgment the general state of repair or the appearance of the mobile units, equipment, or signs used in the Franchised Business do not meet Franchisor's standards, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate within thirty (30) days after receipt of such notice and complete such corrective actions within a reasonable time thereafter, and thereafter fails to implement a bona fide program to complete any required maintenance, Franchisor shall have the right, in addition to all other remedies, to effect such repairs, maintenance or replacements of mobile units, equipment, or signs on behalf of Franchisee and Franchisee shall pay the entire costs thereof on demand.

D. Franchisee shall make no material alterations to the mobile units used in the operation thereof nor shall Franchisee make material replacements of or alterations to the equipment or signs of the Franchised Business without the prior written approval by Franchisor. Provided, however, Franchisee may upfit the interior of its mobile units in any manner it chooses, so long as the mobile units meet the Franchisor's specifications. Franchisee acknowledges and agrees that Franchisee may not alter the graphics on the exterior of the mobile units.

E. Franchisee shall provide prompt, professional service and after-sale support to customers of the Franchised Business in accordance with specifications and standards prescribed by

Franchisor for handling customer complaints and ensuring customer satisfaction. In order to promote and enhance the reputation of the franchise network and the CREATIVE COLORS INTERNATIONAL brand and Marks, Franchisee shall visit each commercial customer account at intervals reasonably appropriate for the customer relationship or as established between Franchisee and said commercial customer.

F. Franchisee shall offer for sale and use at the CREATIVE COLORS INTERNATIONAL Franchised Business all types of services for repair, coloring, cleaning, protection and restoration of leather, cloth, vinyl, velour, plastics and other upholstery surfaces; performing upholstering of furniture, booths, tables or other similar items; and providing related services that Franchisor from time to time authorizes, and shall not offer for sale or sell or provide through the Franchised Business any other category of materials, supplies, merchandise, products or accessories or use such Franchised Business for any purpose other than the operation of a Franchised Business in full compliance with this Agreement.

G. Franchisor has developed a specially formulated and prepared line of Proprietary Products and other items and merchandise bearing the Marks ("CREATIVE COLORS INTERNATIONAL"). Franchisee shall use only the Proprietary Products designated by Franchisor. The formulae and methods of preparation of the Proprietary Products are trade secrets of Franchisor and its affiliate.

Franchisor has determined that, in order to protect its trade secrets, maintain uniform quality throughout the System, and monitor the manufacture, distribution, and use of Proprietary Products, such Proprietary Products shall be supplied by Franchisor or its designated or approved suppliers. Franchisee shall purchase Proprietary Products exclusively from Franchisor or from suppliers designated or approved by Franchisor.

Franchisor shall sell to Franchisee such quantities of Proprietary Products as Franchisee requires from time to time in the operation of the CREATIVE COLORS INTERNATIONAL Franchised Business, at prices in effect at the time of purchase. Franchisee shall maintain an adequate supply and a representative inventory of such Proprietary Products as required by the Confidential Manuals.

Franchisee agrees that any Proprietary Products or Approved Products purchased in bulk, concentrated form, or in non-CCI labeled containers must be transferred, stored, and used exclusively in containers, bottles, and packaging that meet CCI's then-current specifications and branding requirements, as set forth in the Confidential Manuals. Such approved containers and packaging must be obtained from Franchisor or from suppliers designated or approved by Franchisor. Franchisee shall not use any unbranded, generic, handwritten, or non-approved containers in the operation of the Franchised Business.

Franchisee shall maintain, carry, display, and use all Proprietary Products in a manner consistent with CCI's brand standards, safety requirements, and operating procedures as set forth in the Confidential Manuals. All labeling, handling, and use of such products must comply with applicable laws and regulations, including, where applicable, Safety Data Sheet (SDS) requirements.

Franchisee acknowledges that the uniform use, packaging, presentation, and application of

Proprietary Products are essential to maintaining the reputation, goodwill, and system-wide consistency of the Marks and the CREATIVE COLORS INTERNATIONAL System. Any deviation from these requirements may be deemed a material breach of this Agreement.

H. Beginning on the second anniversary of the franchise term (i.e., in the third year of operation), Franchisee must purchase from Franchisor, or as otherwise authorized by Franchisor, a minimum inventory of Proprietary Products equal to two percent (2%) of Gross Sales each fiscal year, or a minimum of one thousand five hundred dollars ($1,500.00) per mobile unit in operation for the full year, as further described in the Operations Manual. If Franchisee does not purchase this amount, Franchisor may invoice Franchisee for the shortfall. Franchisor's current price list of Proprietary Products is available on the CCI online portal and may be updated from time to time. Use of any substitute for a Proprietary Product without Franchisor's prior written approval is a material breach of this Agreement and constitutes grounds for termination of this Agreement.

I. From time to time, Franchisor shall provide to Franchisee a list of approved manufacturers, suppliers and distributors authorized for the Franchised Business ("Approved Suppliers List") and a list of approved inventory, products, equipment, signs, stationery, supplies, chemicals, merchandise, and other items or services necessary to operate the Franchised Business ("Approved Supplies List"). Such lists shall be maintained in the Operations Manual, the Franchisee Portal, or other written system communications, and shall specify the manufacturers, suppliers and distributors, and the inventory, products, equipment, signs, stationery, supplies, chemicals, merchandise and other items and services which Franchisor has approved to be carried or used in the System. Franchisor may revise the Approved Suppliers List and Approved Supplies List from time to time in its reasonable discretion, and Franchisee shall comply with all such updates.

If Franchisee proposes to offer for sale at the Franchised Business any brand of product, or to use in the operation of the Franchised Business any material or supply not then approved by Franchisor, or to purchase any product from a supplier not then designated by Franchisor as an approved supplier, Franchisee shall first notify Franchisor in writing and shall, upon request, submit samples and such other information as Franchisor requires for examination and/or testing to determine whether such product, material, supply, or proposed supplier meets Franchisor's specifications and quality standards and is compatible with Franchisor's Proprietary Products, as further described in the Operations Manual. A charge not to exceed the reasonable cost of inspection, evaluation, and testing may be paid by Franchisee or the supplier.

Franchisor reserves the right, at its option, to inspect and re-inspect the facilities and products of any supplier of an approved item and to revoke its approval of any item which fails to continue to meet Franchisor's standards. Franchisor further reserves the right to receive and retain payments from suppliers on account of purchases by Franchisees from such suppliers.

J. Franchisor or our affiliate may sell products under the Trademarks within and outside Franchisee's Area of Primary Responsibility through any method of distribution other than a dedicated Creative Colors International franchise location, including, sales through such channels of distribution as toll-free number, electronic commerce, catalog sales, telemarketing, social media (as defined below in Section XIII.X), smartphone application, any electronic service including the internet, or other direct marketing sales (together, "alternative distribution channels"). Franchisee will receive no compensation for Franchisor's sales through alternative distribution channels. Franchisee may not use alternative distribution channels to make sales outside or inside Franchisee's Area of Primary Responsibility, except as approved by Franchisor.

K. The Franchised Business shall at all times be under the direct supervision of Franchisee (or a trained and competent employee acting as full-time manager). Franchisee shall keep Franchisor informed at all times of the identity of any employee(s) acting as manager(s) of the Franchised Business. Franchisee shall provide Franchisor a list of current names, addresses and phone numbers of all employees(s), subject to applicable privacy laws. Franchisee shall at all times faithfully, honestly and diligently perform its obligations hereunder and shall not engage in any business or other activities that will conflict with its obligations hereunder.

L. Franchisee shall secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations, including, without limitation, all government regulations relating to occupational hazards and health, consumer protection, trade regulation, worker's compensation, unemployment insurance and withholding and payment of federal and state income taxes and social security taxes and sales, use and property taxes. Franchisee will operate in full compliance with all applicable laws and government regulations including the payment of any tax assessed on royalty or marketing fund payments.

M. Franchisor may require Franchisee and Franchisee's employees to be bonded at Franchisee's expense.

N. All advertising and promotional activities by Franchisee in any medium shall be conducted in a dignified manner and shall accurately promote, describe and otherwise represent the type, quality and other features of the services and related support activities.

O. Franchisee shall maintain a current listing of the names and addresses of all customers of the Franchised Business, which listing shall be the sole property of Franchisor. Franchisee shall update the customer listing and supply a copy of same to Franchisor on a monthly basis. The use of the phrase "Franchisee's customer list" in this Agreement is for convenience only and is not to be interpreted to confer any property or ownership rights in said customer list to Franchisee.

P. Whenever a CREATIVE COLORS INTERNATIONAL process requires the use of a particular guarantee, as stated in the Confidential Manuals, Franchisee shall execute and deliver to each customer to whom the CREATIVE COLORS INTERNATIONAL process has been sold a guarantee on the form then currently furnished by Franchisor. Franchisee shall perform and fulfill promptly upon presentation of a valid guarantee the services requested by the customer, all in accordance with the terms and conditions of the respective guarantee. Franchisee hereby authorizes Franchisor to charge Franchisee's account with such amount as shall be determined under the provisions of the guarantee policy then in effect in the event some other Franchisee or Franchisor performs work under Franchisee's guarantee. Franchisor shall credit Franchisee's account with the charges for work performed by Franchisee that relates to a guarantee issued by any such other franchisee.

Q. Franchisee acknowledges that each and every detail of the quality of workmanship, customer service, customer relations, warranty and guarantee service, appearance and demeanor of Franchisee and its employees, and chemicals and materials utilized by Franchisee, is important to

Franchisor and to other Franchised Businesses. Franchisor shall endeavor to maintain high standards of quality and service by all Franchised Businesses. To this end, Franchisee shall cooperate with Franchisor by maintaining such high standards in the operation of the franchise and Franchisee shall at all times give prompt, courteous and efficient service to its customers. All work performed by the Franchised Business shall be performed competently and in a workmanlike manner. The Franchised Business shall in all dealings with its customers, Suppliers and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. If in any situation Franchisor feels that Franchisee did not fairly handle a customer complaint, Franchisor has the right, but not the obligation, to intervene and satisfy the customer. In such event, Franchisor may in its discretion reimburse the customer up to one hundred percent (100%) of the original amount for upholstery repair, coloring, cleaning, protection and restoration services, upholstering, and related services or products provided or performed, and Franchisee shall reimburse Franchisor for any such payment to a customer within thirty (30) days of receipt of invoice from Franchisor.

R. Franchisee shall use only such warranty and guarantee forms, work order forms, invoices and other forms as are approved by Franchisor. Franchisee shall obtain such forms from Franchisor or from Suppliers approved by Franchisor to produce such forms utilizing the Marks. All invoices shall be sequentially numbered. Copies of all work order forms and invoices issued or voided out by Franchisee shall be submitted to Franchisor on a monthly basis.

S. Franchisee shall promptly make all such payments of invoices and statements rendered to Franchisee in accordance with the terms thereof and make timely remittances of Royalty Fees, advertising fees, and any purchases pursuant to this Agreement. All past due accounts owing to Franchisor shall bear interest at the maximum rate allowed under applicable law.

T. Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality including any action affecting the professional licenses or credentials of any employee or contractor associated with Franchisee, which may adversely affect the operation or financial condition of the Franchised Business.

U. Franchisee and all employees shall, when making sales presentations or providing the franchised services, wear the proper Creative Colors image attire, including a Creative Colors International shirt with logo.

V. Franchisee shall participate actively in a CREATIVE COLORS INTERNATIONAL Advisory Council ("Council") and participate in all Council programs approved by Franchisor for Franchisee's particular Council. Franchisee is required to pay its own expenses in belonging to the Council. The purposes of the Council(s) include, but are not limited to, exchanging ideas and problem-solving methods, advising Franchisor on expenditures for regional marketing and advertising, providing back-up support and staffing for lobbying and community influence, and coordinating franchisee efforts. Such Council(s) may be formed by Franchisor at such time that more than one (1) Franchisee conducts a CREATIVE COLORS INTERNATIONAL Franchised Business in any given region, the boundaries of such region to be determined in the reasonable discretion of Franchisor.

W. Because complete and detailed uniformity under many varying conditions might not be possible or practical, Franchisee acknowledges that Franchisor specifically reserves the right and privilege, as Franchisor reasonably determines, to vary System standards for any franchise owner based upon the peculiarities of any condition that Franchisor considers important to that franchise owner's successful operation. Franchisee has no right to require Franchisor to grant Franchisee a similar variation or accommodation.

X. Franchisee must obtain, maintain, and use all computer hardware, software, internet access, and communication systems specified by Franchisor from time to time. Franchisee must pay all applicable technology fees and costs associated with such systems. Franchisor may require reasonable upgrades, updates, or replacements to ensure system compatibility and operational efficiency. Franchisee shall implement such upgrades, updates, or replacements within a reasonable time after notice from Franchisor.

Y. "Technology" includes websites and social media, and emails, as defined below. Franchisee may use social media in compliance with Franchisor's standards and with Franchisor's prior approval. Franchisee may not create or operate a website without Franchisor's prior written approval. All online content must comply with Franchisor's brand standards and marketing policies.

i. Website. As used in this Agreement, the term "website" means an interactive electronic document, contained in a network of computers linked by communications software, that Franchisor operates or authorizes others to operate and that refers to the Franchisee's Franchised Business, Proprietary Marks, Franchisor and/or the System. The term website includes, but is not limited to, the internet. In connection with any website, Franchisee agrees to the following:

(a) Franchisee may not create or maintain a website without Franchisor's prior written approval; and

(b) Franchisor will have the sole right to create, establish, own, and control the website for Franchisee's Franchised Business.

ii. Social Media. As used in this Agreement, the phrase "social media" means the various forms of electronic communication through which users create online communities to share information, ideas, personal messages and other content, such as Facebook, You Tube, LinkedIn, Twitter, Vine, Google+, Instagram, Pinterest, blogs, or other similar communication methods, including smartphone applications. In connection with all social media, Franchisee agrees to the following:

(a) Franchisee may create and maintain social media accounts for the Franchised Business only with Franchisor's prior written approval and in compliance with Franchisor's standards; and

(b) Franchisor will have the sole right to create, establish, own, and monitor all social media postings for Franchisee's Franchised Business. Franchisee may participate in the content and maintenance of social media for Franchisee's Franchised Business, only in accordance with Franchisor's guidelines and subject to Franchisor's right to alter or delete postings made by Franchisee.

iii. Email. As used in this Agreement, the term "email" means a system for sending and receiving messages from one individual to another via telecommunications links between computers, cell phones or terminals using dedicated software. In connection with email, Franchisee agrees to the following:

(a) Franchisee is strictly prohibited from creating or maintaining its own email address for Franchisee's Franchised Business, other than the email address(es) that Franchisor assigns and provides to Franchisee;

(b) Franchisee's use of email systems may be monitored by Franchisor;

(c) Franchisee is strictly prohibited from creating or maintaining an email address that uses Franchisor's Marks; and

(d) Franchisor will have the sole right to create, establish, own, and control the email address for Franchisee's Franchised Business.

XIV. FRANCHISOR'S OPERATIONS ASSISTANCE

A. Franchisor may from time to time advise or offer guidance to Franchisee relative to prices for services for the repair, coloring, cleaning, protection and restoration of leather, cloth, vinyl, velour, plastics and other upholstery surfaces, upholstering services, and related services or products offered for sale by the Franchised Business that in Franchisor's judgment constitute good business practice. Such guidance will be based on the experience of Franchisor and its franchisees in operating Franchised Businesses and an analysis of the costs of such services, activities, merchandise, supplies, accessories and products and prices charged for competitive inventory and products. Franchisee shall not be obligated to accept any such advice or guidance and shall have the sole right to determine the prices to be charged from time to time by the Franchised Business, and no such advice or guidance shall be deemed or construed to impose upon Franchisee any obligation to charge any fixed, minimum or maximum prices for any product offered for sale by the CREATIVE COLORS INTERNATIONAL Franchised Business.

B. Upon commencement of operation of the Franchised Business, and during the term of this Agreement, Franchisor shall make available to Franchisee, subject to availability and scheduling, the following:

1. A comprehensive list of established sources of tools, equipment, chemicals, merchandise, supplies and services necessary for the operation of the Franchised Business and provide specifications for such products;

2. Assistance in the grand opening of Franchisee's Franchised Business;

3. Information on new methods of operation and new services;

4. Suggested and mandatory specifications, standards, operating procedures and rules prescribed from time to time by Franchisor, as well as information relative to other

obligations of Franchisee under this Agreement and the operation of the franchise; and

5. Establishment and enforcement of quality standards and products in conformance with the System specifications throughout the network of Franchised Businesses.

C. Franchisor may advise Franchisee of problems arising out of the operation of the Franchised Business as disclosed by reports submitted to Franchisor by Franchisee or by inspections conducted by Franchisor of the Franchised Business. Operations assistance may consist of advice and guidance with respect to:

1. Proper utilization of procedures developed for a Franchised Business with respect to services offered and used, equipment, chemicals, products, merchandise and supplies as approved by Franchisor;

2. Additional equipment, merchandise, products and services authorized for Franchised Businesses;

3. The institution of proper administrative, bookkeeping, accounting, inventory control, supervisory and general operating procedures for the effective operation of a Franchised Business; and

4. Advertising, catalogs and promotional programs.

D. Franchisor or Franchisor's representative shall make periodic visits, at Franchisor’s discretion, to the Franchised Business for the purposes of consultation, assistance, and guidance of Franchisee in all aspects of the operation and management of the Franchised Business. Franchisor and Franchisor's representatives who visit the Franchised Business will prepare, for the benefit of both Franchisor and Franchisee, written reports with respect to such visits outlining any suggested changes or improvements in the operations of the Franchised Business and detailing any defaults in such operations which become evident as a result of any such visit, and a copy of each such written report shall be provided to both Franchisor and Franchisee.

E. All of the specifications, Approved Suppliers Lists, Approved Supplies Lists, Confidential Manuals to be provided by Franchisor to Franchisee pursuant to this Agreement will be made available within a reasonable time following execution of this Agreement.

F. Franchisee agrees that Franchisor has the right to delegate the performance of any portion or all of Franchisor’s obligations under this Agreement to third-party designees, whether these designees are Franchisor’s agents or independent contractors with whom Franchisor has contracted to perform these obligations. Franchisor shall remain responsible for performance of such obligations under this Agreement.

G. Franchisee acknowledges that Franchisor maintains a staff to manage and operate the Franchise System and that staff members can change as employees come and go. Franchisee represents that Franchisee has not signed this Agreement in reliance on any particular shareholder, director, officer, or employee remaining with Franchisor in that capacity.

H. Franchisor does not guarantee the success, profitability, or performance of the Franchised Business and Franchisee acknowledges that the success of the Franchised Business depends on numerous factors beyond Franchisor's control, including Franchisee's own efforts and business decisions.

XV. INSURANCE

A. Franchisee shall procure, at its sole expense and maintain in full force and effect during the term of this Agreement, insurance policies protecting Franchisee and Franchisor, and their officers, directors, partners, and employees against any loss, liability, personal injury, death, or property damage or expense whatsoever arising or occurring upon or in connection with the Franchised Business, as Franchisor may reasonably require for its own and Franchisee's protection. Franchisor shall be named as an additional insured in such policies. Such insurance shall be primary and non-contributory with respect to any insurance maintained by Franchisor, if any. Franchisee shall ensure that all policies include a waiver of subrogation in favor of Franchisor and its affiliates, officers, directors, agents and employees. Franchisee's obligations under this Section are continuing and shall survive termination of this Agreement to the extent applicable.

B. Such policies shall be written by an insurance company reasonably satisfactory to Franchisor in accordance with standards and specifications set forth in the Confidential Operations Manual or otherwise in writing, and shall include, at a minimum (except as different coverage and policy limits may reasonably be specified for all franchisees from time to time by Franchisor in the Confidential Operations Manual or otherwise in writing) the following:

1. Worker's compensation and employer's liability insurance as well as such other insurance as may be required by statute or rule of the state in which the Franchised Business is located and operated.

2. Commercial general liability insurance, including products and completed operations coverage, with limits of not less than One Million Dollars ($1,000,000) per occurrence and Two Million Dollars ($2,000,000) aggregate limit. Such coverage shall include, at a minimum, broad form contractual liability and fire legal liability coverage. Such insurance shall insure Franchisor and Franchisee against all claims, suits, obligations, liabilities, and damages, including reasonable attorneys' fees, arising out of or relating to actual or alleged personal injury or property damage occurring in connection with the operation of the CREATIVE COLORS INTERNATIONAL Franchised Business. Franchisor may modify the required coverage amounts from time to time to reflect inflation or claims experience. The insurance required under this Section shall not be limited in any way by any insurance maintained by Franchisor.

3. Automobile liability insurance, including owned, hired and non-owned vehicle coverage, with limits of not less than One Million Dollars ($1,000,000) per occurance.

4. Such additional insurance and types of coverage as may be required from time to time by Franchisor.

C. Franchisee shall indemnify and hold harmless Franchisor to the fullest extent permissible under applicable law from and against any and all loss, costs, expenses (including, without limitation, reasonable attorneys' fees), damages and liabilities arising from Franchisee's use of hazardous materials, hazardous wastes and/or hazardous chemicals, including without limitation any chemicals, dyes, solvents, or materials used in the operation of the Franchised Business.

D. Within thirty (30) days of the signing of this Agreement, but in no event later than two (2) weeks prior to the date on which Franchisee commences the Grand Opening of the Franchised Business, a Certificate of Insurance showing compliance with the foregoing requirements shall be furnished by Franchisee to Franchisor for approval. Such certificate shall state that said policies shall provide for notice of cancellation or material modification to the extent available under the policy to Franchisor and shall reflect proof of payment of premiums. Maintenance of such insurance and the performance by Franchisee of the obligations under this Paragraph shall not relieve Franchisee of liability under the indemnity provision set forth in this Agreement. Minimum limits as required above may be modified from time to time, as conditions require, by written notice to Franchisee. Franchisee shall provide updated certificates of insurance upon renewal of each policy and upon request by Franchisor.

E. Should Franchisee, for any reason, not procure and maintain such insurance coverage as required by this Agreement, Franchisor shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance coverage and to charge same to Franchisee, which charges, together with an administrative fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice. Franchisor may obtain such insurance for its own protection and may include coverage naming Franchisor as an insured party. Such insurance may be more expensive and provide less coverage than insurance Franchisee could obtain independently.

XVI. COVENANTS

A. Unless otherwise specified, the term "Franchisee" as used in this Section XVI shall include, collectively and individually, all officers, directors, and holders of a beneficial interest, at any time during the term of this Agreement, of five percent (5%) or more of the securities of Franchisee, and of any corporation directly or indirectly controlling Franchisee, if Franchisee is a corporation; and of any limited liability company controlling Franchisee; and the general partners and any limited partner (including any corporation and the officers, directors, and holders of a beneficial interest of five percent (5%) or more of securities, of a corporation which controls, directly or indirectly, any general or limited partner), if Franchisee is a partnership.

B. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee (if Franchisee is an individual), a shareholder of a beneficial interest of ten percent (10%) or more of the securities of Franchisee (if Franchisee is a corporation), a member owning ten percent (10%) or more of the ownership interest of Franchisee (if Franchisee is a limited liability company), a general partner of Franchisee (if Franchisee is a partnership), or Franchisee's Manager shall devote full time, energy, and best efforts, to the management and operation of the Franchised Business.

C. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation:

1. Divert or attempt to divert any business or customers of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

2. Employ or seek to employ any person who is at that time employed by Franchisor or by any other franchisee of Franchisor, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment without permission from Franchisor or franchisee of Franchisor who employs that person.

3. Own, maintain, engage in, consult with, provide supplies to, be employed by, advise, lease or sublease to, invest in, franchise, lend money to, or have any interest in any Competitive Business (including any business operated by Franchisee prior to entry into this Agreement to the extent such activities are competitive with the Franchised Business). "Competitive Business" includes a business that sells or provides goods or services for the repair, coloring, cleaning, protection and restoration of leather, cloth, vinyl, velour, plastics and other upholstery surfaces, upholstering of furniture, booths, tables, and similar items, and providing related services the same as or similar to those offered or provided by Franchisee or by Franchisor. Provided, however, that Franchisee is expressly permitted to engage in the business of upholstery replacement, irrespective of any restrictions set forth in this Agreement to the contrary, and subject to the following conditions:

(a) The upholstery services must be provided, marketed, and invoiced under the Creative Colors International name;

(b) Franchisee must comply with the standards, procedures, and specifications relating to upholstery services, as set forth in Franchisor's Confidential Manuals and other guidelines;

(c) Franchisee must pay royalty fees and marketing fund fees on Gross Sales from furnishing upholstery replacement services and materials. Franchisee shall comply with the reporting, document submission, and royalty fee and marketing fund payment procedures relating to upholstery services, as set forth in Franchisor's Operations Manual; and

(d) Franchisee is strictly prohibited from furnishing upholstery replacement services through a business or entity that is separate from Franchisee's Franchised Business or entity.

D. Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable training and confidential information, including, without limitation, information regarding the promotional, operational, sales and marketing methods and techniques of Franchisor and the System. Accordingly, Franchisee covenants that, except as otherwise approved in writing by Franchisor, Franchisee shall not, for a period of two (2) years, commencing on the effective date of termination or expiration, either directly or indirectly, for himself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, engage in, consult with, provide supplies to, be employed by, or have any interest in any business specializing, including through the use of Confidential Information or trade secrets of, in whole or in part, in the selling and providing of goods or services for the repair, coloring, cleaning, protection and restoration of leather, cloth, vinyl, velour, plastics and other upholstery surfaces, upholstering, and providing related services the same as or similar to those offered or provided by Franchisees or by Franchisor:

1. To any accounts that, as of the date of termination of this Agreement or within six months prior to said date, was serviced by Franchisee or by any other Franchisee of Franchisor; or

2. Within Franchisee's Area of Primary Responsibility, or within a distance of ten (10) miles of the outside boundaries of Franchisee's Area of Primary Responsibility; or

3. Within a distance of ten (10) miles of the outside boundaries of the Area of Primary Responsibility of any Franchisee or affiliate of Franchisor operating a Franchised Business at the time of termination or expiration of this Agreement.

Franchisee acknowledges that the restrictions contained in this Section are reasonable in scope, duration, and geographic area and are necessary to protect the legitimate business interests of Franchisor and the CREATIVE COLORS INTERNATIONAL system.

E. Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section XVI is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee shall be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section XVI.

F. Franchisee understands and acknowledges that Franchisor shall have the right, in its reasonable discretion, to reduce the scope of any covenant set forth in Paragraphs XVI.C. and XVI.D. in this Agreement, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section XXVI.

G. Franchisor shall have the right to require all of Franchisee's officers, directors, and personnel performing managerial, supervisory and marketing functions and all personnel receiving training from Franchisor and personnel having access to Franchisee's customer lists to execute covenants similar to those set forth in this Article XVI in a form satisfactory to Franchisor to the extent permitted by applicable law.

H. Franchisee acknowledges that Franchisor shall be entitled to immediate equitable remedies, including but not limited to, restraining orders in order to safeguard such proprietary, confidential, unique and special information of Franchisor and that money damages alone would be an insufficient remedy with which to compensate Franchisor for any breach of the terms of this Section XVI. In the event Franchisor is required to employ legal counsel or incur other expenses to seek equitable relief hereunder, Franchisor shall be entitled to recover from Franchisee the amount of all reasonable attorneys' fees and other expenses incurred in seeking or obtaining equitable relief or enforcing this Section.

XVII. DEFAULT AND TERMINATION

A. Franchisee may terminate this Agreement if Franchisee is in substantial compliance with this Agreement and Franchisor materially breaches this Agreement and fails to cure such breach within thirty (30) days after written notice or such longer period as reasonably required after written notice thereof is delivered to Franchisor. Such termination shall be effective thirty (30) days after delivery to Franchisor of notice that such breach has not been cured and Franchisee elects to terminate this Agreement. Termination of this Agreement by Franchisee for any reason other than breach of this Agreement by Franchisor and Franchisor's failure to cure such breach within a reasonable time after receipt of written notice thereof shall be deemed a termination by Franchisee without cause.

B. The following events constitute grounds for immediate termination of this Agreement without opportunity to cure, to the extent permitted by law:

1. Fails to equip mobile units as provided in Section IV hereof, or fails to satisfactorily complete the training program as provided in Section V, or fails to commence business within ninety (90) days of signing this Agreement as provided in Section XIII.B, or substitutes a proprietary product as provided in Section XIII.G.

2. Has made any material misrepresentation or omission in its application for the franchise;

3. Is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee or the CREATIVE COLORS INTERNATIONAL Franchised Business;

4. Makes any unauthorized use, disclosure or duplication of any portion of the Confidential Manuals or duplicates or discloses or makes any unauthorized use of any trade secret or confidential information provided to Franchisee by Franchisor;

5. Abandons or fails or refuses to actively operate the Franchised Business for ten (10) consecutive business days in any twelve (12) month period, unless the Franchised Business has not been operational for a purpose approved by Franchisor;

6. Surrenders or transfers control of the operation of the CREATIVE COLORS INTERNATIONAL Franchised Business, makes or attempts to make an unauthorized direct or indirect assignment of the franchise or an ownership interest in Franchisee or fails or refuses to assign the franchise or the interest in Franchisee of a deceased or incapacitated controlling owner thereof as herein required;

7. Submits to Franchisor on two (2) or more separate occasions at any time during the term of the franchise any reports or other data, information or supporting records which understate by more than five percent (5%) the Royalty Fees and any fees owed to Franchisor for any period of, or periods aggregating, three (3) or more weeks, unless Franchisee demonstrates

to Franchisor's reasonable satisfaction that such understatement resulted from inadvertent error;

8. Is adjudicated bankrupt, becomes insolvent, commits any affirmative act of insolvency or files any action or petition of insolvency, or if a receiver (permanent or temporary) of its property or any part thereof is appointed by a court of competent authority, or if it makes a general assignment for the benefit of its creditors, or if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless supersedeas bond is filed), or if execution is levied against Franchisee's business or property, or if suit to foreclose any lien or mortgage against its premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days, or is not in the process of being dismissed;

9. Materially misuses or makes an unauthorized use of any of the Marks or commits any other act which can reasonably be expected to materially impair the goodwill associated with any of the Marks;

10. Fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit when due reports or other information or supporting records, to pay when due the Royalty Fees, advertising contributions, amounts due for purchases from Franchisor and its affiliates or other payments due to Franchisor and its affiliates, or otherwise fails to comply with this Agreement, whether or not such failures to comply are corrected after notice of default is delivered to Franchisee; or

11. Solicits or engages in business in violation of the territorial rights granted herein, including, but not limited to, soliciting or servicing an account outside of Franchisee's Area of Primary Responsibility, in violation of Section I.G.

C. The Franchisor may terminate this Agreement upon written notice to Franchisee if any of the following events occur and are not cured within the time periods set forth below:

1. Fails or refuses to make payments of any amounts due Franchisor or its affiliates for Royalty Fees, advertising contributions, purchases from Franchisor or its affiliates or any other amounts due to Franchisor or its affiliates, and does not correct such default within ten (10) days after written notice of default is delivered to Franchisee;

2. Fails or refuses to comply with any other provision of this Agreement, or any mandatory specification, standard or operating procedure prescribed in the Confidential Manuals or otherwise in writing, and does not correct such failure within thirty (30) days after written notice of default is given to Franchisee, or fails to provide proof acceptable to Franchisor that Franchisee has made all reasonable efforts to correct such failure and will continue to make all reasonable efforts to cure until a cure is effected if such failure cannot reasonably be corrected within thirty (30) days after written notice of default is delivered to Franchisee; or

3. Franchisee's or any of Franchisee's owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or Franchisee or any of Franchisee's owners otherwise violate any such law, ordinance, or regulation.

D. To the extent that the provisions of this Agreement provide for periods of notice less than those required to the extent permitted by law, or provide for termination, cancellation, non-renewal or the like other than in accordance to the extent permitted by law, such provisions shall, to the extent such are not in accordance to the extent permitted by law, not be effective, and Franchisor shall comply to the extent permitted by law in connection with each of these matters.

E. In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right or any other rights against Franchisee, Franchisor, in the event that Franchisee shall not have cured a default under this Agreement within the thirty (30) days after receipt of a written notice of default from Franchisor, may, at its option, enter upon the premises of the Franchised Business and exercise complete authority with respect to the operation of said business, to the extent permitted by law and for the limited purpose of curing the default, until such time as Franchisor determines that the default of Franchisee has been cured and that there is compliance with the requirements of this Agreement. Franchisee specifically agrees that a designated representative of Franchisor may take over, control, and operate said business, and that Franchisee shall pay Franchisor a service fee of not more than FIVE HUNDRED Dollars ($500.00) per day plus all travel expenses, room and board and other expenses reasonably incurred by such representative so long as it shall be required by the representative to enforce compliance herewith. Franchisee further agrees that if, as herein provided, Franchisor temporarily operates for Franchisee the business franchised herein, Franchisee shall indemnify and hold harmless Franchisor and any representative of Franchisor who may act hereunder, respecting any and all acts and omissions which Franchisor may perform, or fail to perform as regards the interests of Franchisee or third parties.

F. In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right or any other rights against Franchisee, Franchisor, in the event that Franchisee, prior to the termination of this Agreement, fails to pay any amounts owed to Franchisor or Franchisor's affiliates or fails to comply with any term of this Agreement, then in addition to Franchisor's right to terminate this Agreement or to bring a claim for damages or to enforce this Agreement, Franchisor has the option:

1. To remove the listing of Franchisee's Franchised Business from all advertising published or approved by Franchisor.

2. To cease listing Franchisee's Franchised Business on Franchisor's website and to discontinue any links from that site to any site for Franchisee's business.

3. To prohibit Franchisee from attending any meetings or programs held or sponsored by Franchisor;

4. To terminate Franchisee's access to any computer system or software Franchisor maintains or licenses to Franchisee; and/or

5. To suspend all services Franchisor or Franchisor's affiliates provide to Franchisee under this Agreement or otherwise.

Franchisor's actions, as outlined in this Section XVII.F. may continue until Franchisee has brought Franchisee's accounts current, cured any default, and complied with Franchisor's requirements, and Franchisor has acknowledged the same in writing. The taking of any of the actions permitted in this Section will not suspend or release Franchisee from any obligation that would otherwise be owed to

Franchisor or Franchisor's affiliates under the terms of this Agreement or otherwise. Further, Franchisee acknowledges that the taking of any or all such actions on Franchisor's part will not deprive Franchisee of the most essential benefits of this Agreement and are intended not to constitute a constructive termination of this Agreement.

SECTION XVIII. RIGHTS AND DUTIES OF PARTIES UPON EXPIRATION OR TERMINATION

Upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall forthwith terminate, and:

A. Franchisee shall immediately cease to operate the Franchised Business under this Agreement and shall not represent to the public that it is currently a franchisee of Franchisor.

B. Franchisee shall immediately and permanently cease to use, by advertising or in any other manner whatsoever, any Confidential Information or trade secrets of Franchisor associated with the System, the Marks and any distinctive forms, slogans, signs, symbols, logos or devices associated with the Marks or System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, stationery, forms, and any other article which displays the Marks associated with the System.

C. Franchisee shall take such action as may be necessary to cancel or assign to Franchisor or Franchisor's designee, at Franchisor's option, any assumed name or equivalent registration filed with state, city or county authorities which contains the name "CREATIVE COLORS INTERNATIONAL" or any of the Marks, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement.

D. In the event Franchisee continues to operate or subsequently begins to operate any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute Franchisor's exclusive rights in and to the Marks. This paragraph is not intended as an approval of Franchisee's right to operate other businesses and in no way is it intended as a waiver or modification of Paragraph XVI.D. of this Agreement. Franchisee shall not utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor so as to constitute unfair competition. Franchisee shall make such modifications or alterations to the mobile units used in the operation of the Franchised Business or the Franchised Business itself (including, without limitation, the changing of the telephone number) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business thereon subsequently operated by Franchisee or others, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose, including, without limitation, removal of all distinctive physical and structural features identifying the System. In the event Franchisee fails or refuses to comply with the requirements of this Section XVIII, Franchisor shall have the right to enter upon the premises where Franchisee's Franchised Business was conducted, without being guilty of trespass or any other tort to the extent permitted by law, and upon reasonable notice to Franchisee, for the purpose of making or causing to be made such changes as may be required at the expense of

Franchisee, which expense Franchisee shall pay upon demand.

E. Franchisee shall promptly pay all sums owing to Franchisor. In the event of termination for any default of Franchisee, such sums shall include but not be limited to, all damages, costs, expenses, including reasonable attorneys' fees, and including, without limitation, lost royalties to the extent permitted by law incurred by Franchisor as a result of the default, each of which shall be considered Franchisor's actual damages (without limiting the scope of actual damages, which may include other items).

F. Franchisee shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor prior and subsequent to the termination or expiration of the franchise herein granted in obtaining injunctive or other relief for the enforcement of any provisions of this Section XVIII or Section XVI or any other provisions hereunder.

G. Franchisee shall immediately turn over to Franchisor all manuals, including the Confidential Manuals, customer lists, records, files, instructions, brochures, agreements, disclosure statements, and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business (all of which Franchisee acknowledges are Franchisor's property).

H. Franchisor shall acquire all rights, title and interest in and to any sign or sign faces bearing the Marks. Franchisee hereby acknowledges Franchisor's right to have access to the premises and/or mobile units of the Franchised Business should Franchisor elect to take possession of any said sign or sign faces bearing the Marks. All marks must be removed from all Franchisee's mobile units and Franchisee shall provide photographic evidence of compliance of the un-graphiced mobile units to Franchisor. Removal shall be at Franchisee's expense.

I. Franchisor shall have the right (but not the duty), to be exercised by notice of intent to do so within thirty (30) days after termination or expiration, to purchase for cash any or all advertising materials and all items bearing Franchisor's Marks, at Franchisee's cost or fair market value, whichever is less. If the parties cannot agree on fair market value within a reasonable time, such dispute shall be submitted to arbitration as required in Paragraph XXIX.A. of this Agreement.

J. Franchisee hereby acknowledges that all telephone numbers used in the operation of the Franchised Business constitute property of Franchisor; and upon termination or expiration of this Agreement, Franchisee shall assign to Franchisor or its designee, all Franchisee's right, title, and interest in and to Franchisee's telephone numbers and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone number in any regular, classified or other telephone directory listing associated with the Marks and to authorize transfer of same to or at the direction of Franchisor.

K. Franchisee shall comply with the covenants contained in Paragraph XVI.D. of this Agreement.

L. Franchisee shall return to Franchisor all Franchisor's Proprietary Supplies and equipment. Franchisor shall have the option to purchase all Franchisor's Proprietary supplies and equipment from Franchisee, at Franchisee's cost or fair market value, whichever is less.

M. All obligations of Franchisor and Franchisee 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 its expiration or termination and until they are satisfied or by their nature expire.

XIX. TRANSFERABILITY OF INTEREST

A. This Agreement and all rights hereunder can be assigned and transferred by Franchisor and, if so, shall be binding upon and inure to the benefit of Franchisor's successors and assigns; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall:

1. At the time of such assignment, be financially responsible and economically capable of performing the obligations of Franchisor hereunder; and

2. Expressly assume and agree to perform such obligations. Specifically, and without limitation to the foregoing, Franchisee expressly agrees that Franchisor may sell its assets, Marks or System outright to a third party; may make a public offering of securities; may engage in a private placement of some or all of its securities; may merge, acquire other corporations or entities, or be acquired by another corporation or other entity; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims arising solely from such assignment or transfer, provided the assignee assumes Franchisor's obligations under this Agreement from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of CREATIVE COLORS INTERNATIONAL, INC. as Franchisor hereunder. Nothing contained in this Agreement shall require Franchisor to remain in the business in the event that Franchisor exercises its rights hereunder to assign its rights in this Agreement.

3. Franchisor may change Franchisor's ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After Franchisor's assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, Franchisor no longer will have any performance or other obligations under this Agreement provided the assignee has expressly assumed such obligations.

B. This Agreement and all rights hereunder may be assigned and transferred by Franchisee and, if so, shall be binding upon and inure to the benefit of Franchisee's successors and assigns, subject to the following conditions and requirements, and Franchisor's right of first refusal as set forth in Section XXI below:

1. No Franchisee, partner of Franchisee (if Franchisee is a partnership), member of Franchisee (if Franchisee is a limited liability company) or shareholder of Franchisee (if Franchisee is a corporation), without Franchisor's prior written consent, by operation of law or otherwise shall sell, assign, transfer, convey, give away, or encumber to any person, firm, or corporation, all or any part of its interest in this Agreement or its interest in the franchise granted hereby or its interest in any proprietorship, limited liability company, partnership or corporation which owns any interest in the franchise, nor offer, permit, or suffer the same to be sold, assigned, transferred, conveyed, given away, or encumbered in any way to any person,

firm, or corporation. Franchisee may not, without the prior written consent of Franchisor fractionalize any of the rights of Franchisee granted pursuant to this Agreement. The following restrictions on transferability also apply to any purported transfers through a will or through divorce or separation proceedings. Any purported assignment of any of Franchisee's rights herein not having the aforesaid prior written consent shall be void and constitute a material default under this Agreement.

2. Franchisor shall not unreasonably withhold its consent to any transfer referenced in Paragraph XIX.B.1. of this Agreement when requested; provided, however, that the following conditions and requirements shall first be met in Franchisor's reasonable discretion.

a) If Franchisee is an individual or partnership and desires to assign and transfer its rights to a corporation or limited liability company ("LLC"):

(1) Said transferee corporation/LLC shall be newly organized and its charter shall provide that its activities are confined exclusively to acting as a CREATIVE COLORS INTERNATIONAL franchisee as licensed under this Agreement;

(2) Franchisee shall be and shall remain the owner of the majority equity interest of the transferee entity;

(3) The individual Franchisee (or, if Franchisee is a partnership, one of the partners) shall be and shall remain the principal executive officer of the transferee corporation or LLC;

(4) The transferee corporation or LLC shall enter into a written assignment (in a form satisfactory to Franchisor), in which the transferee corporation or LLC assumes all of Franchisee's obligations hereunder;

(5) All shareholders of the transferee corporation or members of the transferee LLC shall enter into a written agreement, in a form satisfactory to Franchisor, jointly and severally guaranteeing the full payment and performance of the transferee entity's obligations to Franchisor under this Agreement;

(6) Each stock certificate of the transferee corporation or membership certificate of the transferee LLC shall have conspicuously endorsed upon it a statement that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement;

(7) No new shares of common or preferred voting stock in the transferee corporation or membership certificates in the transferee LLC shall be issued to any person, partnership, member, LLC, trust, foundation, or corporation without obtaining Franchisor's prior written consent and then only upon disclosure of the terms and conditions contained herein being made to the prospective new owners of stock or membership interest; and

(8) All accrued money obligations of Franchisee to Franchisee's Suppliers, Franchisor, its subsidiaries or assignees, shall be satisfied prior to

assignment or transfer.

b) If Franchisee is a corporation or LLC formed solely for the purposes of acting as a CREATIVE COLORS INTERNATIONAL franchisee as licensed under this Agreement, each stock certificate of the corporation or each membership certificate of the LLC shall have conspicuously endorsed upon it a statement that it is held subject to, and that assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement.

c) If the transfer, other than such transfer as is authorized under Paragraph XIX.B.2.a. of this Agreement, if consummated alone or together with other related previous, simultaneous, or proposed transfers, would have the effect of transferring control of the franchise licensed herein to someone other than an original signatory of this Agreement:

(1) The transferee(s) shall be of good moral character and reputation, shall have a good credit rating and competent business qualifications reasonably acceptable to Franchisor, and shall not be a competitor of Franchisor or affiliated with any competing business. Franchisee shall provide Franchisor with such information as Franchisor may require to make such determination concerning each such proposed transferee(s);

(2) The transferee(s) or such other individual(s) as shall be the actual manager of the franchise shall have successfully completed and passed the training course then in effect for franchisees, or otherwise demonstrated to Franchisor's satisfaction, sufficient ability to operate the Franchised Business being transferred;

(3) The transferee(s), including all shareholders, officers, directors, partners, and members of the transferee(s), shall jointly and severally execute any or all of the following, at Franchisor's reasonable discretion and as Franchisor shall direct:

aa. The Franchise Agreement and other standard ancillary agreements with Franchisor on the current standard forms being used by Franchisor, except that an additional franchise fee shall not be charged; and/or

bb. A written assignment from Franchisee in a form satisfactory to Franchisor, wherein transferee shall assume all of Franchisee's obligations hereunder.

(4) Approval by Franchisor of any transfer by Franchisee of the franchise herein granted or any of Franchisee's rights under this Agreement shall in no way be deemed a release by Franchisor of Franchisee's obligations pursuant to this Agreement. Consent by Franchisor to a transfer of the franchise shall not constitute or be interpreted as consent for any future transfer thereof;

(5) The term of said agreements required pursuant to Paragraph XIX.B.2.c.(3) shall be for the unexpired term of this Agreement and for any extensions, renewals or successor franchises as provided herein;

(6) If transferee is a corporation or LLC:

aa. Each stock certificate of the transferee corporation or membership certificate of the transferee LLC shall have conspicuously endorsed upon it a statement that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement; and

bb. No new shares of common or preferred voting stock in the transferee corporation or no new membership interests in the transferee LLC shall be issued to any person, partnership, trust, foundation, member, LLC, or corporation without obtaining Franchisor's prior written consent and then only upon disclosure of the terms and conditions contained herein being made to the prospective new owners of stock or membership interest.

cc. All shareholders of the transferee corporation or all members of the transferee LLC shall enter into a written agreement, in a form satisfactory to Franchisor guaranteeing the performance of the transferee entity's obligations under this Agreement.

(7) All accrued money obligations of Franchisee to Franchisee's Suppliers, to Franchisor, its subsidiaries, affiliates or assignees, shall be satisfied prior to assignment or transfer, and Franchisee shall not be in default under the terms of this Agreement; and

(8) Franchisee, prior to the transfer, shall execute a general release, in a form prescribed by Franchisor, of any and all existing claims against Franchisor and its subsidiaries and affiliates, and their respective officers, directors, agents and employees, except such claims as are not permitted to be waived under applicable law.

3. Franchisee shall have fully paid and satisfied all of Franchisee's obligations to Franchisor, and the transferee or Franchisee shall have fully paid to Franchisor a transfer fee equal to Ten Thousand Dollars and no cents ($10,000.00), for the training, supervision, administrative costs, overhead, counsel fees, accounting and other Franchisor expenses in connection with the transfer. This transfer fee does not apply to an assignment of interest to a corporation or LLC under Paragraph XIX.B.2.a. of this Agreement.

In the event of an assignment of more than one (1) of Franchisee's Franchise Agreements with Franchisor, to the same assignee and at the same time, the transfer fee for assignment of all the Franchise Agreements so assigned shall be a total of Ten Thousand Dollars ($10,000), and not

Ten Thousand Dollars ($10,000) each. However, this provision shall not apply in the event the assignment of more than one (1) of Franchisee's Franchise Agreements is to different assignees or does not occur simultaneously. In that event, there shall be a separate Transfer Fee of $10,000 for each assignment.

4. No sale, assignment, transfer, conveyance, encumbrance, or gift of any interest in this Agreement or in the franchise granted thereby, shall relieve Franchisee and the shareholders, members, or partners participating in any transfer, of the obligations of the covenants contained in Section XVI, unless expressly released in writing by Franchisor.

C. Franchisee must promptly ("promptly" herein defined as within fifteen (15) days after receipt of an offer to buy) give Franchisor written notice whenever Franchisee has received an offer to buy Franchisee's franchise and comply with its obligations under Article XXI (right of first refusal). Franchisee must also give Franchisor written notice simultaneously with any offer to sell the franchise made by, for, or on behalf of Franchisee. Franchisee shall indemnify and hold harmless Franchisor for Franchisee's failure to comply with this Paragraph.

D. Franchisee shall not, without prior written consent of Franchisor, which shall not be unreasonably withheld, place in, on or upon the location of the Franchised Business, or on the mobile unit(s), or in any communication media, any form of advertising relating to the sale of the Franchised Business, or the rights granted hereunder.

XX. DEATH OR INCAPACITY OF FRANCHISEE

A. In the event of the death or incapacity of an individual franchisee, or any partner of a Franchisee which is a partnership, or any shareholders owning fifty percent (50%) or more of the capital stock of a franchisee which is a corporation, or any member owning fifty percent (50%) or more of the ownership interest of a Franchisee which is an LLC, the heirs, beneficiaries, devisees, or legal representatives of said individual, partner or shareholders, shall, within thirty (30) days, or such longer period as Franchisor may allow in its reasonable discretion:

1. Apply to Franchisor for the right to continue to operate the franchise for the duration of the term of this Agreement and any successor franchises, which right may be granted by Franchisor upon satisfaction of the fulfillment of all of the conditions set forth in Paragraph XIX.B.2.c. of this Agreement (except that no transfer fee shall be required); or

2. Sell, assign, transfer, or convey Franchisee's interest in compliance with the provisions of Paragraphs XIX.B. and XXI of this Agreement; provided, however, in the event a proper and timely application for the right to continue to operate has been made and rejected, the thirty (30) days to sell, assign, transfer or convey shall be computed from the date of application. For purposes of this Paragraph, Franchisor's silence on an application made pursuant to Paragraph XX.B. through the thirty (30) days following the event of death or incapacity shall be deemed a rejection made on the last day of such period.

Pending transfer or approval, the Franchised Business must continue to be operated in compliance with this Agreement. Franchisor may require appointment of an approved interim manager.

B. In the event of the death or incapacity of an individual Franchisee, or any partner, shareholders, or member of a Franchisee which is a partnership, corporation, or LLC, where the aforesaid provisions of Section XIX have not been fulfilled within the time provided, all rights licensed to Franchisee under this Agreement shall, at the option of Franchisor, may terminate this Agreement upon written notice.

C. For purposes of this Agreement, "incapacity" shall be defined as the inability of Franchisee to operate or oversee the operation of the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional incapacity, chemical dependency or other limitation. Any dispute as to the existence of an incapacity as defined herein shall be resolved by majority decision of three (3) licensed medical physicians practicing in the metropolitan statistical area (MSA) in which the Franchised Business is located, with each party selecting one (1) medical physician, and the two (2) medical physicians so designated selecting the third medical physician. The determination of the majority of the three (3) medical physicians shall be binding upon the parties and all costs of making said determination shall be borne by the party against whom it is made, unless otherwise determined by the physicians.

XXI. RIGHT OF FIRST REFUSAL

If Franchisee or its owners propose to sell the Franchised Business (or its assets) or part or all of the ownership of Franchisee, Franchisee or its owners shall obtain and deliver a bona fide, executed written offer to purchase same to Franchisor, which shall, for a period of thirty (30) days from the date of receipt by Franchisor, have the right, exercisable by written notice to Franchisee or its owners, to purchase the Franchised Business (or its assets) or such ownership for the price and on the terms and conditions contained in such offer to Franchisor, provided that Franchisor may elect to pay the purchase price entirely in cash, regardless of the terms of the proposed offer. To be a valid, bona fide offer, the proposed purchase price must include a stated purchase price in a definite dollar amount and be supported by a reasonable earnest money deposit which may be satisfied by a deposit of five percent (5%) or more of the offering price. If Franchisor does not exercise this right of first refusal, the offer may be accepted by Franchisee or its owners, subject to Franchisor’s prior written approval in accordance with Section XIX hereof, provided that if such sale is not consummated within one hundred twenty (120) days after the date of Franchisor’s receipt of the offer, Franchisor shall again have the right of first refusal herein described. Franchisee shall not materially modify the terms of any proposed sale without again offering such modified terms to Franchisor under this Section. Any transferee franchisee shall be subject to Franchisor’s right of first refusal as set forth in this Section.

XXII. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

A. This Agreement does not create a fiduciary relationship between the parties, nor does it constitute Franchisee as an agent, legal representative, joint venturer, partner, employee, or servant of Franchisor for any purpose whatsoever. Franchisee is and shall remain an independent contractor and is not authorized to make any contract, agreement, warranty, or representation on behalf of Franchisor, to incur any debt, or to create any obligation, express or implied, on behalf of Franchisor. No training, assistance, or guidance provided by Franchisor is intended to create an employment, agency, or joint venture relationship between the parties.

B. During the term of this Agreement and any extension hereof, Franchisee shall hold itself out to the public as an independent contractor operating the Franchised Business pursuant to a franchise granted by Franchisor. Franchisee shall take reasonable steps to identify itself as an independent contractor, including as may be required by Franchisor from time to time. Franchisee shall identify itself in its dealings with customers, suppliers, public officials, employees, and others as the owner of the Franchised Business operating under a franchise granted by Franchisor.

C. To the fullest extent permitted by applicable law, Franchisee shall defend, indemnify, and hold harmless Franchisor and its shareholders, directors, officers, employees, and agents (the "Indemnified Parties") from and against any and all losses, costs, expenses (including, without limitation, reasonable accountants', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, and other litigation expenses), damages, and liabilities arising out of or relating to the ownership, use, condition, construction, equipping, decorating, maintenance, or operation of the Franchised Business, including the sale of any goods or services from the Franchised Business.

This indemnification obligation includes, without limitation, claims arising from personal injury, death, or property damage, whether occurring on or off the premises, and whether involving Franchisee, its employees, agents, customers, or third parties.

Franchisee shall have no obligation to indemnify or hold harmless any Indemnified Party to the extent that such losses, costs, expenses, damages, or liabilities are determined to have been caused solely and directly by that Indemnified Party's negligence, willful misconduct, strict liability, or fraud.

Franchisor shall promptly notify Franchisee of any claim subject to indemnification, and Franchisee shall have the right to assume the defense of such claim with counsel reasonably acceptable to Franchisor. All obligations under this Section shall survive the termination or expiration of this Agreement.

XXIII. NON-WAIVER

No failure by Franchisor to exercise any right or power under this Agreement, or to insist upon strict compliance by Franchisee with any obligation or condition, and no custom or practice of the parties at variance with the terms of this Agreement, shall constitute a waiver of Franchisor's right to demand strict compliance with this Agreement.

Any waiver by Franchisor of a default by Franchisee must be in writing and signed by Franchisor and shall apply only to the specific default identified. Such waiver shall not affect or impair Franchisor's rights with respect to any subsequent default, whether of the same or a different nature.

No delay, forbearance, or omission by Franchisor in exercising any right or remedy shall operate as a waiver of such right or remedy or of any subsequent breach or default.

Franchisor's acceptance of any payment from Franchisee shall not constitute a waiver of any prior or existing breach or default by Franchisee.

All rights and remedies of Franchisor under this Agreement are cumulative and not exclusive.

XXIV. NOTICE

Any and all notices required or permitted under this Agreement shall be in writing and shall be deemed given when delivered personally, sent by a nationally recognized overnight courier, sent by certified or registered mail (return receipt requested), or sent by email (with confirmation of transmission), to the respective parties at the addresses set forth below, or to such other address as either party may designate by written notice to the other.

Notices to Franchisor:
Creative Colors International, Inc.
Attn: President
19015 S. Jodi Road, Suite E
Mokena, Illinois 60448
Email: Mark.Bollman@CreativeColorsIntl.com

Notices to Franchisee:
At the address and email specified on Attachment D to this Agreement.

Copy to (optional):
____
____
____

Franchisor may send notices to Franchisee at the address or email designated by Franchisee for notice purposes, including the primary contact identified on Attachment D. Franchisee shall be responsible for maintaining current contact information and may change such contact or address by providing written notice to Franchisor.

Notices shall be deemed received: (i) upon delivery if delivered personally; (ii) one (1) business day after deposit with a nationally recognized overnight courier; (iii) three (3) business days after deposit in the United States mail; or (iv) on the date sent if sent by email, provided no notice of delivery failure is received.

Franchisee agrees that email communications from Franchisor constitute written notice for all purposes under this Agreement.

XXV. COST OF ENFORCEMENT OR DEFENSE

A. In the event of any dispute arising out of or relating to this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party all reasonable attorneys' fees and costs incurred, including those incurred prior to the commencement of any legal proceeding and through trial, arbitration, appeal, and collection efforts.

B. Franchisor and Franchisee waive, to the fullest extent permitted by law, any right to recover consequential, punitive, or exemplary damages against the other arising out of this Agreement; provided, however, that this waiver shall not apply to (i) indemnification obligations under Sections XV.C. or XXII.C., or (ii) damages arising from a party's willful misconduct, fraud, or unauthorized use of the Marks or Confidential Information. The rights and remedies set forth in this Section are cumulative and in addition to any other rights or remedies available under this Agreement or applicable law.

XXVI. ENTIRE AGREEMENT

This Agreement, together with all exhibits attached hereto and documents incorporated herein by reference, constitutes the entire agreement between Franchisor and Franchisee with respect to the subject matter hereof and supersedes all prior or contemporaneous agreements, negotiations, or understandings, whether written or oral.

Nothing in this Agreement or in any related agreement is intended to disclaim or require Franchisee to waive reliance on any representation made in the Franchise Disclosure Document.

No amendment, change, or variance from this Agreement shall be binding unless in writing and signed by both parties.

Franchisor may adopt and modify policies from time to time for internal guidance, which policies are not part of this Agreement and do not create independent contractual obligations.

Franchisee acknowledges that it has not relied on any representations not expressly set forth in this Agreement or the Franchise Disclosure Document.

XXVII. SEVERABILITY AND CONSTRUCTION

A. Each provision of this Agreement shall be considered severable. If any provision of this Agreement is determined to be invalid, illegal, or unenforceable, such provision shall be modified or limited to the minimum extent necessary to make it enforceable, and the remaining provisions shall continue in full force and effect. If such invalidity materially affects the fundamental purpose of this Agreement, either party may terminate this Agreement upon written notice.

B. Nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor and Franchisee, and their permitted successors and assigns, any rights or remedies under or by reason of this Agreement..

C. If any provision of this Agreement is held to be unreasonable or unenforceable, such provision shall be enforced to the fullest extent permitted by law, and the scope of such provision shall be modified as necessary to make it enforceable.

D. All captions in this Agreement are for convenience only and shall not affect the meaning or interpretation of any provision.

E. This Agreement may be executed in counterparts, including by electronic signature, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

F. This Agreement shall be interpreted according to its fair meaning and not strictly for or against either party. It is the intent of the parties that this Agreement be enforced to the fullest extent permitted by applicable law..

XXVIII. APPLICABLE LAW AND JURISDICTION

A. This Agreement shall be deemed accepted and executed by Franchisor in the State of Illinois and shall be governed by and construed in accordance with the laws of the State of Illinois, without regard to its conflict of law principles, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.).

B. Except for claims required to be submitted to arbitration, any action arising out of or relating to this Agreement shall be brought in the state or federal courts located in or nearest to Will County, Illinois. The parties irrevocably submit to the jurisdiction and venue of such courts.

C. No right or remedy conferred upon or reserved to either party by this Agreement is intended to be exclusive, but each shall be cumulative of every other right or remedy available under this Agreement or at law or in equity.

D. Nothing in this Agreement shall limit Franchisor's right to seek specific performance or injunctive relief to prevent actual or threatened violations of this Agreement. Franchisee acknowledges that a breach of certain provisions of this Agreement may cause irreparable harm to Franchisor for which monetary damages would be inadequate. Accordingly, Franchisor shall be entitled to seek injunctive relief, to the extent permitted by applicable law, in addition to any other remedies available at law or in equity.

XXIX. ARBITRATION

A. Except as otherwise specifically provided in Section XXVIII.D, all controversies, disputes, and claims arising between Franchisor (including its subsidiaries and affiliates, and their respective shareholders, officers, directors, agents, employees, and attorneys in their representative capacity, if applicable) and Franchisee (including its owners, guarantors, and employees, if applicable), arising out of or relating to: (i) this Agreement or any other agreement between the parties; (ii) the relationship of the parties; (iii) the validity or enforceability of this Agreement or any such agreement; or (iv) any specification, standard, or operating procedure prescribed by Franchisor, which are not resolved within thirty (30) days after written notice, shall be submitted to binding arbitration administered by the American Arbitration Association in accordance with its then-current Commercial Arbitration Rules. Arbitration shall be conducted in the city where Franchisor's principal business address is then located, before a single arbitrator. The Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) shall govern all matters relating to arbitration.

B. The arbitrator shall have the authority to award any relief permitted by applicable law, including money damages, specific performance, injunctive relief, and attorneys' fees and costs as provided in Section XXV, but shall not award punitive or exemplary damages except to the extent permitted by applicable law. The arbitrator's award shall be final and binding, and judgment may be entered in any court of competent jurisdiction.

C. Nothing in this Section shall prevent either party from seeking temporary or preliminary injunctive relief from a court of competent jurisdiction, pending completion of arbitration.

D. The parties agree that arbitration shall be conducted on an individual basis only and not on a class, collective, or consolidated basis, and that any arbitration between Franchisor and Franchisee shall not be consolidated with any arbitration involving any other person or entity.

E. This Section shall survive the expiration or termination of this Agreement.

XXX. "FRANCHISEE" DEFINED AND GUARANTY; CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP

As used in this Agreement, the term "Franchisee" includes the entity identified as Franchisee in this Agreement and all persons or entities that succeed to its interest by permitted transfer or operation of law. If Franchisee is an entity, the term "Franchisee" also includes its owners, including partners, shareholders, and members, as applicable.

By executing this Agreement or a guaranty, each such owner agrees to be individually bound by the obligations imposed upon Franchisee under this Agreement. All such owners shall execute the Guaranty and Assumption of Obligations attached hereto as Attachment B.

If Franchisee is a corporation, limited liability company, or partnership (collectively, an "Entity"), Franchisee represents and agrees that:

1. Franchisee has the authority to execute, deliver, and perform its obligations under this Agreement and is duly organized, validly existing, and in good standing under the laws of its state of formation;

2. Franchisee's organizational documents shall reflect that this Agreement restricts the issuance and transfer of ownership interests, and all ownership certificates or records shall reference such restrictions;

3. Attachment D accurately describes all of Franchisee's owners and their respective interests as of the Effective Date, and Franchisee shall promptly update Attachment D to reflect any permitted changes;

4. Each owner shall execute a guaranty, in the form prescribed by Franchisor, agreeing to be jointly and severally bound, to the fullest extent permitted by applicable law, by the obligations of Franchisee under this Agreement and any related agreements.

Spousal Guaranty. If an owner's spouse is not an owner, or if Franchisee is an Entity, the non-owner spouse of each owner shall execute the Spousal Guaranty and Assumption of Obligations attached hereto as Attachment E. Each spouse shall guarantee only the non-monetary obligations of Franchisee under this Agreement as if such spouse were a party to this Agreement for such purposes.

XXXI. FORCE MAJEURE

If either party is delayed or prevented from performing any obligation under this Agreement, other than the payment of money, due to events beyond its reasonable control, including but not limited to acts of God, fire, flood, earthquake, war, terrorism, civil unrest, strikes, labor disputes, pandemics, governmental actions or regulations, or interruptions in utilities or supply chains ("Force Majeure Event"), then the time for performance of such obligation shall be extended for the period of the delay.

The affected party shall promptly notify the other party of the Force Majeure Event and shall use commercially reasonable efforts to resume performance as soon as practicable.

This Section shall not excuse or delay the obligation to make any payments due under this Agreement and shall not extend the term of this Agreement.

XXXII. CAVEAT

Franchisee acknowledges that the success of the Franchised Business depends on numerous factors, including Franchisee's own business ability, effort, and management of the business, as well as market and economic conditions beyond Franchisor's control.

Franchisor does not guarantee the success, sales, income, or profitability of the Franchised Business. Any financial performance information provided by Franchisor is limited to that contained in the Franchise Disclosure Document.

XXXIII. ACKNOWLEDGEMENTS

Franchisee acknowledges that certain risks and health hazards may be associated with the handling, use, storage, and disposal of hazardous materials, hazardous waste, and chemicals in connection with the operation of the Franchised Business. Franchisee further acknowledges that the use of such materials may be an integral part of the Franchised Business.

To the fullest extent permitted by applicable law, Franchisee shall defend, indemnify, and hold harmless Franchisor and its shareholders, directors, officers, employees, and agents from and against any and all losses, costs, expenses (including reasonable attorneys' fees), damages, and liabilities arising out of or relating to the handling, use, storage, disposal, or application of such materials in connection with the operation of the Franchised Business or services performed by Franchisee.

Franchisee shall have no obligation to indemnify any such party to the extent that such losses, costs, expenses, damages, or liabilities are determined to have been caused solely and directly by that party's negligence, willful misconduct, or violation of law.

XXXIV. FRANCHISEE'S PERSONNEL

A. Franchisor authorizes Franchisee to employ personnel to perform CREATIVE COLORS INTERNATIONAL services within Franchisee's Area of Primary Responsibility. Franchisee shall require its employees to execute confidentiality, proprietary rights, and restrictive covenant agreements protecting Franchisor's trade secrets and Franchisee's customer relationships, in a form consistent with Franchisor's standards. Franchisor's approved form of Confidentiality Agreement, Proprietary Rights and Non-Competition Agreement is attached as Exhibit K.

B. Upon reasonable request, Franchisee shall provide Franchisor with copies of such agreements or a certification that Franchisee is in compliance with the requirements of this Section..

C. A sample template employment agreement is included in the Confidential Manuals. Franchisee acknowledges that such template may not be enforceable in all jurisdictions and agrees to have any such agreement reviewed by legal counsel to ensure compliance with applicable law. Franchisee may not materially modify Paragraph 21 of such agreement, which designates Franchisor as an intended third-party beneficiary, without Franchisor's prior written consent. To the fullest extent permitted by applicable law, Franchisee shall indemnify and hold harmless Franchisor from any claims, losses, or damages arising out of Franchisee's use or modification of such template agreements.

D. Franchisee's personnel who perform CREATIVE COLORS INTERNATIONAL services shall be treated as employees and not independent contractors, unless otherwise permitted by applicable law. Franchisee acknowledges that such personnel are not franchisees or sub-franchisees and have no independent right to use Franchisor's Marks or System except as necessary to perform services on behalf of Franchisee.

XXXV. WAIVER OF COLLATERAL ESTOPPEL

The parties agree that they may resolve disputes with third parties, including through settlement, mediation, litigation, or arbitration, without the outcome of such disputes affecting the rights or obligations between Franchisor and Franchisee under this Agreement.

Accordingly, the parties agree that any determination, decision, or award in any proceeding involving a third party shall not have preclusive effect in any dispute between Franchisor and Franchisee. The parties further agree that the doctrine of collateral estoppel shall not apply to any such third-party proceedings in any dispute arising between them under this Agreement.

XXXVI. FRANCHISOR'S BUSINESS INTERESTS

Franchisee acknowledges that Franchisor and its affiliates have and may continue to have business interests that are independent of this Franchise Agreement and shall not be restricted except as expressly provided herein.

Except as expressly provided in this Agreement, Franchisor and its affiliates may engage in any business activities, whether within or outside Franchisee's Area of Primary Responsibility, without any duty to compensate Franchisee for any incidental or indirect effects of such activities.

Such activities may include, without limitation, the ownership, operation, or disposition of company-owned or affiliated businesses, and the sale or distribution of products and services through any channels, including wholesale, retail, e-commerce, or other methods of distribution.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Agreement the day and year first above written.

NOT EFFECTIVE UNLESS AND UNTIL ACCEPTED BY THE FRANCHISOR, AS EVIDENCED BY DATING AND SIGNING BY AN OFFICER OF FRANCHISOR.

CREATIVE COLORS INTERNATIONAL, INC.,
An Illinois corporation

ATTEST:

____
Witness

By: _____________________________________
Its: _______________________________

Dated: __________________________________

ATTEST:

____
Witness

By: _____________________________________
Franchisee

Dated: __________________________________

ATTEST:

____
Witness

By: _____________________________________
Franchisee

Dated: __________________________________

ATTACHMENT A

AREA OF PRIMARY RESPONSIBILITY

BY AND BETWEEN

CREATIVE COLORS INTERNATIONAL, INC.

AND

____
("Franchisee")

DATED ________________, 2026

DESIGNATION OF AREA

The parties agree that Franchisee's Area of Primary Responsibility shall be as follows:

____
____
____

A map and/or description of the Area of Primary Responsibility will be attached and incorporated into this Attachment upon execution of the Franchise Agreement.

ZIP CODE / MAP CONTROL

Franchisee acknowledges that U.S. zip codes may change from time to time. In the event of any discrepancy due to such changes, the map or geographic description of the Area of Primary Responsibility shall control.

ACKNOWLEDGMENT OF AREA

Franchisee acknowledges and agrees that the designation of the Area of Primary Responsibility does not constitute a representation or warranty of any kind, express or implied, as to the potential success, sales, income, or profitability of the Franchised Business.

Franchisor's designation of the Area reflects only that it met Franchisor's general criteria at the time of evaluation. Franchisee acknowledges that market conditions, demographics, competition, and other factors may change over time and may affect the performance of the Franchised Business.

Franchisee further acknowledges that it has independently evaluated the suitability of the Area of Primary Responsibility and is not relying on any representation of Franchisor regarding the potential success of the business, except as disclosed in the Franchise Disclosure Document.

TERRITORY RESTRICTIONS

Franchisee acknowledges that the Franchise Agreement (Section I.G) prohibits Franchisee from soliciting or providing services to accounts located outside Franchisee's Area of Primary Responsibility. Violation of this restriction constitutes a material breach of the Franchise Agreement.

Notwithstanding the foregoing:

- Franchisee may service an account located outside its Area of Primary Responsibility, provided such account is not located within another CCI franchisee's designated area; and

- If another CCI franchisee is later granted the territory in which such account is located, Franchisee shall relinquish all rights to service that account.

- Franchisee acknowledges that Franchisor may service national or regional accounts within or outside the Area of Primary Responsibility as provided in the Franchise Agreement.

CREATIVE COLORS INTERNATIONAL, INC.
an Illinois Corporation

By: ____
Its: _____________________________________

FRANCHISEE

By: ____

(All Owners)

ATTACHMENT B

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS ("Guaranty") is made this ___ day of ________, 2026, by the undersigned individual(s) ("Guarantor(s)").

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith (the "Agreement") by Creative Colors International, Inc. ("Franchisor"), each Guarantor hereby personally and unconditionally, to the fullest extent permitted by applicable law:

1. GUARANTY OF OBLIGATIONS

(a) Guarantees the full and punctual payment and performance of all obligations of Franchisee under the Agreement; and

(b) Agrees to be personally bound by, and personally liable for, all obligations of Franchisee under the Agreement, including both monetary obligations and obligations to take or refrain from specific actions, including without limitation the provisions of Section XVI of the Agreement and all other provisions relating to confidentiality, proprietary information, non-competition, and system protection, including injunctive relief obligations.

2. NATURE OF GUARANTY

This Guaranty is a continuing, absolute, and unconditional guaranty of payment and performance, and the obligations of each Guarantor are joint and several with Franchisee and any other guarantors.

3. WAIVERS

Each Guarantor waives:

(a) Notice of acceptance of this Guaranty;

(b) Notice of demand, default, or non-performance;

(c) Any requirement that Franchisor first proceed against Franchisee or any other person; and

(d) Any defenses other than those that cannot be waived under applicable law.

4. ACKNOWLEDGMENTS AND AGREEMENTS

Each Guarantor agrees that:

(a) This Guaranty is independent of Franchisee's obligations and may be enforced directly against Guarantor;

(b) Franchisor may proceed against Guarantor without first pursuing Franchisee;

(c) Guarantor's obligations shall not be affected by any extension, modification, compromise, or release granted to Franchisee;

(d) This Guaranty shall remain in full force and effect notwithstanding any bankruptcy, insolvency, or reorganization of Franchisee; and

(e) Guarantor shall pay all reasonable attorneys' fees and costs incurred by Franchisor in enforcing this Guaranty, as provided in Section XXV of the Agreement.

5. SURVIVAL

This Guaranty shall survive the expiration, termination, or assignment of the Agreement to the extent of any obligations that survive under the Agreement.

IN WITNESS WHEREOF, each Guarantor has executed this Guaranty as of the date first written above.

GUARANTOR(S)	**PERCENTAGE OF OWNERSHIP**
Owners	
______________________________ Owner Signature	____________________%
______________________________ Printed Name of Owner	
______________________________ Owner Signature	____________________%
______________________________ Printed Name of Owner	
______________________________ Owner Signature	____________________%
______________________________ Printed Name of Owner	

Attachment C

BUSINESS CARD SPECIFICATIONS

Franchisee's business cards must comply with Franchisor's branding and marketing standards, as may be updated from time to time. At a minimum, business cards must include the following:

- The **Creative Colors International®** name and logo, prominently displayed
- The appropriate **registered trademark symbol (®)** used in connection with:
    - Creative Colors International®
    - We Can Fix That® (if applicable)
- Business phone number
- Business address
- Business email address
- Website address: **www.WeCanFixThat.com**
- The following approved marketing phrase (or such updated version as Franchisor may designate):

  "The Ultimate in On-Site Repair, Restoration, Cleaning, Protection, and Dyeing of Leather, Vinyl, Plastic, and Fabric."

Franchisee may also include:

- Cell phone number
- Franchisee's business name
- Franchisee's personal name, followed by "Franchise Owner" or "Franchisee"

All business cards must be submitted to Franchisor for approval prior to use if required under Franchisor's current policies.

Approved Logo Usage

The following is an example of the approved Creative Colors International® logo for use on business cards and marketing materials. Franchisee must use the logo in accordance with Franchisor's brand standards and may not alter the logo in any way without prior written approval from Franchisor.

Final artwork files will be provided by Franchisor.

ATTACHMENT D
OWNER AND CONTACT INFORMATION

Effective Date: _______________, 2026

`

1. FORM OF OWNERSHIP *(select one)*

☐ **(a) Individual Proprietorship**

The owner(s) of the Franchisee are as follows:

____
____
____

☐ **(b) Entity (Corporation, Limited Liability Company, or Partnership)**

Franchisee is organized as a: ☐ Corporation ☐ Limited Liability Company ☐ Partnership

Date of formation: ____________________

State of formation: ____________________

Franchisee has not conducted business under any name other than its legal name, **except as disclosed below**:

____
____
____

The following is a list of directors and/or officers (if applicable):

<u>**Name of Each Director/Officer**</u>	<u>**Position(s) Held**</u>
________________________________	____________________________
________________________________	____________________________
________________________________	____________________________
________________________________	____________________________
________________________________	____________________________

2. OWNERSHIP INFORMATION

The following list identifies all owners of Franchisee (as defined in the Franchise Agreement), including any person or entity that directly or indirectly owns an interest in Franchisee.

	Owner's Name	**Percentage/Description of Interest**
(a)	______________________________	____________________________________
(b)	______________________________	____________________________________
(c)	______________________________	____________________________________
(d)	______________________________	____________________________________

Franchisee shall promptly update this Attachment to reflect any changes in ownership, subject to the requirements of the Franchise Agreement. No ownership interest may be transferred except in accordance with Section XIX of the Franchise Agreement.

3. DESIGNATED CONTACT FOR NOTICE

The following person is designated as the official recipient of notices on behalf of Franchisee pursuant to Section XXIV of the Franchise Agreement:

Name: ______________________

Postal Address: ____

E-mail Address: ____

Franchisee may update this information by written notice to Franchisor in accordance with the Franchise Agreement.

CREATIVE COLORS INTERNATIONAL, INC.,

By: ________________________________
Its: __________________________

FRANCHISEE

By: _________________________________
Name: _______________________________
Title: ________________________________

ATTACHMENT E
SPOUSAL GUARANTY AND ASSUMPTION OF OBLIGATIONS

(Non-Owner Spouse)

THIS SPOUSAL GUARANTY AND ASSUMPTION OF OBLIGATIONS ("Guaranty") is made this ___ day of ________, 2026, by the undersigned spouse ("Guarantor").

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith (the "Agreement") by Creative Colors International, Inc. ("Franchisor"), Guarantor hereby agrees as follows:

1. LIMITED GUARANTY OF NON-MONETARY OBLIGATIONS

To the fullest extent permitted by applicable law, Guarantor personally guarantees the performance of all non-monetary obligations of Franchisee under the Agreement, including obligations to take or refrain from specific actions, including without limitation the provisions of Section XVI of the Agreement and all other provisions relating to confidentiality, proprietary information, non-competition, and system protection, including injunctive relief obligations.

Guarantor shall not be liable for any monetary obligations of Franchisee under the Agreement.

2. NATURE OF GUARANTY

This Guaranty is a continuing, absolute, and unconditional guaranty of performance (but not payment), and is independent of Franchisee's obligations.

3. WAIVERS

Guarantor waives:

(a) Notice of acceptance of this Guaranty;

(b) Notice of default or non-performance;

(c) Any requirement that Franchisor first proceed against Franchisee; and

(d) Any defenses other than those that cannot be waived under applicable law.

4. ACKNOWLEDGMENTS AND AGREEMENTS

Guarantor agrees that:

(a) This Guaranty may be enforced directly against Guarantor;

(b) Guarantor’s obligations shall not be affected by any extension, modification, or release granted to Franchisee;

(c) This Guaranty shall remain in effect notwithstanding any bankruptcy or insolvency of Franchisee; and

(d) Franchisor may proceed against Guarantor without first pursuing Franchisee.

5. SURVIVAL

This Guaranty shall survive the expiration or termination of the Agreement to the extent of any non-monetary obligations that survive under the Agreement.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of the date first written above.

GUARANTOR (Non-Owner Spouse)

______________________________	______________________________
Spouse of Owner (sign)	Printed Name of Spouse

____
Printed Name of Owner Whose Spouse is Signing
(for reference only)

ATTACHMENT F
to the Franchise Agreement

<u>THIS SCHEDULE D DOES NOT APPLY TO CANDIDATES LOCATED IN, OR FRANCHISED BUSINESSES TO BE LOCATED IN, ANY OF THE FOLLOWING FRANCHISE REGISTRATION STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI.</u>

ACKNOWLEDGEMENT ADDENDUM TO CREATIVE COLORS INTERNATONAL® FRANCHISE AGREEMENT

As you know, you and we are entering into a Franchise Agreement for the operation of a CREATIVE COLORS INTERNATIONAL® franchise. The purpose of this Acknowledgement Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following statements carefully and confirm their accuracy or advise us of their inaccuracy.

<u>Acknowledgments and Representations</u>: I, the undersigned, hereby acknowledge and represent to CREATIVE COLORS INTERNATIONAL, INC., as follows:

1. I have received a copy of CREATIVE COLORS INTERNATIONAL, INC. Franchise Disclosure Document (and all exhibits and attachments) (the “Disclosure Document”) at least fourteen calendar days prior to signing the CREATIVE COLORS INTERNATIONAL® Franchise Agreement (the “Franchise Agreement”).

Please select one: ☐ I Agree ☐ I Disagree

If you disagree, please comment:

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2. I have reviewed carefully the Disclosure Document and Franchise Agreement.

Please select one: ☐ I Agree ☐ I Disagree

If you disagree, please comment:

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3. I understand all the information contained in both the Disclosure Document and Franchise Agreement.

Please select one: ☐ I Agree ☐ I Disagree

If you disagree, please comment:

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4. No oral, written or visual claim or representation was made to me that contradicted the disclosures in the Disclosure Document.

Please select one: ☐ I Agree ☐ I Disagree

If you disagree, please comment:

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5. Other than as expressly stated in Item 19 of the Disclosure Document, no employee or other person speaking on behalf of CREATIVE COLORS INTERNATIONAL, INC. has made any oral, written or visual claim, statement, promise or representation to me that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any CREATIVE COLORS INTERNATIONAL® business, or the likelihood of success at my franchised business.

Please select one: ☐ I Agree ☐ I Disagree

If you disagree, please comment:

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6. No employee or other person speaking on behalf of CREATIVE COLORS INTERNATIONAL, INC. has made any statement or promise regarding the costs involved in operating a franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document.

Please select one: ☐ I Agree ☐ I Disagree

If you disagree, please comment:

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7. I acknowledge and agree that except for the right granted to me to operate a CREATIVE COLORS INTERNATIONAL® Business within the Territory during the Franchise Agreement term so long as I am in compliance with the Franchise Agreement, CREATIVE COLORS INTERNATIONAL, INC. and its affiliates reserve all other rights to the Marks and the System and they may engage in any activity whatsoever, whenever and wherever they desire, as set forth in the Franchise Agreement.

Please select one: ☐ I Agree ☐ I Disagree

If you disagree, please comment:

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8. The Franchise Agreement together with the attachments and exhibits thereto constitutes the entire agreement between me and CREATIVE COLORS INTERNATIONAL, INC. concerning the franchise for the CREATIVE COLORS INTERNATIONAL® Business and supersedes any and all prior negotiations, understandings, representations, and agreements, which means that any prior oral or written statements not set out in the Franchise Agreement or Disclosure Document will not be binding. However, nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations CREATIVE COLORS INTERNATIONAL, INC. made in the Disclosure Document it furnished to me.

Please select one: ☐ I Agree ☐ I Disagree

If you disagree, please comment:

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9. I acknowledge and agree that in entering into the Franchise Agreement I have not relied on and am not relying on any representations, warranties or other statements whatsoever, whether written or oral other than those included in the Franchise Agreement and the Disclosure Document (including any exhibits, addenda, amendments and attachments) and that I will not have any right or remedy rising out of any representation, warranty or other statement not expressly set out in the Franchise Agreement and the Disclosure Document (including any exhibits, addenda, amendments and attachments). I am entering into the Franchise Agreement as a result of my own independent investigation of the franchised business and not as a result of any representations about CREATIVE COLORS INTERNATIONAL® system made by CREATIVE COLORS INTERNATIONAL, INC.'s shareholders, officers, members, managers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in the Franchise Agreement or in any disclosure document given to me pursuant to applicable

law. I UNDERSTAND THAT I SHOULD NOT SIGN THE FRANCHISE AGREEMENT IF I BELIEVE CREATIVE COLORS INTERNATIONAL, INC. OR ANY OF ITS REPRESENTATIVES HAVE PROMISED ME SOMETHING THAT IS NOT PART OF THE FRANCHISE AGREEMENT, ANY ATTACHED EXHIBIT, SCHEDULE OR ADDENDUM OR THE FRANCHISE DISCLOSURE DOCUMENT.

Please select one: ☐ I Agree ☐ I Disagree

If you disagree, please comment:

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10. I understand that the success or failure of my CREATIVE COLORS INTERNATIONAL® Business will depend in large part upon my skills and experience, my business acumen, my location, the local market for products under the CREATIVE COLORS INTERNATIONAL® trademarks, interest rates, the economy, inflation, taxes, the number of employees I hire and their compensation, the extent to which I follow established systems, policies and guidelines, the cost of capital and the extent to which I finance the business operations, my contractual arrangements with suppliers, landlord and professional advisors, competition and other economic and business factors. Further, I understand that the economic and business factors that exist at the time I open my CREATIVE COLORS INTERNATIONAL® Business may change.

Please select one: ☐ I Agree ☐ I Disagree

If you disagree, please comment:

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11. I understand that I am bound by the non-compete covenants (both in-term and post-term) and that an injunction is an appropriate remedy to protect the interest of the CREATIVE COLORS INTERNATIONAL® system if I violate the covenant(s). Further, I understand that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement.

Please select one: ☐ I Agree ☐ I Disagree

If you disagree, please comment:

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12. I understand that any training, support, guidance or tools CREATIVE COLORS INTERNATIONAL, INC. provides to me as part of the franchise are for the sole purpose of protecting the CREATIVE COLORS INTERNATIONAL® brand and Marks and the Intellectual Property associated with the System and to assist me in the operation of my business and not for the purpose of controlling or in any way intended to exercise or exert control over my decisions or day-to-day operations of my business, including my sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of my employees and all other employment and employee related matters.

Please select one: ☐ I Agree ☐ I Disagree

If you disagree, please comment:

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13. On the receipt pages of my Disclosure Document I identified as the franchise sellers involved in this franchise sales process (these are the company representatives who offered me my franchise). The franchise sellers identified above are the only franchise sellers involved with this transaction.

Please select one: ☐ I Agree ☐ I Disagree

If you disagree, please comment:

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14. I have been advised to seek professional assistance, to have legal, financial and/or other professional advisors review the documents, and to consult with other franchise owners regarding the risks associated with the purchase of the franchise.

Please select one: ☐ I Agree ☐ I Disagree

If you disagree, please comment:

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IF MORE SPACE IS NEEDED TO RESPOND TO ANY REPRESENTATION, CONTINUE ON A SEPARATE SHEET AND ATTACH.

I UNDERSTAND THAT MY ANSWERS ARE IMPORTANT AND THAT CREATIVE COLORS INTERNATIONAL, INC. WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, I REPRESENT THAT I HAVE CONSIDERED EACH REPRESENTATION CAREFULLY AND RESPONDED FULLY AND TRUTHFULLY.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

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 any applicable law that prohibits releases, estoppels or waivers of liability under such law. Should one or more clauses of this Addendum be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Addendum shall be valid and in full force and effect. **Do not sign** this Acknowledgement if you are a resident of Maryland or the franchise is to be operated in Maryland.

CREATIVE COLORS INTERNATIONAL, INC.,

By: ________________________________
Its: __________________________

FRANCHISEE

By: _________________________________
Name: _______________________________
Title: ________________________________

EXHIBIT G
FINANCIAL STATEMENTS

Creative Colors International, Inc. and Affiliate

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2025, 2024 and 2023

Prepared By:

HEARNE & ASSOCIATES, P.C.
Certified Public Accountants &
Business Consultants

Creative Colors International, Inc. and Affiliate

Table of Contents

HEARNE & ASSOCIATES, P.C.
Certified Public Accountants & Business Consultants

David J. Hearne, Jr., CPA (1928-2014) Founder
Phillip M. Hearne, CPA
John C. Williams, CPA, MST

Matthew R. Truschka, Account Mgr.
Haley A. Shroba - Sr. Accountant
David A. Phelan - Sr. Auditor

Independent Auditors' Report

To the Board of Directors
Creative Colors International, Inc. and Affiliate
Mokena, Illinois

Opinion

We have audited the accompanying consolidated financial statements of Creative Colors International, Inc. and Affiliate which comprise the consolidated balance sheets as of December 31, 2025, 2024 and 2023 and the related consolidated statements of operations and retained earnings and cash flows for the years then ended and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Creative Colors International, Inc. and Affiliate, 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 Consolidated Financial Statements section of our report. We are required to be independent of Creative Colors International, Inc. and Affiliate 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 Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Creative Colors International, Inc. and Affiliate'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Creative Colors International, Inc. and Affiliate'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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole for the years ending December 31, 2025, 2024 and 2023. The supplementary information listed in the table of contents for the years ending December 31, 2025, 2024 and 2023 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Hearne & Associates, P.C.

Hearne & Associates, P.C.
Mokena, Illinois
April 14, 2026

Creative Colors International, Inc. and Affiliate

Consolidated Balance Sheets
December 31, 2025, 2024 and 2023

ASSETS

	2025	2024	2023
CURRENT ASSETS			
Cash	$ 201,478	$ 195,433	$ 363,503
Accounts Receivable			
Franchisees (net of allowance) (Note 3)	206,170	163,258	158,434
Company Stores	35,424	43,444	54,804
Other	26,163	35,147	25,563
Restricted Cash - Marketing Fund (Note 17)	129,652	162,617	217,087
Notes Receivable - Franchises	9,187	7,078	4,407
Inventory	208,027	206,482	221,438
Prepaid Expenses	23,233	21,982	40,186
Total Current Assets	839,334	835,441	1,085,422
PROPERTY AND EQUIPMENT AT NET BOOK VALUE			
Land	60,420	60,420	60,420
Building	478,188	499,104	520,045
Office Furniture & Equipment	13,531	26,012	33,502
Leasehold Improvements	47,230	64,090	80,950
Net Property & Equipment (Note 4)	599,369	649,626	694,917
RIGHT OF USE - PROPERTY AND EQUIPMENT			
Operating Leases (Note 4)			
Vehicles	40,154	27,585	49,197
Financing Leases (Note 4)			
Office Furniture & Equipment	93,648	32,257	62,033
Vehicles	128,891	214,686	142,924
Net Right of Use Assets	262,693	274,528	254,154
OTHER ASSETS			
Deferred Broker's Fees (Note 13)	187,247	290,869	392,752
Deferred Maintenance Contracts	-	1,239	3,027
Net Investment, Leases (Note 8)	52,722	127,516	238,991
Other Assets	1,147	1,147	1,147
Total Other Assets	241,116	420,771	635,917
TOTAL ASSETS	$ 1,942,512	$ 2,180,366	$ 2,670,410

The accompanying notes are an integral part of these statements.

Creative Colors International, Inc. and Affiliate

Consolidated Balance Sheets
December 31, 2025, 2024 and 2023

LIABILITIES AND EQUITY

	2025	2024	2023
CURRENT LIABILITIES			
Accounts Payable			
Trade	$ 99,114	$ 106,265	$ 132,835
Franchisees Marketing Fund (Note 17)	154,365	195,319	241,872
Accrued Liabilities	55,468	35,598	46,006
Maintenance Contract Liability	-	1,341	3,199
Current Obligations Under Operating Leases (Note 6)	16,256	20,744	21,235
Current Obligations Under Finance Leases (Note 7)	65,508	82,462	74,466
Current Obligations Under Sales-Type Leases (Note 8)	32,168	97,332	124,317
Current Portion of Unearned Franchise Fee Revenue (Note 11)	114,733	155,187	177,934
Unearned Franchise Start Up Fee (Note 12)	-	-	34,500
Current Portion of Mortgage Payable (Note 10)	24,421	23,198	22,036
Total Current Liabilities	562,033	717,446	878,400
LONG-TERM LIABILITIES			
Obligations Under Operating Leases, Less Current Portion (Note 6)	23,898	6,094	24,821
Obligations Under Finance Leases, Less Current Portion (Note 7)	173,583	154,599	113,973
Obligations Under Sales-Type Leases, Less Current Portion (Note 8)	20,554	30,185	114,674
Unearned Franchise Fee Revenue, Less Current Portion (Note 11)	218,183	321,791	430,850
Mortgage Payable, Less Current Portion (Note 10)	417,627	441,724	464,530
Total Long-Term Liabilities	853,845	954,393	1,148,848
TOTAL LIABILITIES	1,415,878	1,671,839	2,027,248
STOCKHOLDER'S EQUITY			
Common stock, no par value, 1,000 shares authorized,			
100 shares issued and outstanding	5,000	5,000	5,000
Partners' Equity	139,682	146,669	136,156
Retained Earnings (Accumulated Deficit)	381,952	356,858	502,006
Total Stockholder's Equity	526,634	508,527	643,162
TOTAL LIABILITIES AND EQUITY	$ 1,942,512	$ 2,180,366	$ 2,670,410

The accompanying notes are an integral part of these statements.

Creative Colors International, Inc. and Affiliate

Consolidated Statements of Operations and Retained Earnings
For the Years Ended December 31, 2025, 2024 and 2023

	2025	2024	2023
INCOME			
Franchise Fees	$ 178,063	$ 221,343	$ 202,561
Royalties from Franchisees	1,179,188	1,143,902	1,181,417
Sales of Supplies	312,761	368,511	364,480
Company Stores	526,805	533,786	602,365
Other Sales	98,305	154,407	163,114
Rental Income	103,344	118,619	114,704
Total Income	2,398,466	2,540,568	2,628,641
OPERATING COSTS AND EXPENSES			
Stores	375,002	390,507	421,398
Non-Stores	306,796	407,525	412,153
General and Administrative Expenses	1,731,969	1,822,226	1,799,303
Total Operating Costs and Expenses	2,413,767	2,620,258	2,632,854
OPERATING INCOME (LOSS)	(15,301)	(79,690)	(4,213)
OTHER INCOME AND (EXPENSES)			
Interest Income	6,317	6,528	4,712
Interest Expense	(42,847)	(45,718)	(42,597)
Other Income	66,865	42,357	26,555
Gain/(Loss) on Sale of Asset	25,045	14,769	37,850
Gain on Termination of Franchise	(726)	5,000	-
Administrative Fees	5,560	5,941	4,652
Total Other Income (Expense)	60,214	28,877	31,172
NET INCOME (LOSS)	44,913	(50,813)	26,959
Retained Earnings/Partners' Capital, Beginning	503,527	638,164	736,624
Distributions to Shareholders/Members	(26,806)	(83,824)	(125,421)
Retained Earnings/Partners' Capital, Ending	$ 521,634	$ 503,527	$ 638,162

The accompanying notes are an integral part of these statements.

Creative Colors International, Inc. and Affiliate

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2025, 2024 and 2023

	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income (Loss)	$ 44,913	$ (50,813)	$ 26,959
Adjustments to Reconcile Net Income (Loss) to Net Cash			
Provided by (Used in) Operating Activities:			
Depreciation and Amortization, Property and Equipment	71,305	52,681	80,774
Depreciation and Amortization, Right-of-Use Assets	101,627	88,304	101,311
Loss (Gain) On Disposition of Property and Equipment	(25,045)	(14,769)	(37,850)
Changes in Current Assets and Liabilities:			
Decrease (Increase) in Receivables	(25,908)	(3,048)	(5,152)
Decrease (Increase) in Notes Receivable	(2,109)	(2,671)	(2,578)
Decrease (Increase) in Inventory	(1,545)	14,956	(1,991)
Decrease (Increase) in Prepaid Expenses	(1,251)	18,204	(12,607)
Decrease (Increase) in Net Investments, Leases	74,794	111,476	88,391
Increase (Decrease) in Accounts Payable	(48,105)	(73,123)	116,764
Increase (Decrease) in Accrued Liabilities	19,870	(10,408)	(22,394)
Increase (Decrease) in Sales Type Lease Liabilities	(74,794)	(111,474)	(88,391)
Increase (Decrease) in Unearned Franchise Fee Revenue	(144,062)	(22,747)	(136,582)
Increase (Decrease) in Unearned Franchise Start Up Fee	-	(34,500)	34,500
Net Cash Provided by (Used in) Operating Activities	(10,310)	(37,932)	141,154
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds From Disposition of Property and Equipment	40,993	62,139	37,850
Purchases of Property and Equipment	(8,668)	(180,868)	(11,488)
Decrease (Increase) in Deferred Broker's Fees	103,622	101,883	94,850
Increase (Decrease) in Long-Term Unearned Franchise Fee Revenue	(103,608)	(109,059)	(136,582)
Net Cash Provided by (Used in) Investing Activities	32,339	(125,905)	(15,370)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Distributions to Stockholders - Dividends	(26,806)	(83,824)	(125,421)
Payments on Mortgage Payable	(22,874)	(21,644)	(20,613)
Proceeds From Long-Term Debt	109,399	163,122	79,020
Payments on Lease Liabilites	(108,668)	(116,357)	(65,014)
Net Cash Provided by (Used in) Financing Activities	(48,949)	(58,703)	(132,028)
NET INCREASE (DECREASE) IN CASH	(26,920)	(222,540)	(6,244)
CASH, BEGINNING OF YEAR	358,050	580,590	586,834
CASH, END OF YEAR	$ 331,130	$ 358,050	$ 580,590
SUPPLEMENTAL DISCLOSURES:			
Interest Paid	$ 42,847	$ 45,718	$ 42,597
Income Taxes Paid	-	-	-

The accompanying notes are an integral part of these statements.

Creative Colors International, Inc. and Affiliate

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2025, 2024 and 2023

1. Summary of Significant Accounting Policies

Nature of Operations

Creative Colors International, Inc. and Affiliate (the Company also known as CCI), an Illinois corporation, offers franchises throughout North America for the establishment, development, and operation of a mobile operated business specializing in repairing, coloring, cleaning and restoration of leather, cloth, vinyl, velour, and plastics, primarily to commercial customers. The Company began company-operated stores in 1999. At December 31, 2025, the Company had a total of 71 locations/territories sold. There were 67 franchise locations open, 2 company-operated stores open and 1 affiliate-owned location open. In addition, the Company also has one Area Developer who purchased three (3) outlets, one (1) of which has not opened nor has a Franchise agreement been signed for said outlet.

Consolidation of Variable Interest Entities

In December 2003, the FASB revised the standard for consolidation of variable interest entities, which requires that a company that holds variable interests in an entity, consolidate the entity if the company's interest in the variable interest entity is such that the company will absorb a majority of the variable interest entity's losses and/or receive a majority of the variable interest entity's expected residual returns, if they occur. In such cases, the company is the primary beneficiary of the variable interest entity. Additional disclosures by primary beneficiaries and other significant variable interest holders are also required.

The Company is the primary beneficiary of Creative Properties of Illinois, LLC (CPI) and as such, has consolidated their activity for purposes of generally accepted accounting principles.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and CPI. CPI leases land and a building to the Company and an affiliated franchise that they use to conduct business. CPI is a variable interest entity, and the Company has no direct ownership interest in it. The Company is the primary beneficiary of CPI under generally accepted accounting principles; therefore, the Company consolidates the results of CPI's operations and eliminates all material intercompany transactions. Consolidated assets with a carrying value of $572,843, $561,451 and $582,943 respectively, as of December 31, 2025, 2024 and 2023, consisting of land and buildings, are collateral for CPI's obligations. The Company, along with CPI's stockholders and a related entity, are guarantors for CPI's mortgage payable.

Variable Interest Entity

CPI is a partnership owned by the Company's former majority stockholder, all current stockholders, and additional investors. CPI leases land and a building to the Company and an affiliated franchise.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Income is recorded when earned and expenses are recorded when incurred.

1. Summary of Significant Accounting Policies (continued)

Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Cash

Cash includes amounts available for operations. For purposes of the statement of cash flows, cash includes amounts on hand and on deposit at financial institutions. Restricted cash is for amounts received for the CCI Marketing Fund. See Note 17 for further information regarding the CCI Marketing Fund.

Accounts Receivable

Due to possible losses from accounts receivable, the Company has established an allowance for doubtful accounts. Generally accepted accounting principles require that the allowance method be used to reflect bad debts.

Inventory

Inventory consists of supplies used by franchises and is stated at the lower of cost or market using procedures which approximate the first-in, first-out method of inventory valuation.

Property and Equipment

Property and equipment are carried at cost. Depreciation is computed using the straight-line method over 3-10 years for office fixtures and equipment, 5 years for vehicles, 3-4 years for capitalized leases and 5-39 years for the building. Depreciation is computed using the straight-line and 150% declining balance methods over 15-40 years for leasehold improvements. Depreciation is computed using the 200% declining balance method over 7 years for furniture and fixtures. The accelerated depreciation methods are also used for tax purposes. Management believes this method best reflects the useful lives of these assets.

Maintenance and repairs are expensed as incurred. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any gain or loss on disposition is credited or charged to operations.

Right of Use - Property and Equipment

The Company recognizes outstanding leases as an asset and a liability on the balance sheet. Creative Colors International, Inc. and Affiliate recognizes three different types of leases. The Company does not maintain ownership of the Right of Use assets but will recognize the right to use the underlying asset on the balance sheet while the property is in the possession of the Company.

1. Summary of Significant Accounting Policies (continued)

Right of Use - Operating Leases

Operating Lease property and equipment is recognized as a Right of Use asset while in the possession of the Company. The Company recognizes future benefits for property rental and vehicle rental as a right to use asset. As payments are made, the Right of Use asset and the corresponding obligation is amortized. See Note 4 for further information.

Right of Use - Financing Leases

Financing Lease equipment and vehicles are recognized as Right of Use assets while in the possession of the Company. The Financing Lease Right of Use assets are depreciated over the life of the asset based on the expected life of the asset. See Note 4 for further information.

Net Investment, Leases

The Company subleases vehicles to some franchisees as part of its operations. The Company recognizes outstanding Sales Type Leases as a Net Investment in Leases as an asset and a Sales Type Lease Obligation as a liability on the balance sheet. The Net Investment in Leases reflects a receivable based on expected revenues from the franchisees to pay for the leases. If impairments to the receivables are noted, adjustments are made to reflect the change in the receivables.

Lease Obligations

Operating Lease Obligations

The Company recognizes outstanding leases as an asset and a liability on the balance sheet. Operating Lease Obligations are recorded to reflect the future obligations that are due. As payments are made, entries are made to the Right of Use asset and Operating Lease Obligation to reflect the change. See Note 6 for further information.

Financing Lease Obligations

The Company recognizes outstanding leases as an asset and a liability on the balance sheet. Financing Lease equipment and vehicles are recognized as Right of Use assets while in the possession of the Company. A corresponding Financing Lease Obligation is recorded to reflect the future obligations that are due. Financing Lease Obligations are adjusted as Right of Use payments are made on the obligation and interest expenses are recorded separately. See Note 7 for further information.

Sales Type Lease Obligations

The Company subleases vehicles to some franchisees as part of its operations. The Company recognizes outstanding Sale Type Leases liabilities as Sales Type Lease Obligation on the balance sheet. The Sales Type Lease Obligation is the amount owed for the vehicles to the original lender based on a master lease agreement. The Company receives the payment from the franchisee and delivers the payment to the original lender. The Company charges an administrative fee for this service. As of December 31, 2025, 2024 and 2023, the Company received $5,560, $5,941 and $4,652 in administrative fees, respectively. If a franchisee has a breach of contract, the Company will regain control over the underlying asset and record the asset as a Financing Lease Obligation. See Note 8 for further information.

Creative Colors International, Inc. and Affiliate

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2025, 2024 and 2023

1. **Summary of Significant Accounting Policies (continued)**

Revenue Recognition

Revenue from the sales of franchises is recognized ratably over the term of the initial franchise agreement. When a franchise is sold, the Company agrees to provide certain services to the franchise. Services include assistance with grand opening, and training. In accordance with Accounting Standards Update 2021-02 (Subtopic 952-606), this revenue is recognized as an initial (startup) fee and is considered as a single performance obligation. After opening, the Company continues to provide the franchisees services throughout the life of the contract. These services include information on new methods of operations, additional merchandise, products, service authorization and more. This revenue is deferred until performance obligations are completed and is amortized over the life of the contract. The Company expects to provide significant services approximately equal to the deferred franchise fees at December 31, 2025, 2024, and 2023. If there is an early termination of a contract (e.g. breach of contract), the full amount of the remaining deferral amount is recognized.

Revenue from company stores is recognized in the period during which the services are provided. Royalties are recognized in the same period that related franchise store revenue is generated. Revenue from sales or supplies sold to franchisees is recognized upon the date of shipment.

The Company had one customer that represented in excess of 10% of the Company's total revenues.

Income Taxes

The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under those provisions, the Company does not pay federal corporate income taxes on its taxable income nor is it allowed a net operating loss carryover or carryback as a deduction. Instead, the stockholders are liable for individual federal income taxes on their respective shares of the Company's taxable income or include their respective shares of the Company's net operating loss on their individual income tax returns.

No provision has been made for federal or state income taxes for CPI since these taxes are the personal responsibility of its partners. The Company has elected to use the taxes payable method for state replacement taxes. Under that method, tax expense represents the amount of replacement tax the Company expects to pay based on the Company's current year taxable income. Illinois replacement tax expense was $-0-, $-0- and $-0-, for the years ended December 31, 2025, 2024 and 2023, respectively.

2. **Concentration of Credit Risk**

The Company maintains the majority of its cash at a single financial institution. Non-interest-bearing transaction accounts are fully insured by the Federal Deposit Insurance Corporation (FDIC). All other deposit accounts at FDIC-insured institutions are insured up to $250,000. As of December 31, 2025, 2024 and 2023, the Company had $-0-, $-0- and $123,958 uninsured cash balances, respectively.

Creative Colors International, Inc. and Affiliate

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2025, 2024 and 2023

3. **Allowance for Doubtful Accounts**

   The Company has established an allowance for doubtful accounts to offset possible future losses of its accounts receivable. The balance of this account as of December 31, 2025, 2024 and 2023 is $9,450, $9,450 and $10,000.

4. **Property and Equipment**

   Property, plant and equipment of the Company's and CPI's property and equipment as of December 31, were as follows:

	2025	2024	2023
Land	$ 60,420	$ 60,420	$ 60,420
Building	886,462	860,965	860,965
Office Furniture and Equipment	133,537	154,457	154,304
Furniture and Fixtures	12,126	12,126	12,126
Leasehold Improvements	179,634	179,634	179,634
Total	1,272,179	1,267,602	1,267,449
Less Accumulated Depreciation	672,810	617,976	572,532
Net Book Value	**$ 599,369**	**$ 649,626**	**$ 694,917**

Right of Use Assets	2025	2024	2023
Operating			
Vehicles	$ 69,211	$ 65,199	$ 65,199
Financing			
Equipment	258,279	148,880	148,880
Vehicles	298,237	365,102	268,547
Total	625,727	579,181	482,626
Less Accumulated Amortization	363,034	304,653	228,472
Net Book Value	**$ 262,693**	**$ 274,528**	**$ 254,154**

   Depreciation and amortization expense for property and equipment for the years ended December 31, 2025, 2024 and 2023 was $71,305, $52,681 and $80,774, respectively.

   Right of Use depreciation and amortization for the years ended December 31, 2025, 2024 and 2023 was $101,627, $88,304 and $101,311, respectively.

5. **Line of Credit**

   A secured line-of-credit with Chase Bank was entered on July 18, 2018. Interest is due monthly and as of December 31, 2025 the annual rate was 9.15%. The line-of-credit was secured by all business assets and due on demand. The maximum amount available under this agreement is $250,000. The line-of-credit is guaranteed by stockholders. At December 31, 2025, 2024 and 2023, the balance of the line of credit was $-0-, respectively.

6. Operating Lease Agreements

Property Lease

The Company recognizes outstanding leases as an asset and a liability on the balance sheet. As payments are made the asset and liability accounts are adjusted accordingly. CCI has a rental agreement for two units with CPI. This related party transaction is offset in the consolidated financials. The following details the agreement between CCI and CPI:

The Company leases its corporate office and warehouse under a lease agreement commencing in January 2009 with an initial monthly rental of $4,038 and termination date of November 1, 2019. The lease calls for 3% increases on October 1st of each year. This lease was renewed commencing on January 1, 2020 and terminating on December 31, 2029 with an initial monthly rental of $5,099 and to be increased by 3% annually to adjust for inflation. At years ended December 31, 2025, 2024 and 2023 the operating lease liability balances were $233,965, $287,236, and $338,608, respectively.

The Company also leases a second corporate office and warehouse space under a lease agreement commencing October 1, 2017 from CPI (Unit F). The initial monthly rent payment was $2,100 and calls for 3% increases on October 1st of each year. The termination date of this lease is September 30, 2027. For the years ended December 31, 2025, 2024 and 2023 the operating lease liability balances were $43,844, $67,582 and $90,427 respectively.

Property Lease Obligations

Year Ended December 31,	Principal	Interest	Total
2026	$ 79,980	$ 7,725	$ 87,705
2027	76,531	4,433	80,964
2028	59,533	3,485	63,018
2029	61,765	1,245	63,010
Total	**$ 277,809**	**$ 16,888**	**$ 294,697**

Vehicle Lease

During the year ending December 31, 2023, the Company agreed to lease an automobile with a maturity date of June 17, 2026 and carries an annual interest rate of 8%. At December 31, 2025, the remaining operating lease liability was $4,113.

During the year ending December 31, 2025, the Company agreed to lease an automobile with a maturity date of October 12, 2028 and carries an annual interest rate of 5%. At December 31, 2025, the remaining operating lease liability was $36,041.

6. Operating Lease Agreements (continued)

The following table shows the expected future payments for Vehicle Lease Obligations as of December 31, 2025:

Vehicle Lease Obligations

Year Ended December 31,	Principal	Interest	Total
2026	$ 16,256	$ 1,526	$ 17,782
2027	12,764	905	13,669
2028	11,134	257	11,391
Total	**$ 40,154**	**$ 2,688**	**$ 42,842**

7. Finance Lease Agreements

Finance lease agreements at December 31, consisted of the following:

	2025	2024	2023
Financing Lease Obligation (Unit 23K7NF) expiring August 2024, payable monthly installments of $550.20 with an interest rate of 6.30%.	$ -	$ -	$ 4,302
Financing Lease Obligation (Phone System) expiring January 2026, payable in monthly installments of $3,233.85 with an interest rate of 9.33%.	3,208	39,868	73,265
Financing Lease Obligation (Unit 23V73Q) expiring December 2025, payable in monthly installments of $562.32 with an interest rate of 6.5%.	609	6,987	13,041
Financing Lease Obligation (Unit 01048299) expiring October 2026, payable in monthly installments of $657.76 with an interest rate of 8.70%	5,526	13,168	19,756
Financing Lease Obligation for 2022 Lincoln expiring in November 2027, payable in monthly installments of $835.22 with an interest rate of 3.69% .	18,423	27,581	36,409
Financing Lease Obligation (Unit #11699) expiring October 2026, payable in monthly installments of $857.65 with an interest rate of 11.56%.	34,859	40,746	-
Financing Lease Obligation (Unit #11700) expiring October 2026, payable in monthly installments of $857.65 with an interest rate of 11.56%.	34,859	40,746	-

Creative Colors International, Inc. and Affiliate

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2025, 2024 and 2023

7. **Finance Lease Agreements (continued)**

	2025	2024	2023
Financing Lease Obligation (Unit #11701) expiring October 2026, payable in monthly installments of $857.65 with an interest rate of 11.56%.	34,859	40,746	-
Financing Lease Obligation (27K5XQ) expiring October 2026, payable in monthly installments of $664.21 with an interest rate of 10.38%. Sold in February 2025.	-	27,219	-
Financing Lease Obligation for Van Lease #11571 expiring in June 2028, payable in monthly installments of $842 with an interest rate of 8% and have a lease end residual value of $8,078. Sold in May 2024.	-	-	41,666
Financing Lease Obligation (Phone System) expiring May 2029, payable in monthly installments of $3,232.96 with an interest rate of 12.91%.	106,748	-	-
Total Finance Lease Obligations	239,091	237,061	188,439
Less: Current Portion-Financing Lease	65,508	82,462	74,466
Obligations under Finance Lease, net of current portion	$ 173,583	$ 154,599	$ 113,973

The Company leases vehicles and a phone system under finance leases. The economic substance of these leases is that the Company is financing the acquisition of the vehicles and equipment through the leases and accordingly, the vehicles and computer equipment are recorded as right of use assets and the leases are recorded as liabilities.

The following is an analysis of the right of use assets included in property and equipment:

Right Of Use Assets - Financing Leases

	2025	2024	2023
Vehicles under Finance Leases	$ 298,237	$ 365,102	$ 268,547
Equipment under Finance Leases	258,279	148,880	148,880
Subtotal	556,516	513,982	417,427
Less: Accumulated Depreciation	333,977	267,039	212,470
Net Book Value	**$ 222,539**	**$ 246,943**	**$ 204,957**

7. Finance Lease Agreements (continued)

Long-term obligations under finance leases as of December 31, 2025 mature as follows:

Year Ended December 31,	Right of Use Obligation Amount	Interest Amount	Total
2026	$ 65,508	$ 24,113	$ 89,621
2027	61,037	17,418	78,455
2028	59,262	10,409	69,671
2029	26,469	2,107	28,576
Total minimum lease payments	$ 212,276	$ 54,047	$ 266,323

As part of the agreements for multiple leases, the Company is required to have a residual value of $26,215 at the lease end. This amount is not included in the above future long-term obligations.

8. Sales Type Leases

The Company acts as an intermediary in which it acts as a lessee to obtain vehicles through finance leases then subleases the vehicles to certain franchisees and affiliates through finance leases. The leases are recorded as Sales Type Leases and the receivables of the expected payments are recognized as Net Investment in Leases. The Company would be held liable if any impairments to the Net Investment in Lease were to occur such as a breach of contract by a franchisee. Net Investment in Leases totaled $52,722, $127,516 and $238,991, for the years ended December 31, 2025, 2024, and 2023, respectively. Sales Type Liabilities totaled $52,722, $127,516, and $238,991, for the years ended December 31, 2025, 2024 and 2023, respectively.

	Principal	Interest	Total
2026	$32,168	$1,302	$33,470
2027	13,907	1,374	15,281
2028	6,647	313	6,960
	$52,722	$2,989	$55,711

Creative Colors International, Inc. and Affiliate

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2025, 2024 and 2023

9. Lease Activity

The following table shows the activity for the three classes of leases for the year:

Lease Cost	2025	2024	2023
Finance Lease Cost			
Amortization of Right of Use Assets	$ 81,043	$ 74,968	$ 85,308
Interest on Lease Liabilities	17,786	21,656	16,605
Sales Type Lease	140,852	140,852	147,181
Operating Lease	113,478	93,410	105,678
Less: Sublease Income (Gross)	(140,852)	(140,852)	(147,181)
Total Lease Cost	$ 212,307	$ 190,034	$ 207,591
Other Information			
Cash paid for amounts included in the measurement of the lease liabilities:			
Financing Cash Flows From Finance Leases	$ 731	$ 46,765	$ (13,380)
Right of Use Assets Obtained in Exchange for new Finance Lease Liabilities	109,399	163,122	47,815
Right of Use Assets Obtained in Exchange for new Operating Lease Liabilities	38,006	-	31,206
Weighted average remaining lease term Finance Leases	2.25 Years	3.37 Years	3.00 Years
Weighted average remaining lease term Sales Type Leases	1.90 Years	1.45 Years	2.25 Years
Weighted average remaining lease term Operating Leases	4.58 Years	4.41 Years	5.30 Years
Weighted average discount rate Finance Leases	11.44%	9.78%	8.14%
Weighted average discount rate Sales Type Leases	10.68%	11.40%	11.21%
Weighted average discount rate Operating Leases	3.93%	4.00%	4.10%

10. Mortgages Payable

On July 18, 2018 CPI refinanced the above-mentioned mortgages payable with a mortgage loan from Chase Bank for $589,498 with a maturity date of July 18, 2028, interest at 2.99%, monthly payments of $3,279 through August 17, 2020. After that date, the interest rate is at 5.15%, with monthly payments of $3,884. The balance of this mortgage note on December 31, 2025, 2024, and 2023 was $442,048, $464,922 and $486,567, respectively.

Maturities of the mortgage payable as of December 31, 2025 are as follows:

Year Ended December 31,	Amount
2026	$ 24,421
2027	25,709
2028	391,918
Total	**$ 442,048**

11. Unearned Franchise Fee Revenue

Revenue from the sales of franchises is recognized over the ten-year term of the initial franchise agreement. The estimated future franchise fees earned from initial franchise agreements in effect as of December 31, 2025 are as follows:

Year Ended December 31,	Amount
2026	$ 114,733
2027	73,497
2028	40,926
2029	28,461
2030	20,869
2031 and thereafter	54,430
Total	**$ 332,916**

12. Unearned Start-Up Fee Revenue

The Company receives initial start-up fees from franchisees that do not begin receiving the benefits of training and other start-up services until the following fiscal year. These fees are recorded as deferred revenues. For the years ended December 31, 2025, 2024, and 2023, the Company received advance start-up fees from -0-, -0-, and 1 new franchisees, respectively, in the amounts of $-0-, $-0- and $34,500 respectively.

13. Deferred Broker's Fees

The Company has engaged outside brokers to assist it in obtaining franchisees. The Company considers these costs to be directly related to franchise sales and defers these costs until the related revenue is recognized. The estimated future deferred broker's fees in effect as of December 31, 2025 are as follows:

Year Ended December 31,	Amount
2026	$ 67,449
2027	39,825
2028	22,097
2029	16,000
2030	12,792
2030 and thereafter	29,084
Total	**$ 187,247**

14. Bad Debt Expense

The Company recognized bad debt expense of $-0-, $-0- and $-0-, for the years ended December 31, 2025, 2024 and 2023, respectively.

15. Retirement Plan

As of January 1, 2011, the Company has adopted a 401(k) Plan for the exclusive benefit of its employees who qualify under the Plan's terms and conditions. The sources of the contributions to the plan are discretionary company contributions, discretionary matching contributions, and salary deferral contributions. Participants in the Plan are vested over a 6-year period. The Company made total contributions to the plan for the years ended December 31, 2025, 2024 and 2023 of $8,976, $9,691 and $12,684, respectively.

16. Related Party Transactions

In addition to CPI, the Company is affiliated with one other franchise through common ownership (three of the four stockholders in the Company). This franchise (Affiliate) conducts business in a manner similar to that of noncompany-operated franchises, with the exception that they are not required to pay royalties or franchise fees. Following is a summary of balances and transactions with the Affiliate as of and for the years ended December 31:

	2025	2024	2023
Sale of Supplies	$ 47,657	$ 62,843	$ 66,948
Vehicle Lease Income	39,631	9,373	12,623
Receivables (included in accounts receivable: affiliates in the accompanying balance sheets)	15,579	10,074	11,634
Miscellaneous	15,922	15,042	18,277
	$ 118,789	$ 97,332	$ 109,482

Creative Colors International, Inc. and Affiliate

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2025, 2024 and 2023

17. CCI Marketing Fund

In April 2001, the Company created the CCI Marketing Fund which provides for the establishment of a marketing plan. Contributions to the plan are made by the franchisees, the Company and the affiliate. Consistent with generally accepted accounting principles, the activity for the CCI Marketing funds is accounted for separately and is not included in the financial statements of the Company because the Company acts as an agent for paying the expenses incurred in connection with the CCI Marketing Plan. For the years ended December 31, 2025 and 2024, expenditures exceeded contributions to the fund by $58,736 and $33,252, respectively. For the year ended December 31, 2023, contributions exceeded expenditures to the fund by $39,706.

The company administers the CCI Marketing Fund. In this capacity, it receives the funds and processes the payouts for the fund. The company considers the cash received from the fund as a restricted asset which is offset by a related liability - Franchisees Marketing Fund. Amounts paid out by the Company for the fund are considered accounts receivable from the marketing fund.

As of December 31, the following balances related to the Marketing Fund have been included on the financial statements of the Company.

	2025	2024	2023
Restricted Cash	$ 129,652	$ 162,617	$ 217,087
Accounts Receivable Marketing Fund	24,713	32,702	24,785
Franchisees Marketing Fund Liability	(154,365)	(195,319)	(241,872)
Net Balance	$ -	$ -	$ -

18. Accounting for Uncertain Tax Positions

In its 2010 financial statements, the Company adopted the accounting standard regarding "Accounting for Uncertain Tax Positions". This accounting standard provides detailed guidance for financial statement recognition, measurement and disclosure of uncertain tax positions recognized in the Company's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The Company files income tax returns in the U.S. Federal and State of Illinois jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state, or local tax examinations by tax authorities for years before 2021. The adoption of this standard had no material effect on the Company's financial positions, results of operations or cash flows.

The Company includes penalties and interest assessed by income tax authorities in operating expenses. The Company had no penalties and interest expenses for the years ended December 31, 2025, 2024 and 2023.

Creative Colors International, Inc. and Affiliate

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2025, 2024 and 2023

19. Revenue Reporting by Source

The number of franchises sold, but not necessarily open, during the years ended December 31, 2025, 2024 and 2023 was 0,1 and 1, respectively. Initial franchise and transfer fees received during the years ended December 31, 2025, 2024 and 2023 were $1,000, $29,037, and $1,000, respectively. The number of franchises terminated or repossessed during the years ended December 31, 2025, 2024 and 2023 were 2, 2 and -0-, respectively. Income from franchises terminated or repossessed during the years ended December 31, 2025, 2024 and 2023 was $-0-, $5,000- and $-0-, respectively. The number of franchises forfeited during the years ended December 31, 2025, 2024 and 2023 were -0-, -0-, and -0-, respectively. Income from franchises forfeited during the years ended December 31, 2025, 2024 and 2023 was $-0-, $-0- and $-0-, respectively. The Company operates as a Franchisor and operates several stores. Following is a breakdown of the revenue by source and the related percentages of total revenue.

	December 31, 2025		December 31, 2024		December 31, 2023	
	Amount	Percent	Amount	Percent	Amount	Percent
INCOME						
Franchise Fees						
Franchise Fees Earned	$ 170,063	7.09%	$ 191,306	7.53%	$ 194,561	7.40%
Renewal Fees	7,000	0.29%	1,000	0.04%	7,000	0.27%
Initial (Startup) Fee	-	0.00%	29,037	1.14%	-	0.00%
Transfer Fee	1,000	0.05%	-	0.00%	1,000	0.04%
Total Franchise Fees	178,063	7.43%	221,343	8.71%	202,561	7.71%
Royalties	1,179,188	49.16%	1,143,902	45.03%	1,181,417	44.94%
Sales of Supplies	312,761	13.04%	368,511	14.51%	364,480	13.87%
Company Stores	526,805	21.96%	533,786	21.01%	602,365	22.92%
Other Sales	98,305	4.10%	154,407	6.08%	163,114	6.21%
Rental Income	103,344	4.31%	118,619	4.67%	114,704	4.36%
Total Income	**$ 2,398,466**	**100.00%**	**$ 2,540,568**	**100.00%**	**$ 2,628,641**	**100.00%**

20. Subsequent Events

Subsequent events were evaluated through April 14, 2026, which is the date the financial statements were available to be issued.

Supplementary Information

Creative Colors International, Inc. and Affiliate

Consolidating Balance Sheet
December 31, 2025

ASSETS	Creative Colors International, Inc.	Creative Properties of Illinois, LLC	Consolidating Eliminations	Consolidated
CURRENT ASSETS				
Cash	$ 155,905	$ 45,573	$ -	$ 201,478
Accounts Receivable				
Franchisees (net of allowance)	206,170	-	-	206,170
Company Stores	35,424	-	-	35,424
Affiliates	-	17,225	(17,225)	-
Other	26,163	-	-	26,163
Restricted Cash - Marketing Fund	129,652	-	-	129,652
Notes Receivable - Franchises	9,187	-	-	9,187
Inventory	208,027	-	-	208,027
Prepaid Expenses	23,233	-	-	23,233
Total Current Assets	793,761	62,798	(17,225)	839,334
PROPERTY AND EQUIPMENT (at net book value)				
Land	-	60,420	-	60,420
Building	-	478,188	-	478,188
Office Furniture & Equipment	13,531	-	-	13,531
Leasehold Improvements	45,853	1,377	-	47,230
Net Property & Equipment	59,384	539,985	-	599,369
RIGHT OF USE - PROPERTY AND EQUIPMENT				
Operating Leases				
Rental Property	277,809	-	(277,809)	-
Vehicles	40,154	-	-	40,154
Financing Leases				
Office Furniture & Equipment	93,648	-	-	93,648
Vehicles	128,891	-	-	128,891
Net Right of Use Property & Equipment	540,502	-	(277,809)	262,693
OTHER ASSETS				
Deferred Referral Fees	187,247	-	-	187,247
Deferred Maintenance Contracts	-	-	-	-
Net Investment, Leases	52,722	277,809	(277,809)	52,722
Other Assets	700	447	-	1,147
Total Other Assets	240,669	278,256	(277,809)	241,116
TOTAL ASSETS	$ 1,634,316	$ 881,039	$ (572,843)	$ 1,942,512

The accompanying notes are an integral part of these statements.

Creative Colors International, Inc. and Affiliate

Consolidating Balance Sheet
December 31, 2025

LIABILITIES AND EQUITY	Creative Colors International, Inc.	Creative Properties of Illinois, LLC	Consolidating Eliminations	Consolidated
CURRENT LIABILITIES				
Accounts Payable				
Trade	$ 116,339	$ -	$ (17,225)	$ 99,114
Franchisees Marketing Fund	154,365	-	-	154,365
Accrued Liabilities	33,968	21,500	-	55,468
Maintenance Contract Liability	-	-	-	-
Current Obligations Under Operating Leases	96,236	-	(79,980)	16,256
Current Obligations Under Finance Leases	65,508	-	-	65,508
Current Obligations Under Sales-Type Leases	32,168	-	-	32,168
Current Portion of Unearned Franchise Fee Revenue	114,733	-	-	114,733
Current Portion of Unearned Rental Income	-	81,252	(81,252)	-
Current Portion of Mortgage Payable	-	24,421	-	24,421
Total Current Liabilities	613,317	127,173	(178,457)	562,033
LONG-TERM LIABILITIES				
Obligations Under Operating Leases, Less Current Portion	221,727	-	(197,829)	23,898
Obligations Under Finance Leases, Less Current Portion	173,583	-	-	173,583
Obligations Under Sales-Type Leases, Less Current Portion	20,554	-	-	20,554
Unearned Rental Income Less Current Portion	-	196,557	(196,557)	-
Unearned Franchise Fee Revenue Less Current Portion	218,183	-	-	218,183
Mortgage Payable Less Current Portion	-	417,627	-	417,627
Total Other Liabilities	634,047	614,184	(394,386)	853,845
OWNERS' EQUITY				
Common stock, no par value, 1,000 shares authorized, 100 shares issued and outstanding	5,000	-	-	5,000
Partners' Capital Accounts	-	139,682	-	139,682
Retained Earnings	381,952	-	-	381,952
Total Owners' Equity	386,952	139,682	-	526,634
TOTAL LIABILITIES AND OWNERS' EQUITY	$ 1,634,316	$ 881,039	$ (572,843)	$ 1,942,512

The accompanying notes are an integral part of these statements.

Creative Colors International, Inc. and Affiliate

Consolidating Balance Sheet
December 31, 2024

ASSETS	Creative Colors International, Inc.	Creative Properties of Illinois, LLC	Consolidating Eliminations	Consolidated
CURRENT ASSETS				
Cash	$ 134,413	$ 61,020	$ -	$ 195,433
Accounts Receivable				
Franchisees (net of allowance)	163,258	-	-	163,258
Company Stores	43,444	-	-	43,444
Affiliates	-	15,718	(15,718)	-
Other	35,147	-	-	35,147
Restricted Cash - Marketing Fund	162,617	-	-	162,617
Notes Receivable - Franchises	7,078	-	-	7,078
Inventory	206,482	-	-	206,482
Prepaid Expenses	21,982	-	-	21,982
Total Current Assets	774,421	76,738	(15,718)	835,441
PROPERTY AND EQUIPMENT (at net book value)				
Land	-	60,420	-	60,420
Building	-	499,104	-	499,104
Office Furniture & Equipment	26,012	-	-	26,012
Leasehold Improvements	62,163	1,927	-	64,090
Net Property & Equipment	88,175	561,451	-	649,626
RIGHT OF USE - PROPERTY AND EQUIPMENT				
Operating Leases				
Rental Property	354,842	-	(354,842)	-
Vehicles	27,585	-	-	27,585
Financing Leases				
Office Furniture & Equipment	32,257	-	-	32,257
Vehicles	214,686	-	-	214,686
Net Right of Use Property and Equipment	629,370	-	(354,842)	274,528
OTHER ASSETS				
Deferred Referral Fees	290,869	-	-	290,869
Deferred Maintenance Contracts	1,239	-	-	1,239
Net Investment, Leases	127,516	354,842	(354,842)	127,516
Other Assets	700	447	-	1,147
Total Other Assets	420,324	355,289	(354,842)	420,771
TOTAL ASSETS	$ 1,912,290	$ 993,478	$ (725,402)	$ 2,180,366

The accompanying notes are an integral part of these statements.

Creative Colors International, Inc. and Affiliate

Consolidating Balance Sheet
December 31, 2024

LIABILITIES AND EQUITY	Creative Colors International, Inc.	Creative Properties of Illinois, LLC	Consolidating Eliminations	Consolidated
CURRENT LIABILITIES				
Accounts Payable				
Trade	$ 94,938	$ 27,045	$ (15,718)	$ 106,265
Franchisees Marketing Fund	195,319	-	-	195,319
Accrued Liabilities	35,598	-	-	35,598
Maintenance Contract Liability	1,341	-	-	1,341
Current Obligations Under Operating Leases	97,777	-	(77,033)	20,744
Current Obligations Under Finance Leases	82,462	-	-	82,462
Current Obligations Under Sales-Type Leases	97,332	-	-	97,332
Current Portion of Unearned Rental Income	-	77,033	(77,033)	-
Current Portion of Unearned Franchise Fee Revenue	155,187	-	-	155,187
Current Portion of Mortgage Payable	-	23,198	-	23,198
Total Current Liabilities	759,954	127,276	(169,784)	717,446
LONG-TERM LIABILITIES				
Obligations Under Operating Leases, Less Current Portion	283,903	-	(277,809)	6,094
Obligations Under Finance Leases, Less Current Portion	154,599	-	-	154,599
Obligations Under Sales-Type Leases, Less Current Portion	30,185	-	-	30,185
Unearned Rental Income Less Current Portion	-	277,809	(277,809)	-
Unearned Franchise Fee Revenue Less Current Portion	321,791	-	-	321,791
Mortgage Payable Less Current Portion	-	441,724	-	441,724
Total Other Liabilities	790,478	719,533	(555,618)	954,393
OWNERS' EQUITY				
Common stock, no par value,				
1,000 shares authorized,				
100 shares issued and outstanding	5,000	-	-	5,000
Partners' Capital Accounts	-	146,669	-	146,669
Retained Earnings	356,858	-	-	356,858
Total Owners' Equity	361,858	146,669	-	508,527
TOTAL LIABILITIES AND OWNERS' EQUITY	$ 1,912,290	$ 993,478	$ (725,402)	$ 2,180,366

The accompanying notes are an integral part of these statements.

Creative Colors International, Inc. and Affiliate

Consolidating Balance Sheet
December 31, 2023

ASSETS	Creative Colors International, Inc.	Creative Properties of Illinois, LLC	Consolidating Eliminations	Consolidated
CURRENT ASSETS				
Cash	$ 305,308	$ 58,195	$ -	$ 363,503
Accounts Receivable				
Franchisees (net of allowance)	158,434	-	-	158,434
Company Stores	54,804	-	-	54,804
Affiliates	-	7,938	(7,938)	-
Other	25,563	-	-	25,563
Restricted Cash - Marketing Fund	217,087	-	-	217,087
Notes Receivable - Franchises	4,407	-	-	4,407
Inventory	221,438	-	-	221,438
Prepaid Expenses	40,186	-	-	40,186
Total Current Assets	1,027,227	66,133	(7,938)	1,085,422
PROPERTY AND EQUIPMENT (at net book value)				
Land	-	60,420	-	60,420
Building	-	520,045	-	520,045
Office Furniture & Equipment	33,502	-	-	33,502
Leasehold Improvements	78,472	2,478	-	80,950
Net Property & Equipment	111,974	582,943	-	694,917
RIGHT OF USE - PROPERTY AND EQUIPMENT				
Operating Leases				
Rental Property	429,034	-	(429,034)	-
Vehicles	49,197	-	-	49,197
Financing Leases				
Office Furniture & Equipment	62,033	-	-	62,033
Vehicles	142,924	-	-	142,924
Net Right of Use Assets	683,188	-	(429,034)	254,154
OTHER ASSETS				
Deferred Referral Fees	392,752	-	-	392,752
Deferred Maintenance Contracts	3,027	-	-	3,027
Net Investment, Leases	238,991	429,034	(429,034)	238,991
Other Assets	700	447	-	1,147
Total Other Assets	635,470	429,481	(429,034)	635,917
TOTAL ASSETS	$ 2,457,859	$ 1,078,557	$ (866,006)	$ 2,670,410

The accompanying notes are an integral part of these statements.

Creative Colors International, Inc. and Affiliate

Consolidating Balance Sheet
December 31, 2023

LIABILITIES AND EQUITY	Creative Colors International, Inc.	Creative Properties of Illinois, LLC	Consolidating Eliminations	Consolidated
CURRENT LIABILITIES				
Accounts Payable				
Trade	$ 113,972	$ 26,801	$ (7,938)	$ 132,835
Franchisees Marketing Fund	241,872	-	-	241,872
Accrued Liabilities	46,006	-	-	46,006
Maintenance Contract Liability	3,199	-	-	3,199
Current Obligations Under Operating Leases	108,427	-	(87,192)	21,235
Current Obligations Under Finance Leases	74,466	-	-	74,466
Current Obligations Under Sales- Type Leases	124,317	-	-	124,317
Current Portion of Unearned Rental Income	-	87,192	(87,192)	-
Current Portion of Unearned Franchise Fee Revenue	177,934	-	-	177,934
Unearned Franchise Start Up Fee	34,500	-	-	34,500
Current Portion of Mortgage Payable	-	22,036	-	22,036
Total Current Liabilities	924,693	136,029	(182,322)	878,400
LONG-TERM LIABILITIES				
Obligations Under Operating Leases, Less Current Portion	366,663	-	(341,842)	24,821
Obligations Under Finance Leases, Less Current Portion	113,973	-	-	113,973
Obligations Under Sales-Type Leases, Less Current Portion	114,674	-	-	114,674
Unearned Rental Income Less Current Portion	-	341,842	(341,842)	-
Unearned Franchise Fee Revenue Less Current Portion	430,850	-	-	430,850
Mortgage Payable Less Current Portion	-	464,530	-	464,530
Total Other Liabilities	1,026,160	806,372	(683,684)	1,148,848
OWNERS' EQUITY				
Common stock, no par value, 1,000 shares authorized, 100 shares issued and outstanding	5,000	-	-	5,000
Partners' Capital Accounts	-	136,156	-	136,156
Retained Earnings	502,006	-	-	502,006
Total Owners' Equity	507,006	136,156	-	643,162
TOTAL LIABILITIES AND OWNERS' EQUITY	$ 2,457,859	$ 1,078,557	$ (866,006)	$ 2,670,410

The accompanying notes are an integral part of these statements.

Creative Colors International, Inc. and Affiliate

Consolidating Schedule of Operations and Retained Earnings
For the Year Ended December 31, 2025

	Creative Colors International, Inc.	Creative Properties of Illinois, LLC	Consolidating Eliminations	Consolidated
INCOME				
Franchise Fees	$ 178,063	$ -	$ -	$ 178,063
Royalties from Franchisees	1,179,188	-	-	1,179,188
Sales of Supplies	312,761	-	-	312,761
Company Stores	526,805	-	-	526,805
Other Sales	98,305	-	-	98,305
Rental Income	-	103,344	-	103,344
Total Income	2,295,122	103,344	-	2,398,466
OPERATING COSTS AND EXPENSES				
Stores	375,002	-	-	375,002
Non-Stores	306,796	-	-	306,796
General and Administrative Expenses	1,645,370	86,599		1,731,969
Total Operating Costs and Expenses	2,327,168	86,599	-	2,413,767
OPERATING INCOME	(32,046)	16,745	-	(15,301)
OTHER INCOME AND (EXPENSES)				
Interest Income	6,317	-	-	6,317
Interest Expense	(19,115)	(23,732)	-	(42,847)
Other Income	66,865	-	-	66,865
Gain/(Loss) on Sale of Asset	25,045	-	-	25,045
Gain on Termination of Franchise	(726)	-	-	(726)
Administrative Fees	5,560	-	-	5,560
Total Other Income (Expense)	83,946	(23,732)	-	60,214
NET INCOME BEFORE TAXES	51,900	(6,987)	-	44,913
PROVISION FOR INCOME TAX				
Current	-	-	-	-
NET INCOME	51,900	(6,987)	-	44,913
Retained Earnings (Accumulated Deficit)/Partners' Capital, Beginning	356,858	146,669	-	503,527
Distributions	(26,806)	-	-	(26,806)
Retained Earnings/Partners' Capital, Ending	$ 381,952	$ 139,682	$ -	$ 521,634

The accompanying notes are an integral part of these statements.

Creative Colors International, Inc. and Affiliate

Consolidating Schedule of Operations and Retained Earnings
For the Year Ended December 31, 2024

	Creative Colors International, Inc.	Creative Properties of Illinois, LLC	Consolidating Eliminations	Consolidated
INCOME				
Franchise Fees	$ 221,343	$ -	$ -	$ 221,343
Royalties from Franchisees	1,143,902	-	-	1,143,902
Sales of Supplies	368,511	-	-	368,511
Company Stores	533,786	-	-	533,786
Other Sales	154,407	-	-	154,407
Rental Income	-	118,619	-	118,619
Total Income	2,421,949	118,619	-	2,540,568
OPERATING COSTS AND EXPENSES				
Stores	390,507	-	-	390,507
Non-Stores	407,525	-	-	407,525
General and Administrative Expenses	1,754,328	67,898	-	1,822,226
Total Operating Costs and Expenses	2,552,360	67,898	-	2,620,258
OPERATING INCOME	(130,411)	50,721	-	(79,690)
OTHER INCOME AND (EXPENSES)				
Interest Income	6,528	-	-	6,528
Interest Expense	(20,756)	(24,962)	-	(45,718)
Other Income	42,357		-	42,357
Gain/(Loss) on Sale of Asset	14,769	-	-	14,769
Gain on Termination of Franchise	5,000	-	-	5,000
Administrative Fees	5,941	-	-	5,941
Total Other Income (Expense)	53,839	(24,962)	-	28,877
NET INCOME BEFORE TAXES	(76,572)	25,759	-	(50,813)
PROVISION FOR INCOME TAX				
Current	-	-	-	-
NET INCOME	(76,572)	25,759	-	(50,813)
Retained Earnings (Accumulated Deficit)/Partners' Capital, Beginning	502,008	136,156	-	638,164
Distributions	(68,578)	(15,246)	-	(83,824)
Retained Earnings/Partners' Capital, Ending	$ 356,858	$ 146,669	$ -	$ 503,527

The accompanying notes are an integral part of these statements.

Creative Colors International, Inc. and Affiliate

Consolidating Schedule of Operations and Retained Earnings
For the Year Ended December 31, 2023

	Creative Colors International, Inc.	Creative Properties of Illinois, LLC	Consolidating Eliminations	Consolidated
INCOME				
Franchise Fees	$ 202,561	$ -	$ -	$ 202,561
Royalties from Franchisees	1,181,417	-	-	1,181,417
Sales of Supplies	364,480	-	-	364,480
Company Stores	602,365	-	-	602,365
Other Sales	163,114	-	-	163,114
Rental Income	-	114,704	-	114,704
Total Income	2,513,937	114,704	-	2,628,641
OPERATING COSTS AND EXPENSES				
Stores	421,398	-	-	421,398
Non-Stores	412,153	-	-	412,153
General and Administrative Expenses	1,696,527	102,776	-	1,799,303
Total Operating Costs and Expenses	2,530,078	102,776	-	2,632,854
OPERATING INCOME (LOSS)	(16,141)	11,928	-	(4,213)
OTHER INCOME AND (EXPENSES)				
Interest Income	4,712	-	-	4,712
Interest Expense	(16,605)	(25,992)	-	(42,597)
Other Income	26,555	-	-	26,555
Gain/(Loss) on Sale of Asset	37,850	-	-	37,850
Administrative Fees	4,652	-	-	4,652
Total Other Income (Expense)	57,164	(25,992)	-	31,172
NET INCOME (LOSS) BEFORE TAXES	41,023	(14,064)	-	26,959
PROVISION FOR INCOME TAX				
Current	-	-	-	-
NET INCOME (LOSS)	41,023	(14,064)	-	26,959
Retained Earnings/Partners' Capital, Beginning	573,904	162,720	-	736,624
Distributions	(112,921)	(12,500)	-	(125,421)
Retained Earnings/Partners' Capital, Ending	$ 502,006	$ 136,156	$ -	$ 638,162

The accompanying notes are an integral part of these statements.

EXHIBIT H
MASTER MOBILE UNIT LEASE AGREEMENT

This Master Equity Lease Agreement is entered into this ____________________, by and between *CREATIVE COLORS INTERNATIONAL, INC*., an Illinois corporation doing business as "CREATIVE COLORS INTERNATIONAL" ("Lessor"), and the lessee whose name and address is set forth on the signature page below ("Lessee")-

____

____

1. **LEASE OF VEHICLES**: Lessor hereby leases to Lessee and Lessee hereby leases from Lessor the vehicles ("Vehicle(s)") described in the schedules from time to time delivered by Lessor to Lessee as set forth below ("Schedule(s)") for the rentals and on the terms set forth in this Agreement and in the applicable Schedule. References to this "Agreement" shall include this Master Equity Lease Agreement, the various Schedules and addenda to this Master Equity Lease Agreement and all other related agreements, documents and instruments. Lessor will, on or about the date of delivery of each Vehicle to Lessee, send Lessee a Schedule covering the Vehicle which will include, among other things, a description of the Vehicle, the lease term and the monthly rental and other payments due with respect to the Vehicle. The terms contained in each Schedule will be binding on Lessee unless Lessee objects in writing to such Schedule within ten (10) days from the date of delivery of the Vehicle covered by such Schedule. This Agreement is a lease only and Lessor will at all times remain the owner of the Vehicles and Lessee will have no right, title or interest in or to the Vehicles except for the use of the Vehicles as described in this Agreement. This Agreement shall be treated as a true lease for federal and applicable state income tax purposes with Lessor having all benefits of ownership.

2. **TERM**: The term of this Agreement ("Term") for each Vehicle begins on the date such Vehicle is delivered to Lessee (the "Delivery Date") and, unless terminated earlier in accordance with the terms this Agreement, continues for the "Lease Term" as described in the applicable Schedule.

3. **RENT AND OTHER CHARGES**:

(a) Lessee agrees to pay Lessor monthly rental according to the Schedules and this Agreement. The monthly rental payments will be in the amount listed as the “Total Monthly Rental Including Additional Services” on the applicable Schedule and will be due and payable in advance on the first day of each month. If a Vehicle is delivered to Lessee on any day other than the first day of a month, monthly rental payments will begin on the first day of the next month. In addition to the monthly rental payments, Lessee agrees to pay Lessor a pro-rated rental charge for the number of days that the Delivery Date precedes the first rental payment date. A portion of each monthly rental payment, being the amount designated as "Depreciation Reserve" on the applicable Schedule, will be considered as a reserve for depreciation and will be credited against the Delivered Price of the Vehicle for purposes of computing the Book Value of the Vehicle under Section 3(c). Lessee agrees to pay Lessor the “Total Initial Charges” set forth in each Schedule on the due date of the first monthly rental payment under such Schedule.

(b) In the event the Term for any Vehicle ends prior to the last day of the scheduled

Term, whether as a result of a default by Lessee, a Casualty Occurrence or any other reason, the rentals and management fees paid by Lessee will be recalculated in accordance with the rule of 78's and the adjusted amount will be payable by Lessee to Lessor on the termination date.

(c) Lessee agrees to pay Lessor within thirty (30) days after the end of the Term for each Vehicle, additional rent equal to the excess, if any, of (i) the Book Value of such Vehicle over (ii) the greater of (A) the wholesale value of such Vehicle as determined by Lessor in good faith or (B) except as provided below, twenty percent (20%) of the Delivered Price of such Vehicle as set forth in the applicable schedule. If the Book Value of such Vehicle is less than the greater of (A) the wholesale value of such Vehicle as determined by Lessor in good faith or (B) except as provided below, twenty percent (20%) of the Delivered Price of such Vehicle as set forth in the applicable schedule, Lessor agrees to pay such deficiency to Lessee as a terminal rental adjustment within thirty (30) days after the end of the applicable Term. Notwithstanding the foregoing, if (i) the term for such Vehicle is greater than forty-eight (48) months, (ii) the mileage on such Vehicle at the end of the Term is greater than 15,000 miles per year on average (i.e., if the mileage on a Vehicle with a Term of thirty-six (36) months is greater than 45,000 miles) or (iii) in the sole judgment of Lessor, such Vehicle has been subject to damage or any abnormal or excessive wear and tear, the calculations described in the two immediately preceding sentences shall be made without giving effect to clause (B) in each such sentence. The "Book Value" of a Vehicle means the sum of (i) the "Delivered Price" of the Vehicle as set forth in the applicable Schedule minus (ii) the total Depreciation Reserve paid by Lessee to Lessor with respect to such Vehicle plus (iii) all accrued and unpaid rent and/or other amounts owed by Lessee with respect to such Vehicle.

(d) Any rental payment or other amount owed by Lessee to Lessor which is not paid within twenty (20) days after its due date will accrue interest, payable on demand of Lessor, from the date due until paid in full at a rate per annum equal to the lesser of (i) Eighteen Percent (18%) per annum or (ii) the highest rate permitted by applicable law.

(e) If Lessee fails to pay any amount due under this Agreement or to comply with any of the covenants contained in this Agreement, Lessor may, at its option, pay such amounts or perform such covenants and all sums paid or incurred by Lessor in connection therewith will be repayable by Lessee to Lessor upon demand.

4. **USE AND SURRENDER OF VEHICLES**: Lessee agrees to allow only duly authorized, licensed and insured drivers to use and operate the Vehicles. Lessee agrees to comply with, and cause its drivers to comply with, all laws, statutes, rules, regulations and ordinances and the provisions of all insurance policies affecting or covering the Vehicles or their use or operation. Lessee agrees to keep the Vehicles free of all liens, charges and encumbrances. Lessee agrees that in no event will any Vehicle be used or operated for transporting hazardous substances or persons for hire, for any illegal purpose or to pull trailers that exceed the manufacturer's trailer towing recommendations. Lessee agrees not to remove any Vehicle from the continental United States without first obtaining Lessor's written consent. At the expiration or earlier termination of this Agreement with respect to each Vehicle, or upon demand by Lessor made pursuant to Section 14, Lessee at its risk and expense agrees to return such Vehicle to Lessor at such place and by such reasonable means as may be designated by Lessor. If for any reason Lessee fails to return any Vehicle to Lessor as and when required in accordance with this section, Lessee agrees to pay Lessor additional rent for such Vehicle at twice the normal pro-rated daily rent. Acceptance of such additional rent by Lessor will in no way limit Lessor’s remedies with respect to Lessee’s failure to return any Vehicle as required hereunder.

5. **COSTS, EXPENSES, FEES AND CHARGES:** Lessee agrees to pay all costs, expenses, fees, charges, fines, tickets, penalties and taxes (other than federal and state income taxes on the income of Lessor) incurred in connection with the titling, registration, delivery, purchase, sale, rental, use or operation of the Vehicles during the Term. If Lessor incurs any such costs or expenses, Lessee agrees to promptly reimburse Lessor for the same.

6. **LICENSE AND CHARGES:** Each Vehicle will be licensed in Lessor's name at Lessee's expense. Certain other charges relating to the acquisition of each Vehicle and paid or satisfied by Lessor have been capitalized in determining the monthly rental, treated as an initial charge or otherwise charged to Lessee. Such charges have been determined without reduction for trade-in, exchange allowance or other credit attributable to any Lessor-owned vehicle.

7. **REGISTRATION PLATES, ETC.:** Lessee agrees, at its expense, to obtain in the name of Lessor all registration plates and other plates, permits, inspections and/or licenses required in connection with the Vehicles, except for the initial registration plates which Lessor will obtain at Lessee's expense. The parties agree to cooperate and to furnish any and all information or documentation which may be reasonably necessary for compliance with the provisions of this section or any federal, state or local law, rule, regulation or ordinance. Lessee agrees that it will not permit any Vehicle to be located in a state other than the state in which such Vehicle is then titled for any continuous period of time that would require such Vehicle to become subject to the titling and/or registration laws of such other state.

8. **IMPROVEMENTS & MAINTENANCE OF VEHICLES**: Lessee agrees, at its expense, to (a) maintain the Vehicles in good condition, repair, maintenance and running order and in accordance with all manufacturer's instructions and warranty requirements and all legal requirements and (b) furnish all labor, materials, parts, and other essentials required for the proper operation and maintenance of the Vehicles. Any alterations, additions, replacement parts or improvements to the Vehicles will become and remain the property of Lessor and will be returned with the Vehicles pursuant to Section 4. Notwithstanding the foregoing, so long as no Event of Default has occurred and is continuing, Lessee shall have the right to remove any additional equipment installed by Lessee on a Vehicle prior to returning such Vehicle to Lessor under Section 4. The value of such alterations, additions, replacement parts and improvements will in no instance be regarded as rent. Without the prior written consent of Lessor, Lessee will not make any alterations, additions, replacement parts or improvements to the Vehicles which detract from its economic value or functional utility. Lessor will not be required to make any repairs or replacements of any nature or description with respect to the Vehicles, to maintain or repair the Vehicles or to make any expenditure whatsoever in connection with the Vehicles or this Agreement.

9. **SELECTION OF VEHICLES AND DISCLAIMER OF WARRANTIES**:

(a) LESSEE ACCEPTANCE OF DELIVERY AND USE OF EACH VEHICLE WILL CONCLUSIVELY ESTABLISH THAT SUCH VEHICLE IS OF A SIZE, DESIGN, CAPACITY, TYPE AND MANUFACTURE SELECTED BY LESSEE AND THAT SUCH VEHICLE IS IN GOOD CONDITION AND REPAIR AND IS SATISFACTORY IN ALL RESPECTS AND IS SUITABLE FOR LESSEE'S PURPOSE. LESSEE ACKNOWLEDGES THAT LESSOR IS NOT A MANUFACTURER OF OR A DEALER IN ANY VEHICLE OR AN AGENT OF A MANUFACTURER OF OR A DEALER IN ANY VEHICLE.

(b) LESSOR MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, WITH RESPECT TO ANY VEHICLE, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY AS TO CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, OR WITH RESPECT TO INFRINGEMENT, TITLE OR THE LIKE, IT BEING AGREED THAT ALL SUCH RISKS ARE TO BE BORNE BY LESSEE. THE VEHICLES ARE LEASED "AS IS," "WITH ALL FAULTS." All warranties made by any Supplier, vendor and/or manufacturer are hereby assigned by Lessor to Lessee for the applicable Term and Lessee's only remedy, if any, is against the Supplier, vendor or manufacturer of the Vehicles. No defect, unfitness or lack of governmental approval regardless of the cause or consequence will relieve Lessee from the performance of its obligations under this Agreement, including the payment of rent.

(c) Lessor will not be liable to Lessee for any liability, claim, loss, damage (direct, incidental or consequential) or expense of any kind or nature, caused directly or indirectly, by any Vehicle or any inadequacy of any Vehicle for any purpose or any defect (latent or patent) in any Vehicle or the use or maintenance of any Vehicle or any repair, servicing or adjustment of or to any Vehicle, or any delay in providing or failure to provide any Vehicle, or any interruption or loss of service or use of any Vehicle, or any loss of business or any damage whatsoever and however caused. In addition, Lessor will have no liability to Lessee under this Agreement or under order authorization form executed by Lessee if Lessor is unable to locate or purchase a Vehicle ordered by Lessee or for any delay in delivery of any Vehicle ordered by Lessee.

10. **RISK OF LOSS**: Lessee assumes and agrees to bear the risk of loss of, theft of, damage to or destruction of any Vehicle from any cause whatsoever ("Casualty Occurrence"). No Casualty Occurrence to any Vehicle will relieve Lessee from its obligation to pay rent or to perform any of its other obligations under this Agreement. In the event of a Casualty Occurrence , Lessee shall give Lessor prompt notice of the Casualty Occurrence and thereafter will place the applicable Vehicle in good repair, condition and working order; provided, however, that if the applicable Vehicle is determined by Lessor to be lost, stolen, destroyed or damaged beyond repair (a "Totaled Vehicle"), Lessee agrees to pay Lessor no later than the date thirty (30) days after the date of the Casualty Occurrence the amounts owed under Sections 3(b) and 3(c) with respect to such Totaled Vehicle. Upon such payment, this Agreement will terminate with respect to such Totaled Vehicle.

11. **INSURANCE**: Lessee agrees to purchase and maintain in force during the Term, insurance policies in at least the amounts listed below covering each Vehicle, to be written by an insurance company satisfactory to Lessor, insuring Lessee and Lessor against any damage, claim, suit, action or liability:

(a) Commercial Automobile Liability, including Uninsured/Underinsured Motorist Coverage and No-Fault Protection ($5,000,000 for Vehicles capable of transporting more than 8 passengers):

(b)

<u>State of Vehicle Registration</u>	<u>Coverage</u>

Connecticut, Massachusetts, Maine, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont	$1,000,000 Combined Single Limit Bodily Injury and Property Damage - No Deductible
Florida	$500,000 Combined Single Limit Bodily Injury and Property Damage or $100,000 Bodily Injury Per Person, $300,000 Per Occurrence and $50,000 Property Damage (100/300/50) - No Deductible
All Other States	**$300,000 Combined Single Limit Bodily Injury and Property Damage or $100,000 Bodily Injury Per Person, $300,000 Per Occurrence and $50,000 Property Damage (100/300/50) - No Deductible**

(b) Physical Damage (Collision & Comprehensive: Actual cash value of the applicable Vehicle. Maximum deductible of $500 per occurrence - Collision and $250 per occurrence - Comprehensive).

If the requirements of any governmental or regulatory agency exceed the minimums stated in this Agreement, Lessee must obtain and maintain the higher limits. Lessee agrees that each required policy of insurance will by appropriate endorsement or otherwise name Lessor as an additional insured and as a loss payee, as its interests may appear. Further, each such insurance policy must provide the following: (i) that the same may not be cancelled, changed or modified until after the insurer has given to Lessor or its assigns at least a thirty (30) day prior written notice of such proposed cancellation, change or modification, (ii) that no act or default of Lessee or any other person shall affect the right of Lessor to recover under such policy or policies of insurance in the event of any loss of or damage to any Vehicle and (iii) that the coverage is "primary coverage" for the protection of Lessee and Lessor notwithstanding any other coverage carried by Lessee or Lessor protecting against similar risks. Original certificates evidencing such coverage and naming Lessor as an additional insured and loss payee, shall be furnished to Lessor prior to the Delivery Date, and annually thereafter and/or as reasonably requested by Lessor from time to time. In the event of default, Lessee hereby appoints Lessor as Lessee's attorney-in-fact to receive payment of, to endorse all checks and other documents and to take any other actions necessary to pursue insurance claims and recover payments if Lessee fails to do so. Any expense of Lessor in adjusting or collecting insurance shall be borne by Lessee.

Lessee, its drivers, servants and agents agree to cooperate fully with Lessor and any insurance carriers in the investigation, defense and prosecution of all claims or suits arising from the use or operation of any Vehicle. If any claim is made or action commenced for death, personal injury or property damage resulting from the ownership, maintenance, use or operation of any Vehicle, Lessee will promptly notify Lessor of such action or claim and forward to Lessor a copy of every demand, notice, summons or other process received in connection with such claim or action.

12. **INDEMNITY**: Lessee agrees to indemnify Lessor from and against any and all losses, damages, liabilities, suits, claims, demands, expenses and costs (including, without limitation, reasonable attorneys' fees and expenses) which Lessor may incur by reason of Lessee's breach or violation of, or failure to observe or perform, any term, provision or covenant of this Agreement, or as a result of any loss, damage, theft or destruction of any Vehicle or related to or arising out of or in connection with the use, operation or condition of any Vehicle.

13. **INSPECTION OF VEHICLES; ODOMETER DISCLOSURE**: Lessee agrees to accomplish, at its expense, all inspections of the Vehicles required by any governmental authority during the Term. Lessor will have the right to inspect any Vehicle at any reasonable time(s) during the Term and for this purpose to enter into or upon any building or place where any Vehicle is located. Lessee agrees to comply with all odometer disclosure laws, rules and regulations and to provide such written and signed disclosure information on such forms and in such manner as directed by Lessor. Providing false information or failure to complete the odometer disclosure form as required by law may result in fines and/or imprisonment.

14. **DEFAULT; REMEDIES**: The following shall constitute events of default ("Events of Default") by Lessee under this Agreement: (a) if Lessee fails to pay when due any rent or other amount due under this Agreement; (b) if Lessee fails to perform, keep or observe any other term, provision or covenant contained in this Agreement; (c) any seizure or confiscation of any Vehicle or any other act (other than a Casualty Occurrence) otherwise rendering any Vehicle unsuitable for use (as determined by Lessor); (d) the occurrence of a material adverse change in the financial condition or business of Lessee; or (e) if Lessee is in default under or fails to comply with any other present or future agreement with or in favor of Lessor.

Upon the occurrence of any Event of Default, Lessor, without notice to Lessee, will have the right to exercise concurrently or separately (and without any election of remedies being deemed made), the following remedies: (a) Lessor may demand and receive immediate possession of any or all of the Vehicles from Lessee, without releasing Lessee from its obligations under this Agreement; if Lessee fails to surrender possession of the Vehicles to Lessor on default (or termination or expiration of the Term), Lessor and its agents and independent contractors shall have the right to enter upon any premises where the Vehicles may be located and to remove and repossess the Vehicles; (b) Lessor may enforce performance by Lessee under this Agreement; (c) Lessor may recover damages and expenses sustained by Lessor by reason of Lessee's default including, to the extent permitted by applicable law, all costs and expenses, including court costs and attorneys' fees and expenses, incurred by Lessor in attempting or effecting enforcement of its rights under this Agreement (whether or not litigation is commenced) and/or in connection with bankruptcy or insolvency proceedings; (d) upon written notice to Lessee, Lessor may terminate Lessee's rights under this Agreement; (e) with respect to each Vehicle, Lessor may recover from Lessee all amounts owed by Lessee under Sections 3(b) and 3(c) of this Agreement (and, if Lessor does not recover possession of a Vehicle, (i) the estimated wholesale value of such Vehicle for purposes of Section 3(c) shall be deemed to be $0.00 and (ii) the calculations described in the first two sentences of Section 3(c) shall be made without giving effect to clause (B) in each such sentence); and/or (f) Lessor may exercise any other right or remedy which may be available to Lessor under the Uniform Commercial Code, any other applicable law or in equity. A termination of this Agreement shall occur only upon written notice by Lessor to Lessee. Any termination shall not affect Lessee's obligation to pay all amounts due for periods prior to the effective date of such termination or Lessee's obligation to pay any indemnities under this Agreement. All remedies of Lessor under this Agreement or at law or equity are cumulative.

15. **ASSIGNMENTS**: Lessor may from time to time (a) assign, pledge or transfer this Agreement and/or any or all of its rights or interests under this Agreement and/or (b) grant a security interest in or lien on any or all of the Vehicles to secure indebtedness of Lessor. Lessee agrees, upon notice of any such assignment, security interest or lien, to acknowledge receipt thereof in writing and, as instructed in such notice, pay all amounts due or to become due under this Agreement to such assignee or secured party. Each such assignee or secured party will have all of the rights of Lessor under this Agreement but none of Lessor's obligations or duties under this Agreement other than Lessor's obligations under Section 3(c) of this Agreement. Lessee agrees that it will not assert against any such assignee or secured party any defense, offset, claim or counterclaim which Lessee may be entitled to assert against Lessor under this Agreement or otherwise, but any such claim may be separately asserted against Lessor. Lessee's rights and interest in and to the Vehicles are and will continue at all times to be subject and subordinate in all respects to any assignment or security agreement now or hereafter executed by Lessor with or in favor of any such assignee or secured party, provided that Lessee shall have the right of quiet enjoyment of the Vehicles so long as no Event of Default under this Agreement has occurred and is continuing.

Without the prior written consent of Lessor, Lessee may not assign, sublease, transfer or pledge this Agreement, any Vehicle, or any interest in this Agreement or in and to any Vehicle or permit its rights under this Agreement or any Vehicle to be subject to any lien, charge or encumbrance. Lessee's interest in this Agreement is not assignable and cannot be assigned or transferred by operation of law. Lessee will not transfer or relinquish possession of any Vehicle (except for the sole purpose of repair or service of such Vehicle) without the prior written consent of Lessor.

16. MISCELLANEOUS: This Agreement contains the entire understanding of the parties. Any modification, change or amendment may be made only by an instrument in writing executed by the parties. If any term or provision of this Agreement or any application of any such term or provision is invalid or unenforceable, the remainder of this Agreement and any other application of such term or provision will not be affected thereby. Giving of all notices under this Agreement will be sufficient if mailed by certified mail to a party at its address set forth below or at such other address as such party may provide in writing from time to time. Any such notice mailed to such address will be effective one (1) day after deposit in the United States mail, duly addressed, with certified mail, postage prepaid. Lessee will promptly notify Lessor of any change in Lessee's address. This agreement may be executed in multiple counterparts (including telecopy counterparts), but the counterpart marked "ORIGINAL" by Lessor will be the original lease for purposes of applicable law. All of the representations, warranties, covenants, agreements and obligations of each Lessee under this Agreement (if more than one) are joint and several.

17. SUCCESSORS AND ASSIGNS; GOVERNING LAW: Subject to the provisions of Section 15, this Agreement will be binding upon Lessee and its heirs, executors, personal representatives, successors and assigns, and will inure to the benefit of Lessor and its successors and assigns. This Agreement will be governed by and construed in accordance with the substantive laws of the state where Lessor's office is located (as set forth below), which law will apply in the event of any conflict of law.

Unit being leased over the ______ month lease term:

Year:____________ Make:____________ Model:_______________

Color:________________ Unit #:_________________

VIN#:____

IN WITNESS WHEREOF, Lessor and Lessee have duly executed this Master Equity Lease Agreement as of the day and year first above written.

LESSEE: Creative Colors International LESSOR: Creative Colors International, Inc.,Dba--
an Illinois Corporation

Individually:

________________________________ ___________________________________

Print Name: By: Mark J. Bollman
Title: President

________________________________ Address: 19015 S. Jodi Road, Suite E
Sign Name Mokena, IL 60448

____

Print Name:

____

Sign Name

Address: ________________________

____

Company:

____

Print Name:

____

Title

____
Sign Name

Address: ____________________________

____

Exhibit I
Franchise Disclosure Document State Addenda

Following this page are addenda for the States of California, Illinois, Indiana, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota and Washington.

If you are a resident of one of these states or your proposed franchise business location is in one of these states or you will be operating in one of these states, please read the addendum for the relevant state(s), and the addendum to the Franchise Agreement that may apply to your transaction with us.

CALIFORNIA

"THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT."

Neither Creative Colors International, Inc., any person or franchise broker in Item 2 of this Franchise Disclosure Document 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 this association or exchange.

Item 17 shall be amended to include the following language:

> "Section XXIX requires binding arbitration. The arbitration will occur in Chicago, Illinois with the cost being borne by us and you. This provision may not be enforceable under California law.
>
> Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
>
> Section 31125 of the franchise investment law requires us to give you a disclosure document, approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your franchise agreement.
>
> California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control."

Relative to the covenant not to compete: "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."

Relative to the no-poach/non-solicitation: "The franchisor will not enforce in California the prohibition on franchisee or its employees employing or soliciting for employment any current or former employee of franchisor or its affiliates (also known as a no-poach/non-solicitation provision) that is disclosed in Item 17, row q, and is contained in section XVI.C of the Franchise Agreement and section 7 and 8 of an employee's Confidentiality Agreement and Ancillary Covenants Not to Compete."

Relative to the provision for termination upon bankruptcy: "This provision may not be enforceable under federal bankruptcy law". (11 USCA Sec.101 et seq.)

The franchise agreement requires application of the laws and the use of the forum of another state: "The franchise agreement requires the use of the forum and the application of the law of Illinois. This provision may not be enforceable under California law."

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

THE FRANCHISE AGREEMENT REQUIRES YOU TO SIGN A GENERAL RELEASE OF CLAIMS UPON RENEWAL OR TRANSFER OF THE FRANCHISE AGREEMENT. CALIFORNIA CORPORATIONS CODE SECTION 31512 PROVIDES THAT ANY CONDITION, STIPULATION OR PROVISION PURPORTING TO BIND ANY PERSON ACQUIRING ANY FRANCHISE TO WAIVE COMPLIANCE WITH ANY PROVISION OF THAT LAW OR ANY RULE OR ORDER IS VOID. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043).

OUR WEBSITE IS HTTP://WWW.CREATIVECOLORSINTL.COM. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

ILLINOIS

Notwithstanding anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Illinois:

1. Illinois law shall apply to and govern the Franchise Agreement.
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

3. Franchisees' right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with section 41 of the Illinois Franchise Disclosure Act, 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.
5. 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.

INDIANA

The Risk Factors on the cover page of the Offering Circular shall be amended by the addition of the following language:

> THE FRANCHISE AGREEMENT STATES THAT ILLINOIS LAW GOVERNS THE AGREEMENT (EXCEPT THAT THE FRANCHISE AND RELATED AGREEMENTS SHALL BE INTERPRETED AND CONSTRUED UNDER THE INDIANA FRANCHISE LAWS) AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

Item 5 and Item 17(c) is amended by the addition of the following language to the original language that appears therein:

> "Indiana law prohibits franchisors from requiring its franchisees to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability under Indiana Code 23-2-2.7-1(5)."

Item 6, under Attorney Fees and Costs, shall be amended by the addition of the following language to the original language that appears therein:

> "Indiana law prohibits the limitation of litigation brought for breach of the agreement in any manner whatsoever under Indiana Code 23-2-2.7-1(10)."

Item 8 is amended by the addition of the following language to the original language that appears therein:

> "Indiana law prohibits Franchisor from obtaining money, goods, services or any other benefit from any other person with whom the Franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the Franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee under Indiana Code 23-2-2.7-1(4) and Indiana Code 23-2-2.7-2(6)."

Item 17(r) is amended by the addition of the following language to the original language that appears therein:

> "Indiana law prohibits covenants not to compete in an area greater than the exclusive area granted by the franchise agreement under Indiana Code 23-2-2.7-1(9)."

Item 17(v) and Item 17(w) is amended by the addition of the following language to the original language that appears therein:

> "Indiana law prohibits the limitation of litigation brought for breach of the Agreement in any manner whatsoever under Indiana Code 23-2-2.7-1(10)."

Item 17 shall be amended to include the following language at the end of the table:

> "THE conditions under which a franchise can be terminated and your rights upon non-renewal may be affected by Indiana Code 23-2-2.5 and Indiana Code 23-2-2.7. If the franchise agreement contains a provision that is inconsistent with Indiana law, Indiana law will control."

Exhibit D.10 of the Installment Collateral Note is amended by the addition of the following language:

> "Indiana law prohibits the limitation of litigation brought for breach of the Agreement in any manner whatsoever. Any provision which designates jurisdiction or venue in a forum outside of Indiana is void with respect to any cause of action which is otherwise enforceable in Indiana. The Franchise Agreement and all related agreements shall be interpreted and construed under the Indiana Franchise Laws, except to the extent governed by the United States Trademark Act of 1946."

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.

MARYLAND

All state specific changes for this state apply to residents of this state, without respect to their franchise location, and to non-residents who will operate their franchise in this state.

Item 17.c. is amended by the addition of the following language to the original language:

> "The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Distribution and Disclosure Law."

Item 17.m. is amended by the addition of the following language to the original language:

"The general release required as a condition of transfer not apply to any liability under the Maryland Franchise Distribution and Disclosure Law."

Item 17.v. is amended by the addition of the following language to the original language:

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

Item 17. is amended by the addition of the following language to the original language:

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

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

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.

MINNESOTA

The Franchise Disclosure Document shall be amended for Franchisees in Minnesota as follows:

1. Item 6 is revised to provide that the NSF Fee is $30 per occurrence (and not $50 per occurrence).

2. MINN. STAT. SECTION 80C.21 and MINNESOTA RULES 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in MINN. STAT. CHAPTER 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

3. With respect to franchises governed by Minnesota law, the franchisor will comply with MINN. STAT. SECTION 80C.14 SUBD. 3-5, which require (except in certain specified cases)

   a. 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 and

   b. that consent to the transfer of the franchise will not be unreasonably withheld.

4. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to MINN. STAT. SECTION 80C.12 SUBD. 1(G). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

5. MINNESOTA RULES 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

6. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See MINNESOTA RULES 2860.4400(J) also, a court will determine if a bond is required.

7. Any Limitations of Claims section must comply with MINN. STAT. SECTION 80C.17 SUBD. 5.

8. 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.

NEW YORK

1. The following information is added to the state cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRASTORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

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

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

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

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

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

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend,**" and Item 17(m), entitled "**Conditions for franchisor approval of transfer"**:

> However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**": You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "Choice of law":

> The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York

6. 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.

RHODE ISLAND

The Rhode Island Securities Division requires the following specific disclosures to be made to prospective Rhode Island franchisees:

In spite of the provisions of Item 17v and Item 17w of the disclosure document, any litigation or arbitration arising under the Franchise Agreement will take place in Rhode Island or other place mutually agreed to by the franchisee and franchisor. To the extent required by Section 19-28.1-14 of the Rhode Island Franchise Investment Act, the Franchise Agreement will be governed by the laws of the State of Rhode Island.

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.

SOUTH DAKOTA

The Franchise Agreement includes a covenant not to compete after termination of the franchise. Covenants not to compete upon termination or expiration of the franchise agreement are generally unenforceable in the State of South Dakota, except in certain instances provided by law.

The franchise Agreement provides for arbitration in Illinois. Under South Dakota law, arbitration must be conducted in a mutually agreed upon site in accordance with Section 11 of the Commercial Arbitration Rules of the American Arbitration Association.

The Franchise Agreement designates Illinois law as the governing law, except that the arbitration clause is to be construed under the Federal Arbitration Act. Franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but contractual and all other matters, will be subject to application, construction, enforcement, and interpretation under the governing law of Illinois.

Any provision in a franchise agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue outside South Dakota is void with respect to any cause of action which is governed by the law of South Dakota.

Under South Dakota law, termination provisions covering breach of the franchise agreement, failure to meet performance and quality standards, and failure to make payments contained in the disclosure document and franchise agreement must afford a franchisee thirty (30) days written notice with an opportunity to cure the default prior to termination.

Pursuant to SDL 37-5A86, any condition, stipulation or provision purporting to waive compliance with any provision of this chapter or any rule or order under it is void. Any acknowledgment provision, disclaimer or integration clause or a provision having a similar effect in a franchise agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate this chapter or a rule or order under this chapter.

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.

VIRGINIA

The following statements are added to Item 5 and 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."

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.

WASHINGTON

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 are 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. Nonsolicitation 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 Acknowledgments. 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.

EXHIBIT J
STATE ADDENDA

Following this page are addenda to the Franchise Agreement and other documents noted.

1. California (also Exhibit K, Confidentiality Agreement and Ancillary Covenants Not to Compete)
2. Hawaii
3. Illinois
4. Indiana
5. Minnesota
6. New York
7. North Dakota
8. South Dakota
9. Washington
10. Wisconsin

You must sign the signature page for this exhibit if:
(1) you are an individual resident of any of these states; or
(2) you are an entity formed in any of these states; or
(3) you are an entity with your principal place of business in any of these states; or
(4) your franchised business will be in any of these states.

If none of these conditions apply, then this exhibit is not applicable to you.

CALIFORNIA Addendum to Franchise Agreement

Notwithstanding anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of California:

1. Item 6 of the Franchise Disclosure Document on “Other Fees” is amended by the addition of the following:

   The highest interest rate allowed in California is 10%.

2. The Franchisor reserves the right to establish alternative channels of distribution within the Franchisee’s Area of Primary Responsibility/Exclusive Territory.

3. Item 17 of the Franchise Disclosure Document on "Renewal, Termination, Transfer and Dispute Resolution" is amended by the addition of the following:

   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.

4. “The earnings claims figure(s) does (do) not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.”

5. The franchise agreement requires binding arbitration. The arbitration will occur in Chicago, Illinois, with the costs being borne by Franchisor and Franchisee.

6. The franchise agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision is not enforceable under California law.

7. Subsection XVI(C)(2) of the Franchise Agreement is hereby deleted.

8. Section XXVI of the Franchise Agreement shall be amended to delete the following:

   “No other representation has induced Franchisee to execute this Agreement, and there are no representations, inducements, promises, or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with reference to this Agreement or otherwise.”

   The remainder of Section XXVI remains in full force and effect.

9. Section XXXIII(B) of the Franchise Agreement is hereby deleted.

10. Any condition, stipulation or provision in the Agreement which would result in your waiver of compliance with any provision of the California Franchise Relations Act is void to the extent that the contractual provision violates this act.

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

CALIFORNIA Addendum to Exhibit K, (Confidentiality Agreement and Ancillary Covenants Not to Compete)

Notwithstanding anything to the contrary in the Confidentiality Agreement and Ancillary Covenant Not to Compete, the following provision will supersede and apply to all franchises offered and sold in the State of California:

1. Subsections 7(b) and 8(d) of the Confidentiality Agreement and Ancillary Covenant Not to Compete shall be deleted and stricken in their entirety for California Franchisees.

IN WITNESS WHEREOF, the parties hereto have duly executed this document for the state of California as of the Effective Date of the Franchise Agreement between the parties.

FRANCHISOR:
CREATIVE COLORS INTERNATIONAL, INC.

By: ______________________________
Printed Name: ______________________
Title: ____________________________

Date: ____________________________

FRANCHISEE:
Entity name (if any):

By: ______________________________
Printed Name: ______________________
Title: ____________________________

By: ___________________________
Printed Name: ___________________
Title: _________________________

HAWAII

Notwithstanding anything to the contrary in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Hawaii:

1. Any provision of the Agreement that requires you, at the time you enter into the Agreement, to assent to a release, assignment, novation, or waiver which would relieve any person from liability imposed by Hawaii Franchise Investment Law is deleted from the Agreement.

2. 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.

IN WITNESS WHEREOF, the parties hereto have duly executed this document for the state of Hawaii as of the Effective Date of the Franchise Agreement between the parties.

FRANCHISOR: CREATIVE COLORS INTERNATIONAL, INC.	FRANCHISEE: Entity name (if any):
By: ______________________	By: ______________________
Printed Name: ______________________	Printed Name: ______________________
Title: ______________________	Title: ______________________
Date: ______________________	

ILLINOIS

Notwithstanding anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Illinois:

1. Illinois law shall apply to and govern the Franchise Agreement.

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

3. Franchisees' right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. In conformance with section 41 of the Illinois Franchise Disclosure Act, 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.

5. 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.

IN WITNESS WHEREOF, the parties hereto have duly executed this document for the state of Illinois as of the Effective Date of the Franchise Agreement between the parties.

FRANCHISOR: CREATIVE COLORS INTERNATIONAL, INC.	FRANCHISEE: Entity name (if any):
By: ______________________________	By: ______________________________
Printed Name: ______________________	Printed Name: ______________________
Title: ____________________________	Title: ____________________________
Date: ____________________________	

INDIANA

Notwithstanding anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Indiana:

Section II.B.7 and Section XIX shall be amended by the addition of the following language:

"Indiana law prohibits franchisors from requiring its franchisees to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability under Indiana Code 23-2-2.7-1(5)."

Section XVI is amended by the addition of the following language to the original language that appears therein:

"Indiana law prohibits covenants not to compete in an area greater than the exclusive area granted by the franchise agreement under Indiana Code 23-2-2.7-1(9)."

Section XVII is amended by the addition of the following language to the original language that appears therein:

"Unilateral termination of the franchise is not permitted under Indiana law if such termination is without good cause or in bad faith. Good cause within the meaning of Indiana law includes any material violation of the Franchise Agreement. The conditions under which a franchise can be terminated and your rights upon non-renewal will be affected by Indiana Code 23-2-2.5 and Indiana Code 23-2-2.7"

Section XVIII is amended by the addition of the following language to the original language that appears therein:

"Franchisor shall not permit a franchise to fail to renew without good cause or in bad faith. However, Indiana law does not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if Franchisee meets certain conditions specified in the agreement."

Section XVIII and Section XX are amended by the addition of the following language to the original language that appears therein:

"Franchisee is required to indemnify Franchisor from all claims arising out of Franchisor's operation of the Franchised Business, except that Franchisee is not required to indemnify Franchisor for claims arising from Franchisor's negligence or misconduct."

Section XVIII is amended to read as follows or to include the following language:

A. "In the event of an alleged breach of Paragraph VI, VII or VIII of the Franchise Agreement, Franchisor shall be entitled to seek immediate equitable remedies, including without limitation, restraining orders and injunctive relief in order to safeguard such proprietary and confidential information."

B. "Franchisee is not responsible for tortious claims arising from Franchisor's gross negligence or willful misconduct in the making of or causing of such changes necessary in Franchisor's protection of its Marks."

Section XXV.B. shall be amended by the addition of the following language to the original language that appears therein:

"Indiana law prohibits the limitation of litigation brought for breach of the agreement in any manner whatsoever under Indiana Code 23-2-2.7-1(10)."

Section XXVIII is amended by the addition of the following language to the original language that appears therein:

"Indiana prohibits the limitation of litigation brought for breach of the Agreement in any matter whatsoever under Indiana Code 23-2-2.7-1(10). Any provision which designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue in a forum outside of Indiana is void with respect to any cause of action which is otherwise enforceable in Indiana. The Franchise Agreement and all related agreements shall be interpreted and construed under the Indiana Franchise Laws, except to the extent governed by the United States Trademark Act of 1946."

Section XXIX is amended by the addition of the following language to the original language that appears therein:

"The Franchise Agreement provides that any disputes between the parties shall be arbitrated in Cook County, Illinois. However, in the event that an Indiana franchisee elects to arbitrate in the state of Indiana, arbitration shall take place at a mutually appointed time and place in Indiana."

Exhibit B is amended by the addition of the following language to the original language that appears therein:

"Notwithstanding the foregoing, a prospective general release of claims for liability imposed under the Indiana Deceptive Practices Act is specifically prohibited under Indiana Code 23-2-2.7-1(5)."

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.

IN WITNESS WHEREOF, the parties hereto have duly executed this document for the state of Indiana as of the Effective Date of the Franchise Agreement between the parties.

FRANCHISOR: CREATIVE COLORS INTERNATIONAL, INC.	FRANCHISEE: Entity name (if any):
By: ______________________________	By: ______________________________
Printed Name: ______________________	Printed Name: ______________________
Title: ____________________________	Title: ____________________________
Date: ____________________________	

MARYLAND – Franchise Agreement

All state specific changes for this state apply to residents of this state, without respect to their franchise location, and to non-residents who will operate their franchise in this state.

Notwithstanding anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Maryland:

1. Paragraph II.B.9 of the Franchise Agreement on Renewal, and Paragraph XIX.B.2.c.(8) of the Franchise Agreement on Transfer by Franchisee are amended by the addition of the following language to the original languages:

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

2. Paragraph XXXIII.B of the Franchise Agreement shall be deleted in its entirety.

3. Paragraph XXVIII.B. of the Franchise Agreement on Jurisdiction shall be amended by the addition of the following language to the original language:

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

4. The Franchise Agreement shall be amended by the addition of the following new Paragraph XXXVIII:

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

5. The Franchise Agreement shall be amended by the addition of the following new Paragraph XXXIX:

   XXXIX. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

6. 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.

IN WITNESS WHEREOF, the parties hereto have duly executed this document for the state of Maryland as of the Effective Date of the Franchise Agreement between the parties.

FRANCHISOR: CREATIVE COLORS INTERNATIONAL, INC.	FRANCHISEE: Entity name (if any):
By: ______________________ Printed Name: ______________________ Title: ______________________	By: ______________________ Printed Name: ______________________ Title: ______________________
Date: ______________________	
	By: ______________________ Printed Name: ______________________ Title: ______________________

MINNESOTA

This Addendum is to a Franchise Agreement ("FA"), dated, ________________ 20__ between Creative Colors International, Inc. and ____(Franchisee) to amend said Agreement as follows:

1. All payments under this Agreement that are not honored for any reason will be charged a fee of $30.00 to help offset bank charges and administrative expenses. This fee will be in addition to any late fee or interest that may accrue because of insufficient funds.

   Modifies: FA - Section XI.C.

2. MINN. STAT. SECTION 80C.21 and MINNESOTA RULES 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in MINN. STAT. CHAPTER 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

   Modifies: FA - Sections XXVIII, XXXIII.B, and XXXVII;
   ADA - Section 16.D.; and

3. With respect to franchises governed by Minnesota law, the franchisor will comply with MINN. STAT. SECTION 80C.14 SUBD. 3-5, which require (except in certain specified cases)

   a. 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 and

   b. that consent to the transfer of the franchise will not be unreasonably withheld.

   Modifies: FA - Article XVII;
   ADA - Article 11; and

4. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to MINN. STAT. SECTION 80C.12 SUBD. 1(G). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

   Modifies: FA - Article VI; and

5. MINNESOTA RULES 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

   Modifies: FA - Paragraph II.B.9 on Renewal, and Paragraph XIX.B.2.c(8) on Transfer by Franchisee

   The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may <u>seek</u> injunctive relief. See MINNESOTA RULES 2860.4400(J) also, a court will determine if a bond is required.

   Modifies: FA - Paragraphs VIII.E. and XXVIII.D; and
   ADA - Paragraph 16.A.

6. Any Limitations of Claims section must comply with MINN. STAT. SECTION 80C.17 SUBD. 5.

7. 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.

IN WITNESS WHEREOF, the parties hereto have duly executed this document for the state of Minnesota as of the Effective Date of the Franchise Agreement between the parties.

FRANCHISOR: CREATIVE COLORS INTERNATIONAL, INC.	FRANCHISEE: Entity name (if any):
By: ______________________________	By: ______________________________
Printed Name: ______________________	Printed Name: ______________________
Title: ____________________________	Title: ____________________________
Date: ____________________________	

NEW YORK

Notwithstanding anything to the contrary in the Franchise Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of New York:

1. Section 7.A. of the Franchise Agreement under the heading "CONFIDENTIAL MANUALS", shall be amended by adding the following language to the end of Section 7.A.:

> "The changes to the Confidential Manuals contemplated by this Section shall not impose an unreasonable economic burden on Franchisee or unreasonably increase Franchisee's obligations under this Agreement."

2. Section 19.A. of the Franchise Agreement shall be amended by adding the following language:

> "However, no assignment shall be made by Franchisor except to an assignee who, in the good faith judgment of Franchisor, is willing and able to assume Franchisor's obligations under this Agreement."

3. Section 17.A. of the Franchise Agreement shall be amended by adding the following language:

> "Franchisee may terminate this Agreement under any grounds available under the New York General Business Law."

4. Section 28 of the Franchise Agreement and shall be amended by adding the following language:

> "This provision is not a waiver of any right conferred upon Franchisee by the General Business Law of the State of New York, Article 33."

7. You must make minimum royalty, advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

8. 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.

IN WITNESS WHEREOF, the parties hereto have duly executed this document for the state of New York as of the Effective Date of the Franchise Agreement between the parties.

FRANCHISOR:	FRANCHISEE:
CREATIVE COLORS INTERNATIONAL, INC.	Entity name (if any):
By: ______________________	By: ______________________
Printed Name: ______________________	Printed Name: ______________________
Title: ______________________	Title: ______________________
Date: ______________________	

NORTH DAKOTA

Notwithstanding anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of North Dakota:

1. Covenants not to compete upon termination or expiration of the Agreement are subject to Section 9-08-06, N.D.C.C., and may be generally unenforceable in the State of North Dakota.

2. North Dakota law applies to this transaction and supersedes any conflicting provisions of the Agreement or Illinois law.

3. 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.

IN WITNESS WHEREOF, the parties hereto have duly executed this document for the state of North Dakota as of the Effective Date of the Franchise Agreement between the parties.

FRANCHISOR: CREATIVE COLORS INTERNATIONAL, INC.	FRANCHISEE: Entity name (if any):
By: ______________________	By: ______________________
Printed Name: ______________________	Printed Name: ______________________
Title: ______________________	Title: ______________________
Date: ______________________	
	By: ______________________
	Printed Name: ______________________
	Title: ______________________

SOUTH DAKOTA

Notwithstanding anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of South Dakota:

1. Covenants not to compete upon termination or expiration of the Agreement are generally unenforceable in the State of South Dakota, except in certain instances as provided by law.

2. Franchise registration, employment, covenants not to compete and other matters of local concern will be governed by the laws of the State of South Dakota. As to contractual and all other matters, the Agreement will be and remain subject to the construction, enforcement and interpretation of the laws of Illinois.

3. Termination provisions covering breach of the Agreement, failure to meet performance and quality standards, and failure to make payments contained in the Agreement will afford you 30 days written notice with an opportunity to cure said default prior to termination.

4. REGISTRATION OF THIS FRANCHISE DOES NOT CONSITITUTE APPROVAL OR RECOMMENDATION OF THE FRANCHISE BY THE DIRECTOR.

   To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Agreement or exhibits or attachments thereto, the terms of this Addendum will govern.

5. 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.

IN WITNESS WHEREOF, the parties hereto have duly executed this document for the state of South Dakota as of the Effective Date of the Franchise Agreement between the parties.

FRANCHISOR: CREATIVE COLORS INTERNATIONAL, INC.	FRANCHISEE: Entity name (if any):
By: ______________________________	By: ______________________________
Printed Name: ______________________	Printed Name: ______________________
Title: _____________________________	Title: _____________________________
Date: _____________________________	
	By: __________________________
	Printed Name: __________________
	Title: ________________________

WASHINGTON

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, 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 are 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. **Nonsolicitation 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 Acknowledgments**. 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.

The undersigned parties do hereby acknowledge receipt of this Addendum.
Dated this _______________ day of ____________________________________ 20______.

FRANCHISOR:	FRANCHISEE:
CREATIVE COLORS INTERNATIONAL, INC.	Entity name (if any):
By: ____________________________________	By: ____________________________________
Printed Name: ____________________________	Printed Name: ____________________________
Title: __________________________________	Title: __________________________________
Date: __________________________________	
	By: ________________________________
	Printed Name: ______________________
	Title: ____________________________

WISCONSIN

Notwithstanding anything to the contrary in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Wisconsin:

1. The Wisconsin Fair Dealership Law, Chapter 135, Stats. Supersedes any provisions of the Agreement that are inconsistent with that law.

2. 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.

IN WITNESS WHEREOF, the parties hereto have duly executed this document for the state of Wisconsin as of the Effective Date of the Franchise Agreement between the parties.

FRANCHISOR: CREATIVE COLORS INTERNATIONAL, INC.	FRANCHISEE: Entity name (if any):
By: ______________________________	By: ______________________________
Printed Name: ______________________	Printed Name: ______________________
Title: ____________________________	Title: ____________________________
Date: ____________________________	
	By: ___________________________
	Printed Name: ___________________
	Title: _________________________

EXHIBIT K TO FRANCHISE DISCLOSURE DOCUMENT
(Employee)

CONFIDENTIALITY AGREEMENT, PROPRIETARY RIGHTS AND NON-COMPETITION AGREEMENT

This Confidentiality Agreement, Proprietary Rights and Non-Competition Agreement (the "Agreement") is made and entered into on _____________________, among _____________________ ("Franchisee") and _______________________ ("Employee"). Franchisee and Employee are sometimes collectively referred to as the "Parties", and each is a "Party".

RECITALS

A. Creative Colors International, Inc., an Illinois corporation ("Franchisor") has the right to use and license the use of a "System" for the operation of a Franchised Businesses relating to the establishment, development and operation of such businesses specializing in providing services for the repair, coloring, cleaning and restoration of leather, cloth, vinyl, velour, plastics and other upholstery surfaces; upholstering furniture, booths, tables and similar items; and providing related services on a mobile basis, primarily to commercial customers (referred to as "Accounts").

B. The System is identified by the "Mark," "CREATIVE COLORS INTERNATIONAL" or "CCI" and includes "Confidential Information" which provides economic advantages to Franchisor, franchisees, and other licensed users of the System.

C. Confidential Information means all proprietary and confidential information, including trade secrets relating to the establishment and operation of Franchised Businesses, including without limitation: (i) the System, (ii) Franchisor's standards, operating procedures, drawings, techniques, equipment, products, inventory Supplier standards and specifications; (iii) advertising and marketing programs and plans; (iv) product research and development; (v) Franchisor's training, sales manuals and other confidential manuals; (vi) knowledge of the operating and financial results of Franchised Businesses; (vii) customer lists, customer contacts and related information about the services, products and pricing for customers; and (viii) compilations of data.

D. Franchisee, also known as "Company" in the Employment Agreement, and Franchisor are parties to a franchise agreement (the "Franchise Agreement"), pursuant to which Franchisee has been granted limited rights to use the System and has undertaken the obligations set forth therein.

E. Employee is an employee of Franchisee and in connection with Employee's training and duties for Franchisee, it will be necessary for Employee to have access to some or all of the Confidential Information.

F. Franchisor and Franchisee have agreed upon the importance of restricting the use, access and dissemination of the Confidential Information and Franchisee therefore has agreed to obtain from Employee a written agreement protecting the Confidential Information and further protecting the System against unfair competition.

G. Employee acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Employee herein.

NOW THEREFORE, in consideration of the mutual covenants and obligations contained in this

Agreement, the Parties agree as follows:

1. **RECITALS.** The foregoing Recitals are incorporated into this Agreement by this reference.

2. **CONFIDENTIALTY.**

a. In connection with Employee’s employment with Franchisee and Employee’s duties and responsibilities as an employee of Franchisee, Confidential Information will be disclosed to Employee and, at all times, Employee shall maintain the confidentiality of the Confidential Information and shall use the Confidential Information only in the course of Employee’s employment by, or association with, Franchisee and only in connection with the development and/or operation of Franchisee’s Franchised Business.

b. Employee shall not, at any time, make copies of any documents or compilations containing some or all of the Confidential Information.

c. Employee shall not, at any time, disclose or permit the disclosure of the Confidential Information, except to employees of Franchisee and only to the limited extent necessary to train or assist other employees of Franchisee in the operation or development of the Franchised Businesses.

d. Employee shall surrender the Confidential Information and any other material containing some or all of the Confidential Information to Franchisee (or to Franchisor) upon request, or upon termination of employment by, or association with, Franchisee, or upon conclusion of the use for which the Confidential Information or other information or material may have been furnished to the Employee.

e. Employee shall not, directly or indirectly, do any act or omit to do any act which would, or would likely be, injurious or prejudicial to the goodwill associated with the System.

f. Employee acknowledges that Franchisor and Franchisee granted Employee access to the training manuals, sales manuals, and other confidential manuals for limited purposes only and that no manuals related to CREATIVE COLORS INTERANATIONAL may be reproduced, in whole or part.

g. The restrictions on the disclosure and use of the Confidential Information will not apply to the following: (a) information that was in the public domain being communicated to the Employee through no fault of the Employee; (b) information that entered the public domain after it was communicated to the Employee through no fault of the Employee; (c) information that was in the Employee's possession free of any obligation of confidence at the time it was communicated to the Employee; or (d) the disclosure of the Confidential Information in judicial or administrative proceedings if the Employee is legally compelled to disclose the information, if the Employee has notified the Franchisee and Franchisor before disclosure and used the Employee’s best efforts, and afforded the Franchisee and Franchisor the opportunity, to obtain an appropriate protective order or other assurance satisfactory to the Franchisee and Franchisor of confidential treatment for the information required to be so disclosed.

3. **COVENANTS NOT TO COMPETE**

a. To protect the goodwill of the System and in consideration of disclosure of the Confidential Information to Employee, during the time Employee is employed by, or associated with, Franchisee, Employee shall not:

i. Divert or attempt to divert, directly or indirectly, any business, business opportunity, customer or Account of Franchisor, Franchisee, or any other franchisee of Franchisor.

ii. Without consent, employ or seek to employ any person who is at the time, or was at any time during the prior twenty (20) months, a technician or employed by Franchisee, or any other franchisee of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment.

iii. Directly or indirectly, for himself/herself or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other entity, own, maintain, manage, operate, engage in, or have any financial or beneficial interest in, advise, assist or render services or make loans to, any business that is of a character and concept similar to the Franchised Businesses, including any business which looks like, copies, imitates or operates in a manner similar to a company providing services for the repair, coloring, cleaning and restoration of leather, cloth, vinyl, velour, plastics and other upholstery surfaces, or providing upholstering services.

b. To also protect the goodwill of the System and in consideration of disclosure to Employee of the Confidential Information, Employee agrees and covenants that for a period of twenty (20) months from the date of termination of Employee's employment by, or association with Franchisee, within Franchisee's Area of Primary Responsibility ("APR"), and within a twenty five (25) mile radius of Franchisee's "APR" as set forth in the Franchise Agreement, Exhibit A, and within the Area of Primary Responsibility of any other franchisee of Franchisor, and within a twenty five (25) mile radius of the Area of Primary Responsibility of any other franchisee of Franchisor, that he/she shall not, regardless of the cause for termination; individually, or jointly with others, either directly or indirectly, for itself or himself/herself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, limited liability company or other entity:

i. Divert or attempt to divert, directly or indirectly, any business, business opportunity, customer or Account of Franchisee, Franchisor, or any other franchisee of Franchisor.

ii. Solicit Franchisee's customers to either directly or indirectly provide services for the repair, coloring, cleaning and restoration of leather, cloth, vinyl, velour, plastics, and other upholstery surfaces.

iii. Provide services for the repair, coloring, cleaning and restoration of leather, cloth, vinyl, velour, plastics, and other upholstery surfaces to any customers, who either were customers at the time of Employee's termination of employment by Franchisee, or who were customers within six (6) months prior to the date of Employee's termination of employment.

iv. Without consent, employ or seek to employ any person who is at the time, or was at any time during the prior twenty (20) months, a technician or employed by Franchisor, or any other franchisee of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment.

v. Directly or indirectly, for himself/herself or through, on behalf of or in conjunction with any person, partnership or corporation or other entity, without consent, own, maintain, manage, operate, engage in, or have any financial or beneficial interest in, advise, assist or render services or make loans to, any business that is of a character and concept similar to the Franchised Businesses, including any business which looks like, copies, imitates or operates in a manner similar to a company providing services for the repair, coloring, cleaning and restoration of leather, cloth, vinyl, velour, plastics and other upholstery surfaces, or providing upholstering services.

c. Employee agrees that each of the covenants herein contain reasonable limitations as to time, geographical area and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the Franchisor, the goodwill of the System and the Confidential Information.

d. Employee agrees that a violation of this Agreement would cause irreparable harm and there would be no adequate remedy at law. Therefore, in addition to any other remedies which are made available to it at law or equity, Employee agrees that temporary and/or permanent injunctive relief (or similar form of remedy) and a decree for the specific performance of the terms of this Agreement shall be entered against Employee, without the necessity of showing actual or threatened harm, and without being required to furnish a bond or other security.

e. Any obligation of Employee that contemplates performance of such obligation after the termination or expiration of this Agreement shall be deemed to survive the termination or expiration of this Agreement.

f. During any period in which Employee is in violation of the restrictions set forth in this Section 3, Employee acknowledges and agrees that any period of restriction set forth in Section 3 shall toll and shall not run, and that all restrictions shall automatically be extended by the period Employee was in violation of any such restrictions.

g. 18 U.S.C. 1833(b) states: "An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that—(A) is made—(i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Accordingly, the Parties to this Agreement have the right to disclose in confidence trade secrets to Federal, State, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. The Parties also have the right to disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with 18 U.S.C. 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. 1833(b).

4. **DISCLOSURE AND ASSIGNMENT OF INVENTIONS**.

a. Employee agrees to promptly disclose to the Franchisee and the Franchisor any and all inventions, under the applicable patent, trademark or copyright statutes, which Employee makes, conceives, reduces to practice or learns during the period of employment by Franchisee, either alone or jointly with others, relating to any business in which the Franchisee and the Franchisor, during the period of Employee's employment, is or may be concerned ("Inventions"). Such disclosures shall be made by Employee to the Franchisee and the Franchisor in a written report, setting forth in detail the structures, procedures and methodology employed, and the results achieved.

b. Consistent with and to the extent permitted by applicable law, Employee hereby assigns and agrees to assign to the Franchisee and the Franchisor all rights in and to the Inventions and proprietary rights therein, based thereon or related thereto, including, but not limited to, applications for United States and foreign patents and resulting patents and to cooperate with the Franchisee and the Franchisor in maintaining, obtaining, and protecting such proprietary rights.

c. Employee acknowledges notice from the Franchisee and the Franchisor that this foregoing obligation to assign rights in and to any Inventions does not apply to an Invention for which no equipment, supplies, facility or trade secret information of Franchisee and the Franchisor was used and which was developed entirely on Employee's own time, and (i) which does not relate (A) directly to the business of the Franchisee and the Franchisor or (B) to the Franchisee and the Franchisor's actual or demonstrably anticipated research or development, or (ii) which does not result from any work performed by Employee for the Franchisee.

d. Employee further agrees that prior to separation from employment with the Franchisee for any reason, Employee shall disclose to the Franchisee and the Franchisor, in a written report, all Inventions, the rights to which Employee has agreed to assign to the Franchisee and the Franchisor under (a) and (b) above, and which Employee has not previously disclosed.

5. **SEVERABILITY.** If any provision of this Agreement shall be held, declared, or pronounced void, voidable, invalid, unenforceable, or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, the holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement which shall otherwise remain in full force and effect.

6. **EFFECT OF WAIVER**. Any failure to object to or take action regarding any breach of any provision of this Agreement by Employee shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Employee.

7. **BINDING EFFECT.** This Agreement shall be binding upon and inure to the benefit of Employee and Franchisee and their respective heirs, executors, representatives, successors, and assigns.

8. **THIRD-PARTY BENEFICIARY.** Franchisor, and its affiliates, successors, heirs, and assigns, shall be a third-party beneficiary to the agreements made hereunder between the Franchisee, on the one hand, and the Employee, on the other hand, and Franchisor shall have the right to enforce such agreements directly to the extent it may deem such enforcement necessary or advisable to protect its rights and/or its rights in the System, the Mark and/or the Confidential Information

9. **ENTIRE AGREEMENT**. This Agreement, along with any Employment Agreement executed by Employee, contains the entire agreement of Employee and the Franchisee relating to the matters set forth herein. It may not be changed verbally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension, or discharge is sought.

10. **CHOICE OF LAW. THIS AGREEMENT SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF THE STATE OF THE FRANCHISEE'S PRINCIPAL PLACE OF BUSINESS WITHOUT GIVING EFFECT TO THE CHOICE OF LAW PRINCIPLES THEREOF. THE EXCLUSIVE VENUE FOR ANY DISPUTES OR CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE THE STATE, COUNTY OR JUDICIAL DISTRICT IN WHICH THE FRANCHISEE'S PRINCIPAL PLACE OF BUSINESS IS LOCATED, PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, AN ACTION AGAINST EMPLOYEE MAY BE BROUGHT IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION. EMPLOYEE HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION.**

11. **NOTICE.** All notices and demands under this Agreement shall be in writing and shall be delivered personally, either by certified mail, return receipt requested, postage prepaid, by reliable overnight delivery service or sent via facsimile, email, or electronic form of transmission (provided that the sender confirms the recipient's receipt of the transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties:

Notices to Franchisor:

CREATIVE COLORS INTERNATIONAL, INC.
19015 S. Jodi Road, Suite E
Mokena, IL 60448
Attn: Terri Sniegolski, Senior Vice President
Facsimile No. (708) 478-1437
Terri.Sniegolski@creativecolorsintl.com

Andrew P. Bleiman, Esq.
Marks & Klein, LLP
1363 Shermer Road, Suite 318
Northbrook, IL 60062
Facsimile No. (732) 219-0625
andrew@marksklein.com

Notices to Franchisee:

____
____
____
____
____

Notices to Employee:

____
____
____
____
____

12. **ATTORNEYS' FEES.** Employee agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisee (and/or Franchisor) in enforcing the terms of this Agreement against Employee.

13. **COUNTERPARTS.** This Agreement may be executed in counterpart originals, all of which shall constitute one and the same agreement and may be transmitted to the other party by facsimile or email in .pdf format, with originals to follow. The Parties agree that such signature transmitted by facsimile or email shall bind each such party to this Agreement as of the execution date.

The Parties have entered into this Agreement as witnessed by their signatures below.

FRANCHISEE

____
Franchise Name

By: ____________________________

Title: __________________________

EMPLOYEE

By: ___________________________

____
Print Name

____
Address

____
City, State & Zip Code

____
Email Address

EXHIBIT L to
FRANCHISE DISCLOSURE DOCUMENT

GENERAL RELEASE
(Transfer)

In consideration of the consent by Creative Colors International, Inc. ("Franchisor") to the assignment of the Franchise Agreements of __________________________________, a _______________ corporation, and __________________________________, individually, ("Franchisee") to ______________________, a _____________________ corporation, and ____, individually, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Franchisee does hereby forever release, discharge and hold Franchisor, its officers, agents, employees, shareholders, guarantors, successors, and assigns, on behalf of themselves, their heirs, executors, administrators, officers, agents, employees, shareholders, guarantors, successors, and assigns, harmless from and against any and all claims, causes of action, demands, damages, costs, suits, obligations, negligence, misrepresentations, omissions, and fraud, whatsoever, in law or in equity, arising out of any relationship with one another whether contractual or otherwise which they now have, had, or which their heirs, executors, administrators, or assigns hereafter can, shall, or may have, for, upon or by reason of any matter, cause, or thing whatsoever at any time prior to the date of this Release, which Release is not limited to claims relating to the assignment of Franchise Agreement being assumed by Franchisee.

This General Release extends to any and all claims, known or unknown, the existence of which Franchisee may not know or suspect as of the date of executing this document, it being the understanding and intent of Franchisee that Franchisee is releasing Franchisor from any and all liability to Franchisee, except for obligations required to be performed by Franchisor subsequent to the date of this Release. Further, Franchisee has had an opportunity to seek advice from legal counsel and is executing this Release with full knowledge of its legal effect.

Dated: ____________________________

________________________________,
A ___________________ corporation

By: _________________________________
Its: _______________________________

____
individually and as principal of
____

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Creative Colors International, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide the franchise disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Creative Colors International, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed in Exhibit A.

The following are the names, principal business addresses, and telephone numbers of each franchise seller offering the Creative Colors International, Inc. franchise (check names that apply):

Name	Address	Telephone Number
____ Mark Bollman, President	19015 S. Jodi Road - Suite E Mokena, Illinois 60448	1-800-933-2656 x. 223
____ Terri Sniegolski, Sr. V. President	19015 S. Jodi Road Suite E Mokena, Illinois 60448	1-800-933-2656 x. 224
____ Mike Pollock	504 Dartmouth Drive Van Alstyne, Texas 75495	214-551-0261
____ Frank Morrison	11018 SW 147 Pl Miami, FL 33196	305-815-3594
____ Other:		

I received a disclosure document with issuance date April 20, 2026, that included the following Exhibits:

EXHIBIT A - LIST OF STATE ADMINISTRATORS
EXHIBIT B - LIST OF AGENTS FOR SERVICE OF PROCESS
EXHIBIT C - TABLE OF CONTENTS TO OPERATIONS MANUAL
EXHIBIT D - TABLE OF CONTENTS TO TRAINING MANUAL
EXHIBIT E – TABLE OF CONTENTS TO THE SALES & MARKETING MANUAL
EXHIBIT F - FRANCHISE AGREEMENT EXHIBIT G - FINANCIAL STATEMENTS
EXHIBIT G – FINANCIAL STATEMENTS
EXHIBIT H - MOBILE UNIT LEASE AGREEMENT
EXHIBIT I – STATE ADDENDA TO THE FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT J – ADDENDA TO THE FRANCHISE AGREEMENT FOR CERTAIN STATES
EXHIBIT K – CONFIDENTIALITY AGREMENT, PROPRIETARY RIGHTS AND NON-COMPETITION AGREEMENT
EXHIBIT L – FORM GENERAL RELEASE
STATE EFFECTIVE DATES

_______________________________ Dated: __________________
Prospective Franchisee

Retain this copy for your records

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Creative Colors International, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide the franchise disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Creative Colors International, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed in Exhibit A.

The following are the names, principal business addresses, and telephone numbers of each franchise seller offering the Creative Colors International, Inc. franchise (check names that apply):

Name	Address	Telephone Number
_____ Mark Bollman, President	19015 S. Jodi Road - Suite E Mokena, Illinois 60448	1-800-933-2656 x. 223
_____ Terri Sniegolski, Sr. V. President	19015 S. Jodi Road Suite E Mokena, Illinois 60448	1-800-933-2656 x. 224
_____ Mike Pollock	504 Dartmouth Drive Van Alstyne, Texas 75495	214-551-0261
_____ Frank Morrison	11018 SW 147 Pl Miami, FL 33196	305-815-3594
_____ Other:		

I received a disclosure document with issuance date April 20, 2026, that included the following Exhibits:

EXHIBIT A - LIST OF STATE ADMINISTRATORS
EXHIBIT B - LIST OF AGENTS FOR SERVICE OF PROCESS
EXHIBIT C - TABLE OF CONTENTS TO OPERATIONS MANUAL
EXHIBIT D - TABLE OF CONTENTS TO TRAINING MANUAL
EXHIBIT E – TABLE OF CONTENTS TO THE SALES & MARKETING MANUAL
EXHIBIT F - FRANCHISE AGREEMENT EXHIBIT G - FINANCIAL STATEMENTS
EXHIBIT G – FINANCIAL STATEMENTS
EXHIBIT H - MOBILE UNIT LEASE AGREEMENT
EXHIBIT I – STATE ADDENDA TO THE FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT J – ADDENDA TO THE FRANCHISE AGREEMENT FOR CERTAIN STATES
EXHIBIT K – CONFIDENTIALITY AGREEMENT, PROPRIETARY RIGHTS AND NON-COMPETITION AGREEMENT
EXHIBIT L – FORM GENERAL RELEASE
STATE EFFECTIVE DATES

_______________________________ Dated: _________________________

Prospective Franchisee

Please return this signed and dated receipt to: Creative Colors International, Inc., 19015 S. Jodi Road – Suite E, Mokena, Illinois, 60448. Terri@CreativeColorsIntl.com 708-478-1636 (facsimile)