FRANCHISE DISCLOSURE DOCUMENT

STRATIFY, LLC dba PAINTER1
A Utah company
105 N Main St.
Spanish Fork, UT 84660

Phone: (801)919-8522
Email: info@painter1.com
https://www.Painter1.com

We are **STRATIFY, LLC,** a Utah limited liability company doing business as **PAINTER1**. We offer franchises to qualified individuals and entities to own and operate a painting franchise under our ***PAINTER1*** service marks, trade names, programs, and systems. Our franchisees offer quality painting services to the public under the service marks and the Painter1 programs and systems (the "Method of Operation").

The total investment necessary to begin operation of a **PAINTER1** franchise is **$80,270 to $168,380**. This includes **$55,000** to **$57,500** that must be paid to us or our affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jason Leber at 105 N Main St., Spanish Fork, UT 84660 AND (801)919-8522).

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.

ISSUANCE DATE: April 24, 2026, as amended August 21, 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 or Exhibit H.
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 A 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 Painter1 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 Painter1 franchisee?	Item 20 or Exhibit H 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 G.

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

Special Risks to Consider About *This* Franchise

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

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

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

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

4. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

TABLE OF CONTENTS

ITEMS

1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES
2. BUSINESS EXPERIENCE
3. LITIGATION
4. BANKRUPTCY
5. INITIAL FEES
6. OTHER FEES
7. ESTIMATED INITIAL INVESTMENT
8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES
9. FRANCHISEE'S OBLIGATION
10. FINANCING
11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING
12. TERRITORY
13. TRADEMARKS
14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION
15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS
16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL
17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION
18. PUBLIC FIGURES
19. FINANCIAL PERFORMANCE REPRESENTATIONS
20. OUTLETS AND FRANCHISEE INFORMATION
21. FINANCIAL STATEMENTS
22. CONTRACTS
23. RECEIPTS

EXHIBITS

A Financial Statements
B Standard Franchise Agreement
C Conditional Assignment of Telephone and Directory Listings
D EFT Authorization
E SBA Addendum
F State Specific Addenda
G List of State Agents for Service of Process and State Administrators
H List of Current and Former Franchisees
I Confirmation of Additional Terms and Representations Addendum
J Hoosier Admin Services Agreement
K Receipts

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

We are **STRATIFY, LLC** (called “We,” “Us,” or “Our”). We were formed in Utah on October 15, 2015. We do business under the “**PAINTER1**” names, marks, and logos. We do not intend to do business under any other names. Stratify, LLC is called "us" or "we" in this franchise disclosure document. “You” means the prospective purchaser of a PAINTER1 franchise, and includes owners or partners of a corporation, partnership, or other legal entity that purchases a PAINTER1 franchise.

We are the franchisor of the PAINTER1 franchise system. We license our franchisees in specified territories to own and to operate franchises under the “PAINTER1 names and marks. We authorize our franchisees to promote, advertise, and sell quality residential and commercial painting packages and services to the public and to use our Method of Operation and our service marks in the operations of the franchisee’s business.

Our principal office address is 105 N Main St., Spanish Fork, UT 84660. Our telephone number is (801)919-8522. We have offered franchises since February 2016. We have never offered franchises in any other line of business. We do not operate any businesses of the type being franchised. We produce and sell innovative advertising and sales promotion materials. We may attempt to negotiate group discount rates for the benefit of our franchisees for wholesale paint and related products, supplies, and equipment. We do not have any other business activities. We have no parent or predecessors.

Our affiliate company Client Tether, LLC, is a Utah limited liability company formed on August 13, 2014. Its principal business address is 105 N. Main Street, Spanish Fork, Utah 84660. It owns the proprietary customer relationship management software used by us and our franchisees. We have an unlimited license to use this software. Client Tether, LLC does not have any other business activities and has never operated a business similar to the type of business being franchised and has never offered franchises in this or any other line of business.

Our registered agents for service of process are outlined in Exhibit G to this Disclosure Document.

We and affiliate companies retain the right to own or operate additional **PAINTER1** offices and franchises.

The market for commercial and residential painting services is well established throughout the United States. In some states, exterior painting may be seasonal because of poor weather conditions. The principal sources of direct competition for your franchise are similar businesses, some of which are part of other, existing franchise chains, that provide commercial or residential painting sales and application services.

There are federal, state, and in some cases local regulations pertaining specifically to the painting industry. These pertain to contractor licensing, lead paint removal and disposal, hazardous waste handling and disposal. You must comply with federal and state laws and regulations relating to telephone and text advertising, marketing, and solicitation communications such as the Telephone Consumer Protection Act and A2P 10DLC. Other legal regulations that apply to all businesses generally may include:

Federal, state, and city, county, parish, borough, municipality or other local laws.

Federal. Examples of federal laws are wage and hour, occupational health and safety, equal employment opportunity, hazardous materials communication to employees, hazardous waste and environmental, and the Americans With Disabilities Act.

State. State laws may cover the same topics as federal laws. Examples of state laws include environmental, occupational health and safety, fire, health, and building and construction laws.

Local. Local laws may cover the same topics as federal and state laws. Examples of local laws include health and sanitation, building codes, fire codes, and waste disposal.

2.
BUSINESS EXPERIENCE

JASON LEBER - Managing Partner and Franchise Development
Mr. Leber has been a director in Springville and Spanish Fork, Utah and Phoenix, Arizona since January 2016. Since February 2021, he has served as our managing partner and Franchise Development manager in Spanish Fork, Utah and Phoenix, Arizona.

ISAAC PEDROZA - Success Manager - Finance
Mr. Pedroza has worked as our Success Manager-Finance in Spanish Fork, Utah since August 2026. He also works as an Accountant for Apeiron Contractors in Eagle Mountain, Utah since January 2018. From December 2023 to May 2025, he worked as Accountant for Praus, LLC in Lehi, Utah. From January 2021 to December 2023, he worked as Assistant Controller for Unified Business Alliance in Lehi, Utah.

JAYDEN MONSON – Operations Lead
Mr. Kolba has been our Operations Lead in Spanish Fork, Utah since December 2025. From July 2023 to February 2025, Jayden served as Team Lead for Brigham Young University in Provo, Utah. From July 202 to August 2025, Jayden served as Outdoor Events Specialist for Brigham Young University in Provo, Utah. From May 2024 to August 2024, Jayden served as Youth Counselor for For the Strength of Youth Conference in Indiana, Florida, and Utah. From April 2022 to July 2022, Jayden was a student at Brigham Young University in Provo, Utah. From January to March 2022, Jayden served as Sandwich Artist for Subway in Provo, Utah. From May 2021 to January 2022, Jayden was not employed.

CONRAD KOLBA - Chairman
Mr. Kolba has been our Chairman and a director in Springville and Spanish Fork, Utah since January 2016. He owned and operated Kolstar Enterprises, LLC in Springville, Salem, and Spanish Fork, Utah from November 2012 to August 2020.

3.
LITIGATION

No litigation is required to be disclosed in this Item.

4.
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

5.
INITIAL FEES

The Initial Franchise Fee is currently **$54,500** for a franchise territory consisting of approximately 100,000 to 225,000 households. Simultaneous with the execution of the Franchise Agreement, you will pay to us the entire Initial Franchise Fee. The Initial Franchise Fee is paid in consideration for our sales expenses, administrative overhead, return on investment, and start-up costs related to the execution of the Franchise Agreement, the opening of the Franchise, and for our lost or deferred opportunity to sell franchises in the Franchise Territory to others. The right to use our affiliate's proprietary software is also included in the Initial Franchise Fee. The number of households in your designated Franchise Territory is determined based upon United States census data and estimates and chamber of commerce information, but we will make the final determination.

If you are our existing franchisee and desire to add additional territory, whether or not contiguous to your original territory, you must pay to us an additional Initial Franchise Fee for any additional territory, subject to territory availability and our express approval. You must be approved by us

and be fully compliant under all agreements with us and in good standing and you must qualify financially and operationally to open the additional territory. The additional Initial Franchise Fee for each additional territory with 225,000 or fewer households is discounted to $30,000 for each additional territory.

If more than 30% of your Gross Sales is derived from approved operations from within a specific location or area that is outside of your Franchise Territory, to continue to operate in that area, you must purchase an additional franchise and execute a separate franchise agreement for that operation. To purchase an additional franchise territory, you and your affiliates must be fully compliant and in good standing under all agreements with us, you must qualify financially to open an additional franchise, and you must pay to us the entire Initial Franchise Fee for the additional Franchise Territory.

Our mandatory initial training includes training sessions and field orientation with a franchisee mentor at a location or in a territory to be determined by us (see Item 11, below). Currently, the franchisee mentor is Keith Lane and the training and field orientation is held in Knoxville, Tennessee. You are responsible for and must pay all transportation, lodging, meals, and other expenses that you or your manager incur related to attending training and field orientation. You must arrange your travel through third party vendors not affiliated with us. Amounts paid to third parties may be refundable, depending upon the contracts or other arrangements between them and you. Further, you are exclusively responsible to pay for or otherwise reimburse the franchisee mentor for all travel, lodging, and living expenses reasonably incurred to conduct any initial training and field orientation in your Franchise Territory or other designated location or territory, if provided. These payments or reimbursements for travel expenses are not refundable. We estimate these travel expenses or reimbursements payable to the franchisee mentor to range from **$500** to **$3,000**, depending on the distance traveled and the prevailing travel and lodging rates at the time of training.

If you do not pass the entire mandatory training course to our satisfaction we may terminate the Franchise Agreement without refunding any of the Initial Franchise Fee or any other amounts paid to us, our affiliate, or others for training or travel reimbursement.

You must open the franchise within the earlier of **180** days after the date of the Franchise Agreement or **30** days after successful completion of the initial training program. If this obligation is not fulfilled, we may elect to terminate the Franchise Agreement without refunding any of the Initial Franchise Fee and or other amounts paid to us, our affiliate, or any franchisee mentor for training or travel reimbursement.

The initial fees are uniform except as described in this Item 5. We intend to raise the initial franchise fee after certain growth levels have been attained. The increased franchise fee and timing have not been determined as of this date. We have not contemplated and do not currently intend to raise the transfer or renewal fees, but reserve the right to do so in the future.

We may offer franchises at a reduced rate to prospective franchisees who in our opinion possess the knowledge and experience to conduct business with minimal assistance from us or who are purchasing multiple franchises. Occasionally, we may grant new franchises to our owners and employees and their family members with reduced or no initial fees.

The Initial Franchise Fee and the amount paid for the training and travel reimbursement are not refundable in whole or in part under any circumstances other than those listed above.

6.
OTHER FEES

Name of Fee	**Amount**	**Date Due**	**Remarks**
Royalty Fee	**7%** of your monthly Gross Sales. There is a **$700** monthly minimum commencing on the 1st month after you complete the initial training program.	Payable monthly by the 7th day of each month for the prior month	See Notes 1 and 2, below regarding Gross Sales and taxes. This fee may be payable through automatic debit processes as outlined in the Operations Manual. We intend to compensate your franchisee mentor based on a percentage of Royalty Fees collected from you. See Note 3 below.
Bookkeeping Services Fee	Then-current fee, currently **$250** per month	Payable monthly by the 7th day of each month for the prior month.	You must use our designated bookkeeper or vendor for bookkeeping services. This fee may be payable through automatic debit processes as outlined in the Operations Manual. This fee may increase by up to 25% per year based increased costs to us or the vendor.
Website and Digital Advertising	Then-current fee, currently **$250 to $650** per month	As incurred.	This amount is not a fee to us. It is paid directly to the designated digital marketing vendor. The vendor may increase this fee.

Name of Fee	**Amount**	**Date Due**	**Remarks**
Grand Opening Advertising Recommendation	We recommend that you spend **$3,000** on grand opening advertising.	During the period beginning two week before and ending two week after the commencement of your business operations.	This amount is not a fee to us. It is spent by you on approved sources of local advertising.
Local Advertising Recommendation	We recommend that you spend at least **8**% of your annual Gross Sales on your local advertising.	As Incurred	This amount is not a fee to us. It is spent by you on approved sources of local advertising.
Regional Advertising Fund Contribution	Up to **2** percent of your Gross Sales according to a vote of the franchisees in the region.	As voted and approved by your local advertising cooperative (only if franchisees in an advertising region vote to establish a Regional Advertising Fund).	If at any meeting of the franchisees in an advertising region, **65** percent of the franchisees vote to contribute to a regional advertising program, all franchisees within that region will be obligated to make a contribution to a regional advertising fund in the amount established by the vote. We may require you to execute documents that allow us to automatically take this fee out of your franchise bank accounts each month. See Item 11, below.
Additional Training	Then-current fee, currently **$500** per day and you must reimburse us for our reasonable out of pocket costs.	Before opening or after you open your franchise for business.	You must give us not less than **35** days' prior written notice of your desire to receive additional training. The duration of training is negotiable depending upon your needs. You will not receive any compensation for services rendered by the trainee during this or any other training. We may designate qualified franchisees or master franchisees to conduct some or all of your training. This fee

Name of Fee	Amount	Date Due	Remarks
			may increase by up to 25% per year.
Refresher training programs and seminars	Then-current fee, currently **$500** per day or then-current reasonable rates.	Upon demand	In addition to a reasonable training fee, you are exclusively responsible for paying all travel, living and other expenses and compensation of attending refresher training programs and seminars. (See Franchise Agreement, Section 3.2) This fee may increase by up to 25% per year.
Annual Convention Fee	Then-current fee, currently up to $500	Upon demand	You are required to attend our annual convention. We may charge this fee even if you do not attend. This fee may increase by up to 25% per year.
Cost to Attend Annual Convention	$1,000 to $5,000 per person that attends	As arranged with third party vendors	You are required to attend our annual convention. The amounts in this table are estimates for your travel, food and lodging costs to attend. Some of these costs will either be collected by us and relayed to third parties on your behalf or paid directly by you to third parties vendors. Travel and lodging costs, including plane fares, may vary greatly based on your franchise location and the distance to the location of the annual convention. We may charge these costs even if you do not attend including but not limited to lodging, event costs, resort fees, food and

Name of Fee	**Amount**	**Date Due**	**Remarks**
			beverage and related expenses.
Step-In Rights Fee	15% of Gross Sales plus reasonable administrative, personnel, and travel costs	Upon demand	Payable only if we exercise our Step-In Rights (see Section 6.7 of the Franchise Agreement).
Transfer Fee and Transition Holdback	You will reimburse us for our reasonable out-of-pocket costs concerning the transfer up to $5,000 plus applicable taxes. You must also remit directly to us the sum of **$25,000.00** (the "Transition Holdback") from the total transfer purchase price.	Before or upon transfer	The Transition Holdback is held by us until you, we, and the new owner collectively agree and certify that: (1) a successful transition has occurred; and (2) you have adequately and sufficiently provided to the new owner the required training and onboarding. The Transition Holdback serves as security to ensure your continued performance and is released to you upon the mutual, written satisfaction of all three parties that the transfer training and transition process is complete. If you do not complete the transfer training or a successful transition of the Franchise to our and the new owner's reasonable satisfaction within **90 days** of the transfer date, we may retain the entire Transition Holdback amount in full.
Renewal	You will reimburse us for our reasonable out-of-pocket costs concerning the renewal up to $5,000 plus applicable taxes.	Immediately upon demand	

Name of Fee	**Amount**	**Date Due**	**Remarks**
Late Charge	**1.5%** of the unpaid balance per month, accruing from the original due date.	Each month that amounts owed remain unpaid	You will not be compelled to pay late charges at a rate greater than the maximum allowed by applicable law.
NSF Fee	**$50** per returned transaction	As incurred	If any payment is returned or rejected due to non-sufficient funds (NSF). Subject to applicable law.
Unsatisfied Payment Fee	Then-current fee, currently $100 for each unsatisfied attempt	As incurred	If we attempt to collect any payment electronically (such as EFT, ACH, credit card) or other process and the transaction is rejected, fails, or is returned unsatisfied for any reason, we may charge you a **$100** fee for each failed or unsatisfied attempt regardless of cause. This fee may increase by up to 25% per year. Subject to applicable law.
Relocation	You will reimburse us for our reasonable out-of-pocket costs concerning the relocation.	Prior to relocation	
Software Upgrade Fee	Reasonable rates, which will not exceed $500 per calendar year	Up to once per year, as required	We may expand and improve our software programs, or have additional software programs that you will be required to implement in your Business.
Administrative Assistant Service Fee	Then-current fee as defined by us or our designated third party vendor, currently $1,667 to $4,500 per month, depending on the number of monthly leads generated	As incurred, currently payable monthly payments by the 25th of each month.	This fee may be paid directly to our designated third party vendor for administrative assistant service and software training, management and support, lead flow

Name of Fee	Amount	Date Due	Remarks
			management and related services. This fee may increase by up to 25% per year based increased costs to us or the vendor.
Software Technical Support Fee	Reasonable rates if we decide to collect this fee	As incurred	We will give you a reasonable time to become familiar with our computer software programs. We will give you free technical software support for so long as we deem necessary for you to sufficiently understand our software. We will give your 45 days advance notice when we deem it reasonable for you to pay a reasonable fee to receive additional technical support.
Product Testing Costs	Reasonable out-of-pocket expenses and costs we incur	As incurred	You must reimburse us for our out of pocket expenses and costs we incur to test new products or sources you request for approval (See Item 8 and Franchise Agreement Section 5.1).
Audit	Our reasonable costs for the audit if you understate revenue by more than 2% or fail to deliver to us required reports on time	Immediately upon demand	See Notes 4 and 5 below.

*Unless otherwise indicated above, all fees are uniformly imposed by and payable to us. All fees are non-refundable.

Note 1. "Gross Sales" Defined. "Gross Sales" means all receipts generated by the Franchise from any source, including, but not limited to, sales, rentals, vending, exchanges, repairs, services, labor, service charges, service contracts, any other type of remuneration, gift, contra-deal, barter of products or services, charity, payment in kind, or any other benefit or value that is received or deferred to be received, and excludes discounts, refunds and sales taxes. Gross

Sales includes all receipts generated whether based on coating (such as paint, sealers, epoxy, lacquer, etc) or cleaning (prep work, power washing, etc). The proceeds from any business interruption insurance or eminent domain recovery you receive will be included in "Gross Sales." "Monthly Gross Sales" means the total Gross Sales for any calendar period as relevant.

Note 2 Taxes. You must pay any taxes imposed as a result of your payment to us of initial or ongoing fees.

Note 3. Franchisor Payments to Franchisee Mentor. Currently, we pay the franchisee mentor the following: (1) $2,500 immediately after your successful completion of training; (2) $2,500 at 6 months after you commence operations; (3) 14.3% of Royalty Fees collected from you during your first 12 months of operations (equivalent to 1% of your Gross Sales) at 12 months after you commence operations. These are amounts we pay the franchisee mentor to compensate them for their services related to your training and support.

Note 4. Financial Position and Gross Sales Reporting. You will deliver to us, as outlined in the Operations Manual, an itemized report of your Gross Sales for the preceding month. The report must be in the form we designate. All Royalty Fee and other payments based upon the Gross Sales for the preceding month must be submitted with the report.

Note 5. Audits. We may audit your reports, books, statements, business records, cash control devices, and tax returns at any time during normal business hours. Audits will be conducted at our expense unless you understate the Gross Sales for any reported period or periods by more than 2 percent or unless you fail to deliver any required report of Gross Sales or any required financial statement in a timely manner. In the event of an understatement or failure to deliver, you will reimburse us for all audit costs. These will include, among other things, the charges of any independent accountant and the travel expenses, room, board, and compensation of our employees incurred in connection with the audit. You will immediately pay all Royalty Fees, other amounts owed, and late payment charges, NSF fees, or unsatisfied payment fees that the audit determines are owed. These payments will not prejudice any other remedies we may have under the Franchise Agreement or by law.

7.
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

EXPENDITURE	AMOUNT	PAYMENT METHOD	WHEN DUE	TO WHOM
Initial Franchise Fee	$54,500	Cash	The entire Initial Franchise Fee is due and payable upon execution of the Franchise Agreement	Us
Grand Opening Advertising	$3,000	As Incurred	At Opening for Business	Approved Suppliers
Advertising	$9,000 to 10,000 (over first 3 months)	As Incurred	As Incurred	Approved Suppliers
Computer Equipment	$800 to $1,800	As incurred	Before Opening	Suppliers. See requirements under Sections 5.6 and 5.10 of Franchise Agreement.
Travel and Living Expenses to Attend Training and Payment/Reimbursement	$1,000 to $7,500	As Incurred	During Training	Airlines, Hotels, Restaurants, etc.
Contractor License (1)	$300 to $500	As Incurred	Prior to Opening	State Administrators
Licenses and Bonds	$0 to $1,500	As Incurred	Before Opening	Government agencies, etc.
Accounting Software	$360 ($60/month)	As Incurred	As Incurred	Approved Supplier
Cell Phone (3)	$600 to $720 ($100 to $120/month)	As Incurred	Before Starting Operations	Suppliers
Insurance (3)	$360 to $1,500 ($60 to $250/month)	As Incurred	Before Opening	Insurers
Clothing and Uniforms	$0 to $250	As Incurred	After Starting Operations	Approved Suppliers
Supplies and Equipment Inventory	$0 to $7,500	As Incurred	Before Opening and As Incurred thereafter	Suppliers
Lease and Utilities Deposits and Payments	$0 to $1,500	As Incurred	As Incurred	Landlord, Utility Companies and Suppliers
Franchise Premises Rent	$0 to $3,000	As Incurred	As Incurred	Landlord
Office Set-up	$0 to $500	As Incurred	Before Opening and As Incurred thereafter	Suppliers

EXPENDITURE	**AMOUNT**	**PAYMENT METHOD**	**WHEN DUE**	**TO WHOM**
Car Signs/Decals	$100 to $3,500	As Incurred	Before Opening	Approved Suppliers
Vehicle (2)	$0 to $50,000	As Incurred	Before Opening	Suppliers
Miscellaneous Opening Costs (3)	$250 to $750	As Incurred	As Incurred	Suppliers, Utilities, etc.
Additional Funds –6 months (3)	$10,000 to $20,000	As Incurred	As Incurred	Employees, Suppliers, Utilities, etc.
TOTAL	**$80,270 to $168,380**			

You should anticipate the preceding initial expenditures in connection with the establishment of a **PAINTER1** franchised business. Additional factors related to each expenditure category are described in the following notes.

Financing sources may reduce your initial cash requirements, and the availability and terms of financing to any individual franchisee will depend upon factors including the availability of financing in general, your credit worthiness, the collateral security that you may have and policies of lending institutions concerning the type of business to be operated by you. If you are purchasing multiple franchises, you will incur the estimated initial expenditures for each franchise you operate.

Note 1: Contractor License; Permits; Bonds. State requirements vary. Some states may require you to obtain or utilize workers or employees that have a contractor's license or to hold additional permits and bonds. If you do not meet your state's experience or other minimum qualifications and requirements, you may need to find alternative solutions, such as hiring licensed contractors while you apply for your contractor's license. In some instances, you may need to engage a qualified individual Responsible Managing Officer or Employee that already holds the appropriate licenses, permits and bonds to help you procure the proper contractor licensing. You will likely not incur expenditures related to this item if you are adding to or converting your existing painting or contracting business to a Painter1™ franchise and thus already have the contractor licenses, permits, and bonds required in your local jurisdiction.

Note 2: We recommend that you purchase or use a vehicle in the operation of the franchise to drive to customer estimates, job sites, etc. We recommend that you wrap the vehicle with approved Painter1 signage and use a vehicle that gets good gas mileage. The vehicle should be in good repair, attractive appearance, and sound operating condition. If you already have a suitable vehicle, you will not need to purchase one. We do not recommend that the vehicle be used for painting operations or services (ie, van or truck to haul personnel or equipment) and that you rely on contractors to provide painting services and to haul personnel and equipment.

Note 3: We estimate that the initial phase covered by the additional funds estimate to be approximately 6 months. The high and low range estimates are based on our owners' and our affiliates' experience in opening and operating painting businesses in the United States and Canada from 2000 to 2020 and our franchisees' experience since 2016.

A. We assume and strongly recommend that you will operate the franchised business from your home. The typical franchise will need approximately 300-500 square feet of space, half of which will be used for equipment storage. We recommend that you do not lease or purchase warehouse or office space during or after the initial 6-month start-up phase. If you choose to lease or purchase warehouse or office space, you are solely responsible for obtaining and paying for the location. If used, you will need leased location of 300-500 square feet and it must be located within the Franchise Territory at your own discretion and without our approval. The cost of purchasing or leasing warehouse or office varies with the location and size of the premises.

B. You are required to have access to a telephone, computer, and reliable transportation.

C. Supplies, equipment, and inventory are required as outlined in the Operations Manual.

D. A minimum of **$6,000** working capital is strongly recommended. You should plan on other sources of income to cover your living expenses.

Note 4. Varying Amounts. The amount of your initial investment varies based on what assets you already own. You may already own a computer, supplies, equipment, approved vehicle, etc. The $0 low-end estimate for certain expenditures relates to franchisees that already have existing businesses and will not incur the corresponding expenses such as for licensing, supplies, equipment, office set-up or vehicles. The $0 low-end estimate for certain expenditures can also relate to franchisees that use independent contractors to perform painting services, so that the franchisee does not incur expenditures for its own license, equipment, and vehicle.

You may have the other usual expenses involved in establishing a business. These expenses can vary. They include, but are not limited to, attorney fees, license fees, deposits, sales tax bonds where required, pre-opening advertising and recruiting expenses, employee wages, utility costs, and supply expenses. These amounts are included in the Miscellaneous Opening Costs and Additional Funds line-items.

You must pay all taxes required by local, state or federal laws related to the services furnished or used in connection with the operation of your franchise. You must obtain all permits, certificates or licenses necessary for the full and proper conduct of the franchise.

Except as provided in Item 5, any fees paid to us are not refundable. Amounts paid to any third parties may be refundable, depending upon the contracts between them and you.

We do not finance any of these initial expenses. The availability and terms of financing will depend on various factors including the availability of financing generally, your credit worthiness, security available to you, lending institution policies concerning the type of business to be operated by you, and other comparable elements.

8.
RESTRICTIONS ON SOURCES OF PRODUCTS & SERVICES

We will provide to you online access to our Operations Manual. We may amend the Operations Manual, including changes that may affect minimum requirements for your franchise operations. You will strictly follow the requirements of the Operations Manual as we amend it. You will carry out immediately all changes at your cost, unless we otherwise specify. We reasonably may designate minimum standards for operations and designate guidelines, as specified in the Operations Manual. The Operations Manual is confidential and our exclusive property.

The Operations Manual contains the **PAINTER1** System and related specifications, standards, operating procedures, accounting and bookkeeping methods, marketing programs and ideas, advertising guidelines, style guidelines, operation requirements, public relations guidelines, service guidelines and other rules that we may prescribe.

You must purchase all Painter1 advertising materials from approved suppliers to ensure uniformity and quality of the advertising. Any equipment, products, inventory, or other items that bear the Painter1 logo or have the words “Painter1” in them must be bought from an approved supplier.

You must purchase all Painter1 equipment, inventory, and all other items used in your franchised business in accordance with our specifications and guidelines to ensure the quality and uniformity of services in the Painter1 franchise system.

All specifications that we require of you and lists of approved suppliers will be included in the Operations Manual. We will upon request provide them to approved suppliers and suppliers seeking approval. We will use our best judgment to set and modify specifications to maintain the integrity and quality of our franchise system.

We are currently the only approved suppliers for advertising materials and equipment, products, inventory, and all other items that bear the Painter1 name or logo. Our officers Conrad Kolba and Jason Leber have an ownership interest in us. Our officer Conrad Kolba has an ownership interest in our affiliate Client Tether.

With advance written notice, you may request our approval to obtain products, equipment, supplies or materials from sources that we have not previously approved. We may require you to give us sufficient information, photographs, drawings, samples and other data to allow us to determine whether the items from these other sources meet our specifications and standards. These specifications and standards will relate to quality, durability, value, cleanliness, composition, strength and the suppliers’ capacity and facility to supply your needs in the quantities, at the times, and with the reliability necessary for efficient operation. We may require that samples from any supplier be delivered to a designated independent testing laboratory for testing before approval and use. You will reimburse us for the actual cost of the tests. We may

license any supplier that can meet or exceed our quality control requirements and standards, for a reasonable license fee, to produce and deliver **PAINTER1** products to you but to no other person. Our confidential requirements, systems and formulas will be revealed to potential suppliers only after we have received reasonable evidence that the proposed supplier is trustworthy and reputable; has the capacity to consistently follow our standards, requirements and testing procedures; will maintain the confidentiality of the designs, systems and formulas; and will adequately supply your reasonable needs. We will not unreasonably withhold approval of a supplier you propose. We will notify you in writing of the approval or disapproval of any supplier you propose within 30 days of receiving written notice from you of your request for approval.

We or our agents may inspect any approved manufacturer, supplier or distributor facilities and products to assure proper production, processing, packaging, storing, and transportation. Permission for inspection will be a condition of our continued approval of any manufacturer, supplier or distributor. If we find from any inspection that a manufacturer, supplier or distributor fails to meet our specifications and standards, we will give written notice describing this failure to you and to the manufacturer, supplier or distributor, with a notice that unless the failure or deficiency is corrected within 30 days, the manufacturer, supplier or distributor will no longer be approved.

We and our affiliate may derive revenue from products and services that you are required to purchase. This revenue results from certain bookkeeping services, conference sponsorships, and rebates from third-party suppliers. In fiscal year 2025, we received revenues in the amount of **$48,800** from the sale of such products and services to our franchisees, which was approximately **2.6%** of our total revenues of **$1,913,534.** In fiscal year 2025, we received revenues in the amount of **$213,436** from supplier rebates and conference sponsorships, which was approximately **11.1%** of our total revenues. We pass rebates on to our franchisees unless they owe us money for royalty fees or other past-due amounts. Our affiliate Client Tether received revenues in the amount of $58,201 in fiscal year 2025. We estimate that purchases from us, our affiliate, or approved suppliers will be from **10** to **20** percent of the total purchases you make to establish your franchise. We estimate that purchases from us, our affiliate, approved suppliers will be from **40** to **80** percent of the total purchases you make to operate your franchise.

We and our affiliate may receive rebates, price adjustments, or discounts on products or services sold to you by recommended or approved suppliers. Sherwin Williams is an approved supplier of paint and related application products to our franchisees from whom we currently receive a 5% rebate plus $3-$5 per gallon for premium products. We currently distribute the supplier rebates to franchisees in good standing based on their share of purchases and retain any remainder. We intend to negotiate rebates with this and other suppliers through which we or our affiliate company receive a rebate on all franchisee purchases based on a percentage of sales such suppliers make to our franchisees.

You must use our proprietary customer relationship management software in the operation of your franchised business. The proprietary software provides estimating and bidding, scheduling, invoicing and collections, and reporting functions. Our officer Conrad Kolba has an ownership interest in our affiliate Client Tether, LLC, which owns and operates the proprietary software. You must lease, purchase or otherwise acquire, from sources of your choice and at your expense, software, hardware and devices (including but not limited to programs, laptop or tablet devices, and Internet connection) which strictly conform to our specifications and the specifications of the

proprietary software. Your total purchase costs for these additional computer systems will range from $800 to $1,800.

You must utilize an approved services vendor for certain administrative, lead management, scheduling, booking, CRM training, and phone scheduling and related services. Currently, you must use our designated approved vendor, Hoosier Admin, LLC, at its then-current rates for at least the first 12 months of operations. You have the option to opt out of this requirement after 6 months if you are able to pass our marketing and lead management administration proficiency test to demonstrate to us, in our reasonable discretion, that you can adequately manage your digital marketing, leads, and scheduling operations and properly use our required software. A copy of the current Hoosier Admin Services Agreement is attached to this Disclosure Document in Exhibit J.

You must use our approved supplier for digital marketing services related to your franchise.

Regardless of whether done by you or with the assistance of us or of a designated vendor, all outbound calling, texting, and marketing communications must be approved by us before engaging in such activities. You must certify and represent to us that you understand and know how to comply with the Telephone Consumer Protection Act, A2P 10DLC, and related laws and regulations and issues.

The proprietary software attaches to a specific telephone number that you will use in all of your franchise advertising and promotional materials and in your franchise operations. We will own and exercise complete control of this telephone number. You will point and connect our telephone number that is assigned to your franchise to your own separate telephone line. You will use no other telephone number to advertise and promote your franchise.

To provide you, your franchisee mentor, and us with current and accurate financial reports, we currently require that you use our designated accounting software, currently QuickBooks online Essentials Plan or higher or the then-current equivalent, for your accounting and bookkeeping and use our designated bookkeeper or bookkeeping service vendor to set up your chart of accounts, to integrate with our system, and for ongoing bookkeeping services. Currently we require you to use us or our approved vendor for these bookkeeping services and we reserve the right that the designated bookkeeper will be our employee and that you will pay to us a reasonable monthly fee for bookkeeping services.

We may require you to utilize a designated third party merchant processor or processing service for credit card and/or ACH collection transactions with your clients and customers.

There are no other obligations for you to purchase or lease according to specifications or from approved suppliers. Except as explained above, we have no required specifications, designated suppliers or approved suppliers for goods, services, or real estate related to your franchise business. Except as explained above, we will not derive revenue from your purchases or leases.

We currently provide material benefits to franchisees based on use of designated or approved sources including the right to renew your franchise rights and to obtain additional franchises.

We intend to negotiate purchase arrangements with suppliers, including price terms for the benefit of our franchisee. We intend to enter into formal purchasing or distribution cooperatives related

to our franchise system with painting suppliers. In the future, we hope to create and augment the effectiveness of cooperatives for the purchase of materials and the provision of advertising, for the benefit of the **PAINTER1** franchise system.

You may not sell any products, services or activities other than those specifically recognized and approved by us as part of our franchise system without our prior written approval.

You must offer your customers at least a minimum 2-year limited warranty on labor for all jobs that you perform. Manufacturers may provide a warranty on paint and coating products.

You are required to obtain and keep in force by advance payment of premium appropriate liability insurance. The insurance will include, at a minimum, the following:

A. Comprehensive general liability insurance, including and products liability, completed operations, property damage, contractual liability, independent contractors liability, owned and non-owned and hired automobile coverage, and personal injury coverage with a combined single limit of at least **$1,000,000** per occurrence and **$2,000,000** aggregate, including umbrella coverage.

B. Workers' compensation and employer's liability insurance, and other insurance required by statute or rule of the state in which the franchise is located and operated.

C. Automobile liability insurance, including owned, non-owned, leased and hired vehicle coverage, with a combined single limit of at least $1,000,000 for death, personal injury and property damage.

D. Other insurance as may be required by the state or locality in which you operate your franchise. We may also require you to obtain coverage against Telephone Consumer Protection Act, , A2P 10DLC, and similar claims related to telephone and text advertising, marketing, and solicitation communications.

The insurance will not be limited in any way because of any insurance we maintain. Maintenance of the required insurance will not diminish your liability to us under the indemnities contained in this Agreement. The policy or policies will insure against our vicarious liability for actual and, unless prohibited by applicable law, punitive damages assessed against you.

We may require you to increase the minimum limits of and types of coverage to keep pace with regular business practice and prudent insurance custom.

The insurance will insure us, you, and our respective subsidiaries, owners, officers, directors, partners, members, employees, servants, and agents against any loss, liability, products liability, personal injury, death, or property damage that may accrue due to your operation of the Franchise. Your policies of insurance will contain a separate endorsement naming us as an additional named insured.

9.
FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition or lease	Section 1.1, 1.2, 1.3	Items 6 & 12
b. Pre-opening purchases and leases	Sections 4.1, 5.1 & 8.2	Items 7 & 8
c. Site development and other pre-opening requirements	Sections 1.1, 3.1, 4.1 & 5.1	Items 7, 8 & 12
d. Initial and ongoing training	Sections 3.1 & 3.2	Items 6 & 11
e. Opening	Sections 4.1 and 5.1	Item 11
f. Fees	Sections 2, 5.5, 5.6, 6.1, & 7.1	Items 5, 6 & 17
g. Compliance with standards & policies/ Operating Manual	Sections 5 & 6.3	Items 11 & 17
h. Trademarks and proprietary information	Sections 1.1, 5.1, 5.3, 5.4, 5.6, 5.7, 5.8, 5.9, 6.5, 9.2	Items 13, 14 & 17
i. Restrictions on products and services offered	Sections 1.1, 1.3, 1.5, 5, 6.3, 6.5	Items 8, 12, 13, 16 & 17
j. Warranty and customer service requirements	Sections 5.1, 5.3 & 5.6	Item 11
k. Territorial development and sales quotas	Section 1.1	Items 7 & 12
l. Ongoing product & service purchases	Sections 2.9, 5.1, 5.3, 5.4, 5.6, 5.9, 5.10 & 8.2	Items 7 & 8
m. Maintenance, appearance and remodeling requirements	Sections 5.1, 5.2, 5.3, 5.4, & 6.5	Items 7, 11 & 17
n. Insurance	Section 8.2	Item 7
o. Advertising	Sections 1.5, 2.3, 5.1, 5.2, 5.3, 5.4, 5.6 & 6.5	Items 9 & 11
p. Indemnification	Sections 6.7 & 8.1	Item 6
q. Owner's participation/ management/ staffing	Sections 2.9, 3, 4.1, 5, 6.5, 6.8, 7, 9.3, 9.10, 9.12 & 9.14	Items 11, 15 & 17
r. Records and reports	Sections 2.8, 5.1, 5.4 & 5.10	Items 6, 11 & 17
s. Inspections and audits	Sections 2.9, 5.1, 5.3 & 5.6	Items 6, 11 & 17
t. Transfer	Section 7	Item 17

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
u. Renewal	Section 6.1	Item 17
v. Post-termination obligations	Sections 5.12, 5.13, 6.5, 6.6, 6.8, 9.9, 9.10	Item 17
w. Non-competition covenants	Sections 5.12, 5.13,6.5, 6.6, 6.8, 9.9, 9.10	Item 17
x. Dispute resolution	Section 9.8	Item 17

10.
FINANCING

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

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

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

A. Pre-Opening Obligations

Before you open your franchise, we will:

1) Designate your Franchise Territory in the Franchise Agreement before the Franchise Agreement is executed. (Franchise Agreement, Section 1.1) We do not provide any site selection assistance to you.

2) Provide you online access to initial orientation and training materials and videos and the initial training program checklist (Franchise Agreement, Section 3.1).

3) Provide the Operations Manual which provides written specifications for necessary equipment, signs, fixtures, opening inventory, and supplies. (Franchise Agreement, Section 5.1). We do not provide these items directly but provide names of approved suppliers. We do not deliver or install these items for you.

4) Assign to you a franchisee mentor who will assist you and your manager to complete the initial training program using the initial orientation and training materials and videos and monitor your completion of the training checklist. (Franchise Agreement, Section 3.1). Currently, Keith Lane serves as franchisee mentor. Keith Lane has operated the Painter1™ franchise in Knoxville, Tennessee since 2021 and operated the Painer1™ in Nashville in 2023 and 2024.

5) Give you a list of any approved or designated suppliers. (Franchise Agreement, Section 5.1)

Time to Open

The typical length of time between the signing of the Franchise Agreement or first payment of consideration for the Franchise and the opening of the Franchise for business is about 30 to 90 days. You must complete the initial training program and commence your franchise business operations within the earlier of **180** days after you sign the franchise agreement or **30** days after you successfully complete the initial training program. Factors that may affect this time are arranging for the training session, equipping the Franchise, obtaining initial inventory, financing and business permit and contractor's licensing requirements, and your personal operational needs. Any failure caused by a war or civil disturbance, a natural disaster, a labor dispute, shortages or other events beyond your reasonable control will be excused for a time that is reasonable under the circumstances.

If the commencement of operation obligation is not fulfilled, we may terminate the Franchise Agreement without refunding any part of the Initial Franchise Fee. (Franchise Agreement, Section 4.1).

Operations Manual Table of Contents

The Operations Manual is hosted online and is available through our intranet. The Operations Manual is confidential and remains our property. It contains mandatory and suggested specifications, standards and procedures. We may modify the Operations Manual, but the modifications will not alter your basic status and rights under the franchise agreement. The revisions may include advancements and developments in supplies, products, equipment, sales, marketing, operational techniques, and other items and procedures used for the operation of the franchise. As of the date of this disclosure document, the table of contents of the current version of the Operations Manual consists of approximately **88** separate pages plus embedded content and videos and includes:

1. First Steps - 10 pages
2. Daily Expectations - 9 pages
3. Painter1 Software - 1 page (mostly videos)
4. Marketing - 15 pages
5. Job Roles/Position Responsibilities - 25 pages
6. Sales Training - 8 pages
7. Accounting - 7 pages
9. Realizing Goals - 5 pages
10. Conclusion - 2 pages

Training

We will provide to you an initial training and franchisee mentor program and online access to initial orientation and training materials and videos and the initial training program checklist. We will assign to you a franchisee mentor who will assist you and your manager to complete the initial training program using the initial orientation and training materials and videos. Currently, we will assign to be your franchisee mentor Keith Lane, our franchisee in Knoxville, Tennessee. We may reassign, transfer, remove, replace, or otherwise dictate who is your franchisee mentor in our sole and absolute discretion. The franchisee mentor will follow our details mentor checklist. We will monitor the franchisee mentor and checklist progress to ensure that all required initial training items are covered.

The initial training program will consist of a 3-5 day training session in your franchisee mentor's franchise territory, currently in Knoxville, Tennessee, or another location to be designated by us before the start of your business. This initial training session will introduce you to our system and structure and cover software, building your business, operational practices, and marketing plan and strategy. The franchisee mentor will review, assist, and monitor your completion of the training program checklist. After you have completed all items on the training checklist, the franchisee mentor will provide remote support through telephone and email communications. Approximately 3 to 6 months after the commencement of your operations, the franchisee mentor will accompany you for approximately 2 days on-site in your Franchise Territory. (Franchise Agreement, Section 3.1). The initial training program is included in the Initial Franchise Fee. All your accommodations, travel, room, board, and wage expenses during this period are borne exclusively by you. You are also exclusively responsible to pay for or otherwise reimburse the franchisee mentor for all travel, lodging, and living expenses reasonably incurred to conduct the required initial training. The training program must be completed by all franchisees, unless, at our reasonable discretion, based upon a franchisee's experience, it is deemed unnecessary. As of the date of this disclosure document, the current agenda for the training includes:

TRAINING PROGRAM

Subject	Hours Of Class Room Training	Hours Of On The Job Training	Location
Software	2-4	16-24	Mentor's territory and your territory
Marketing	2-4	2-4	Mentor's territory and your territory
Sales Process	2-4	6-8	Mentor's territory and your territory
Accounting and Reporting	1-2	2-3	Mentor's territory and your territory
Job Roles and Descriptions	2-4	4-8	Mentor's territory and your territory

* The Training Schedule may be amended.

Our training supervisor is Jason Leber. Mr. Leber has supervised marketing activities for painting systems and has served as our director since January 2016. He has served as our managing partner since February 2021. Currently, our franchisee mentor is Keith Lane. Keith Lane has operated the Painter1™ franchise in Knoxville, Tennessee since 2021 and operated the Painter1™ franchise in Nashville, Tennessee in 2023 and 2024. He has experience involved in residential and commercial painting business since 2015 and experience in the home improvement and remodeling industries since 1998.

The initial training program utilizes the training checklist, the Painter1 Operations Manual and initial orientation and training materials and videos for instructional material.

You must coordinate and schedule the training sessions with the assigned franchisee mentor. Training is scheduled and held on an "as needed" basis depending on the number of franchisees requesting training in a particular time frame and the franchisee mentor's availability.

You and your manager, if any, must complete the initial mandatory training program to our satisfaction or we may terminate the Franchise Agreement without refunding any part of the Initial Franchise Fee. You are encouraged to complete the initial training program as soon as possible after executing the Franchise Agreement and before incurring any costs or expenses related to the opening of the Franchise. We will not be liable for your costs or expenses if we terminate the Franchise Agreement because you or the manager fails to complete the mandatory training to our satisfaction.

You are responsible for all expenses you and your employees incur to attend the initial training, including transportation, meals, accommodations and entertainment.

You must complete initial training program within 180 day of the date of the franchise agreement.

If you desire to have more than two individuals receive initial training, these additional individuals will be accommodated at the convenience of your assigned franchisee mentor. We reserve the right to charge a reasonable fee for the provision of the training regardless of when and where the individuals participate in initial training.

We may at any time during initial training inform you that an individual attending training on your behalf is not suitable due to criminal activities, disruptive behavior, poor attendance or other reasons. Upon that notice, our obligations to train that individual will be deemed to have been discharged.

Although not required by agreement, we may, at our discretion or upon your request, provide other supervision, assistance, and services before the opening of your business; such as literature, videos, advertising materials, and additional training assistance.

Transfer Training

If you acquire your Painter1® franchise from an existing Franchise owner through an approved transfer transaction, we may opt to have the original franchisee from whom you acquired the Franchise (the "Original Franchisee") provide to you certain training and onboarding as required and designated by us, including as outlined in the then-current Painter1 training model and in the Operations Manual ("Transfer Training") instead of providing to you the standard initial training program outlined above. In this instance, the Original Franchisee is primarily responsible for the

Transfer Training and the hand-off and transition to you of the operational knowledge, intellectual property, and assets related to the Franchise. We may still require you to pay for and complete to our exclusive the initial training program outlined above, at our discretion. Otherwise, we provide direction, oversight, and assistance during the transition period on an advisory basis while the Original Franchisee provides the Transfer Training and all initial training and onboarding.

To be eligible to become a franchisee mentor, a franchisee (including you) must meet our minimum standards and requirements for the franchisee mentor program, as we establish in our sole and absolute discretion from time to time. Currently, to be eligible to be a franchisee mentor, a franchisee must meet at least the following minimum standards and requirements: (1) be in good standing under all agreements between us or our affiliates; (2) follow our standards and guidelines for franchise operations and for the franchisee mentor program; (3) average at least a 30% close rate on painting job bids for the prior 12 months; and (4) generate gross revenue of at least $500,000 from their **Painter1** franchised business during the prior 12 months. We have the right to modify or add to the minimum standards and requirements at any time.

B. Our Obligations DURING the Operation of Your Franchise Business

After you open your franchise, we will:

1) At your option and upon not less than thirty-five days' prior written notice to us, you may receive additional training at our headquarters or at other agreed upon locations. All expenses of this training will be borne by you, including but not limited to your travel, lodging, meals, compensation, and our reasonable costs and expenses including a reasonable training fee at our then current rates. This additional training may include work experience and observation of our or other franchise operations. The duration of training is negotiable depending upon your needs. You will not receive any compensation for services rendered by the trainee during this or any other training. We may designate your franchisee mentor or others to conduct some or all of such training. (Franchise Agreement, Section 3.2)
2) From time to time we may provide refresher training programs or seminars and may require that you or your managers attend and complete them to our satisfaction. These programs and seminars will be held at locations we designate and will be provided without charge to you. You will be exclusively responsible for paying all travel, living and other expenses and compensation of attending these programs and seminars. Each year, usually in conjunction with our annual convention, you or the designated managers of your Franchise will be required to attend up to 12 to 16 hours of programs and seminars, depending upon program and seminar availability. In addition, we may deem it appropriate or necessary to provide additional training and supervision to you and your managers and employees onsite in your Franchise Territory. If so, you will fully participate in and complete this additional training and supervision, including additional or revised training programs and processes that may be added to the Operations Manual in the future. We may charge a reasonable training fee for these additional training sessions. (Franchise Agreement, Section 3.2)

3) Administer our advertising program and formulate and conduct national and regional promotion programs. (Franchise Agreement, Section 5.3 and 5.6). We do not have any obligation to assist you in establishing prices; but, to the extent permitted by relevant law, we may establish price ceilings or minimum or maximum allowable prices on the products and services you offer and sell. Except as so specified by us or as otherwise required in the Franchise Agreement and in the Operations Manual, you may determine the prices at which you sell products and services, as well as the terms and conditions of sale.

4) At our discretion, inspect the Franchise and conduct activities to ensure compliance with the terms of the Franchise Agreement and Operations Manual to assure consistent quality and service throughout our franchise system. (Franchise Agreement, Sections 2.9 and 5).

5) At our discretion, inspect the facilities of your manufacturers, suppliers, and distributors and notify you and the manufacturers, suppliers, and distributors in writing of any failure to meet our specifications and standards. (Franchise Agreement, Sections 2.9 and 5).

6) Provide to you bookkeeping services through our designated bookkeeper for a reasonable fee.

7) We may provide other supervision, assistance or services although we are not bound by the Franchise Agreement or any related agreement to do so. These may include among other things: advertising materials, videos, literature, additional assistance in training, promotional materials, bulletins on new products or services, and new sales and marketing techniques or developments. We may designate your franchisee mentor or others to conduct additional or supplemental training or to provide consultation and advice regarding issues that we determine may be important to your franchise operations or in response to your inquiries about specific administrative and operating issues that you bring to our attention. (Franchise Agreement, Section 3.2 and 5.4)

Advertising

Currently we promote our franchises through internet and social media. We may also advertise through print and direct mail media. Advertising programs may be implemented locally and regionally through advertising cooperatives. We may use in-house advertising departments and may use regional advertising agencies. We may provide to you advertising materials and sales aids for you to use in your local advertising and promotional efforts. We use internet and social media advertising at times and using platforms and services we deem to be in the best interest of our franchisees and our franchise system. We are not required to spend any amount on advertising in your market area or territory.

We do not have an advertising council composed of franchisees. However, we do have a 3-member conference committee that is responsible to plan and run the annual Painter1 franchisee convention. The committee members are appointed by us and are not compensated. The committee has decision-making power and is responsible to select the location and activities for our annual franchise convention, with reasonable assistance from us and our representatives. We can change or dissolve the committee at any time in our discretion.

We require that most advertising materials note that franchises are available.

Local Advertising Expenditures

We recommend that each month you expend in your local market at least **8%** of your Gross Sales to advertise and promote your Franchise.

Promotional Materials

You will submit to us all advertising copy and other advertising and promotional materials before you use them in your local advertising program. You will not use any advertising copy or other promotional material until we approve it. You specifically acknowledge and agree that any web site will be deemed “advertising” under the Franchise Agreement and will be subject to, among other things, our approval, restrictions, and requirements outlined in the Operations Manual. The term “web site” means an interactive electronic document contained in a network of computers linked by communications software you operate or authorize others to operate that refers to the franchised business, proprietary marks, us, or the Method of Operation. The term web site includes, but is not limited to, Internet and World Wide Web home pages. All advertising and promotional materials must include the wording “franchises available.”

Advertising Cooperatives

We may designate local, regional, or national advertising coverage areas for the development of cooperative local or regional advertising and promotional programs. An "advertising coverage area" is defined as the area covered by a particular advertising medium such as television, radio, or other medium, as recognized in the media industry. We will designate the geographic boundaries of cooperative advertising and promotional programs and the respective advertising coverage areas of these programs. We have the power to require cooperatives to be formed, changed, dissolved, or merged.

We will promptly notify you and our other franchisees of the establishment, modification, and geographical boundaries of regional advertising regions. We may require all franchisees located within each advertising region to meet periodically for the purpose of creating and establishing regional advertising programs. Each franchise and each operation we or our affiliates own and operate will be entitled to one vote at these meetings. For the purpose of this subsection, each operation we own will be deemed to be a franchise.

If at any meeting of the franchisees in an advertising region, **65** percent of the franchisees vote to contribute to a regional advertising program, all franchisees within that region will be obligated to make a contribution to a regional advertising fund in the amount established by the vote (the "Regional Advertising Fund"). No advertising region may require any franchisee in that region to make a contribution to a Regional Advertising Fund in excess of **2** percent of that franchisee's Gross Sales. At the time a cooperative local or regional advertising or promotional program is developed, we will provide to you a list of all open **PAINTER1** franchises within your advertising coverage area.

We will administer each Regional Advertising Fund. (Franchise Agreement, Section 5.6(G)). There are no other written governing documents that govern any cooperative advertising program. No Regional Advertising Fund will be audited. However, we will prepare annual financial statements that you may obtain upon written request to us.

Your contributions must be paid to the cooperative administrator we designate, when and in the same manner as the Royalty Fee payments are paid to us.

Other than the Regional Advertising Funds described above, there are no other advertising funds in which you must participate.

Computer Systems

To ensure consistency throughout the franchise system, you must utilize the designated customer relationship management software in your operations. All estimating, bidding, scheduling, invoicing, payments, collections, accounting, and reporting must be performed using this software or other software that we may designate from time to time. The right to use this software is included in the Initial Franchise Fee. (Franchise Agreement, Sections 5.10)

You must use designated accounting software, currently QuickBooks online Essentials Plan or higher or the then-current equivalent, for your operations in conjunction with using our designated bookkeeper. You must utilize a laptop or tablet device and a cell phone in the operation of your franchised business. The devices must connect to the Internet and must be fully compatible with the proprietary software and meet our minimum specifications and guidelines and those of the proprietary software. You must lease, purchase, or otherwise acquire, from sources of your choice and at your expense, software and hardware which strictly conform to our specifications. We will give you at least 90 days' written notice, describing the hardware, software, and upgrading requirements of the system before you are obligated to initially install the computer systems. Required computer systems, hardware, and software generally cost between $800 and $1,800.

We may require you to use an information processing and communication system that is fully compatible with any program or system which we, in our sole discretion, may employ. If we require, you must record and transmit all financial information using this system and our designated ISP or other communication vendors. We may at our discretion change standards for reporting to provide effective technology for the entire system. We will have full ability to poll your data, system, and related information by means of direct access whether in person or by telephone/modem. We will have independent access to the information that will be generated and stored in your information processing and communication system. We will have access to all of your data and there will be no contractual limitation on our right to access your information or data. We will not implement any electronic system that will disrupt or damage your electronic system, and our access will be read-only.

We may utilize financial and other data received from you and your computer systems. To provide transparency in the franchise system and for reporting purposes, we may publish any of your financial and other data so received on our franchisee intranet and disclosure documents; this information may include without limitation sales, lead volume, closing ratio, cost of goods and services sold, etc.

Other than the designated software referenced above, none of the hardware or software you are required to obtain is specifically designated by us. Any hardware and software that is functionally equivalent and fully compatible to that listed may be used, except for your customer relationship management software, accounting software, and any merchant processing services or software.

Neither we nor any of our affiliates or any other third parties are obligated to provide ongoing maintenance or repairs to any of the computer or software systems. You must pay us for reasonable upgrades to our designated software. The cost of those upgrades will not exceed $500 during any calendar year. Other than the required upgrades to our designated software, you may, but are not obligated to, update or upgrade hardware and software during the term of the agreement. We estimate that these optional updates or upgrades will be approximately $0 to $250 per year. This hardware and software is used for communications, accounting and record keeping. We do not now have, but may in the future require, independent access to and use of the information and data on your computer systems. There are no contractual limits on such access and use.

We will give you free technical software support for so long as we deem necessary for you to sufficiently understand the designated software. We will give you 45 days advance notice when we deem it reasonable for you to pay a reasonable technical support fee to receive additional technical support. We estimate that the technical support fee would be no more than $250 per month.

12.
TERRITORY

Franchise Territory

We will grant you a specific territory within which you will operate your franchised business (the "Franchise Territory"). The size, configuration, and exact location and boundaries of the Franchise Territory offered to you will depend upon your requests and our market analysis, market penetration plans, and franchise placement strategies. Your approval will also be considered in designating the Franchise Territory. Among the factors we consider to determine the feasibility of possible franchise territory boundaries and locations include any combination of population and household demographics and income levels, the number of residential dwellings, and other businesses in the area according to census and chamber of commerce information, but we will make the final determination.

Franchise Territory Definition

Before you sign the Franchise Agreement, the geographical or political boundaries of your Franchise Territory will be identified and described in Exhibit 1 of the Franchise Agreement.

A typical Franchise Territory consists of an entire metropolitan area. The exact boundaries will depend on the proximity of the franchise territory to other franchised territories or metropolitan areas and our contractual commitments with or rights granted to other franchisees and to avoid isolating or cutting off areas within a given metropolitan area. If you operate in a rural area, a rural franchise territory is generally measured as a radius from a specific center point. 50 miles is the general radius measurement for a rural franchise territory, but it will depend on the proximity of the franchise territory other franchised territories or metropolitan areas. For transfers, we reserve the right to match the established territory scale of the original franchisee's territory as we define or redefine the territory using metropolitan area or zip codes to align with our current standard.

You will not receive any territorial protection or exclusivity with regard to either painting services to individual residential customers ("Residential Services") or to commercial painting services or any other products or services that you are permitted to offer or sell under the Franchise Agreement that are not Residential Services (collective "Commercial Services") within your Franchise Territory.

You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control or with which we are affiliated. We may offer and sell and authorize other **Painter1** businesses to offer and sell Resident Services and Commercial Services within your Franchise Territory without your consent. You do not have the right to acquire additional franchises in your Franchise Territory or in contiguous or other territories. You do not have the right to change or relocate your Franchise Territory or your Painter1 business. However, we will place a cap on the number of franchisees that may operate within any one metropolitan area. We will not exceed the market sales cap of $5 per person of population within any given metropolitan area. As the collective Gross Sales of all franchisees within any given metropolitan area meet or exceed the market sales cap, we intend to deem the area "sold out" and to not offer or sell any addition franchises within that metropolitan area. We intend to utilize US census figures and estimates to determine the boundaries of and population and saturation statistics for each given metropolitan area.

Otherwise, the Franchise Territory is **not** a protected territory. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Operations Outside your Franchise Territory
Generally, you agree not to perform or sell Residential Services or Commercial Services outside your Franchise Territory and you may not operate and solicit customers and perform and sell Residential Services or Commercial Services outside your Franchise Territory without our prior written consent. We have previously granted territorial protections in certain instances; you may not operate in a franchise territory or geographical area belonging to another franchisee for which have agreed, or in the future may agree, to offer territorial protections that would prohibit you from operating there. You may not operate and may not offer or sell any products or services, including both Residential Services and Commercial Services, outside of the state boundaries in which the Franchise Territory is located without our prior written consent and executing a separate franchise agreement for that territory.

If more than 10% of your Gross Sales is derived from approved operations, including either approved Commercial Services or Residential Services, in any area that is located outside of your Franchise Territory, to continue to operate within that area we may require you to either: (1) purchase an additional franchise whose franchise territory covers that area and sign our then-current franchise agreement; or (2) to expand your Franchise Territory by an amendment to your Franchise Agreement, and pay to us the pro rata Initial Franchise Fee for the additional or expanded franchise territory.

Additional Franchises and Territory Expansion
To establish additional franchises or to expand the boundaries of your Franchise Territory, you must not be in default in any material provision of any and all agreements between you and us; your proposed territory must meet our franchise placement and market penetration guidelines

and criteria; and you must sign our then-current franchise agreement or an amendment to your existing franchise agreement and pay to us the corresponding Initial Franchise Fee. The territory must also be legally available in compliance to federal and state franchise disclosure and registration laws and contractually available pursuant to contractual obligations to other **Painter1** franchisees.

Relocation
You must be in good standing and receive our written permission before you relocate your franchise. The relocated territory must be available according to our contractual commitments to other Painter1 franchisees. Any relocation will be at your sole expense. You must satisfy our then current franchise placement and demographics criteria, as expressed in the Operations Manual.

Continuation of Your Franchise
Your Franchise Territory and any territorial protections or exclusivity are not dependent upon achievement a certain sales volume, market penetration or any other contingency. There are no other circumstances that permit us to modify or alter your territorial rights during the term in your Franchise Agreement.

First Right of Purchase and Right of First Refusal
You do not receive the right to acquire additional franchises or grant sub franchises within the Franchise Territory or in contiguous territories. You have not been extended options, rights of first refusal, or similar rights to acquire additional franchises or grant sub franchises within the Franchise Territory or in contiguous territories.

Minimum Sales Quota
There are no minimum sales quotas or performance standards required by us or your Franchise Agreement.

Our Use of the Service Marks and *PAINTER1* Products and Services
We retain all rights not specifically granted to you in the Franchise Agreement. This includes our right to use or license the use of our service marks and trademarks to others. Neither we nor our affiliates are restricted from participating in other distribution methods, whether or not within the Franchise Territory including Internet, other forms of media now or in the future developed, wholesale and mail order channels, whether under our principal marks or under marks and product configurations different than those offered through your franchise. We are not required to compensate you for soliciting or conducting such business within your territory.

We retain the sole right to market on the Internet, including all use of web sites, domain names, URL's, linking, meta-tags, advertising, auction sites, e-commerce, and co-branding arrangements. You will provide us content for our Internet marketing, and follow our Intranet and Internet usage requirements. We also retain the sole right to use the Service Marks on the Internet, including on web sites, as domain names, directory addresses, meta-tags, and in connection with linking, advertising, co-branding, and other arrangements. We retain the right to approve any linking or other use of our web site. You may not establish a presence on or market using the Internet except as we may specify, and only with our prior written consent. We intend that any franchisee web site be accessed only through our home page. Subject to the terms of use on our web site, we may gather, develop and use in any lawful manner information about any visitor to the web site, including but not limited to your customers, franchisees or prospective

franchisees regardless of whether they were referred to you via the web site or were otherwise in contact with you.

We have not established and do not intend to establish other franchises or company-owned outlets selling similar products or services under a different method of operation, trade name or trademark.

We may purchase or be purchased by, or merge or combine with, competing businesses, wherever located.

Your Use of the Service Marks and *PAINTER1* Products and Services

Except with our prior written permission, you will not place under any circumstances advertisements using the Service Marks in or originating from any area other than the Franchise Territory.

Except as otherwise provided in the Franchise Agreement or the Operations Manual, you may not directly market to, solicit or service customers whose principal home address or place of business is outside the Franchise Territory. You may not advertise in any media whose primary circulation is outside the Franchise Territory, except with our prior written permission and the prior written consent of any of our franchisees whose territory is reached by that media. All Internet marketing is part of our marketing programs described in the Operations Manual and defined in the Franchise Agreement, and must be coordinated through us and approved by us. You may not market independently on the Internet or acquire an independent Internet domain name or web site. You may not solicit or accept orders outside your Franchise Territory under other channels of distribution (such as the Internet, other forms of media now or in the future developed, wholesale and mail order channels) without our prior written approval.

Only we may place national or regional advertising.

13.
TRADEMARKS

We hold the registration of our principal Painter1 logo on the Principal Register of the U.S. Patent and Trademark Office.

Mark:

Registration Number: **5058337**
Registration Date: **October 11, 2016**

All required affidavits have been filed.

We also claim common law rights to the "**PAINTER1**" names, marks and logos**.**

We will allow you to use these and all other trade names, trademarks, service marks, and logos we now own or may in the future develop for our franchise system. We refer to all these commercial symbols as the "trademarks."

The trademarks are our exclusive property. You will immediately notify us of any infringement of, or challenge to, your use of the trademarks. We will have sole discretion to take or not to take action, as we deem appropriate. We are not required to protect your rights to use the trademarks or to protect you against claims for infringement or unfair competition arising out of your use of the trademarks. We have sole discretion as to whether to defend you against or indemnify you for expenses or damages incurred due to claims of infringement or unfair competition arising out of your use of the trademarks. The franchise agreement does not require us to take affirmative action when notified of such uses or claims or to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the trademarks, or if the proceeding is resolved unfavorably to you. We have the sole right to control any administrative proceedings or litigation involving the trademarks.

You must follow our rules when you use the trademarks. You may not use the trademarks in any manner we have not authorized in writing.

All goodwill associated with the trademarks, including any goodwill that might be deemed to have arisen through your activities, will accrue directly and exclusively to our benefit, except as otherwise provided by applicable law.

You may not use or give others permission to use the trademarks, or any colorable imitation of them, combined with any other words or phrases.

We may change or modify any part of the trademarks at our sole discretion. You will accept, use and protect, for the purposes of the franchise, all changes and modifications as if they were a part of the trademarks at the time the franchise agreement is executed. You will bear all costs and expenses that may be reasonably necessary because of these changes or modifications. Under no circumstances will we be liable to you for any damages, costs, losses, or detriments related to of these changes or modifications.

There are no presently effective determinations of the U.S. Patent and Trademark Office, the trademark administrator of any state or any court, any pending interference, opposition or cancellation proceeding and any pending material litigation involving the trademarks in any state.

There are no agreements that concern our rights to use or license the use of the trademarks. We know of no infringing uses that could materially affect your use of the trademarks.

We claim common law rights to the trademarks and any other marks used by us in interstate commerce in the United States. This claim is based upon our widespread use of the names in interstate commerce.

14.
PATENTS, COPYRIGHT, AND PROPRIETARY INFORMATION

We intend to affix a statutory notice of copyright to our Operations Manual, to most of our advertising products, and to all modifications and additions to them. We and our affiliate claim copyright to portions of the proprietary customer relationship management software. There are no determinations, agreements, infringements or obligations currently affecting these notices or copyrights. You have no rights to the copyrighted material. You are granted the right and are required to use the copyrighted items only with your operation of the franchise during the term of your franchise agreement.

The Operations Manual is described in Item 11. It is confidential, proprietary, and contains trade secret materials. Although we have not filed applications for copyright registration, all copyrighted materials are our property. Item 11 describes limits on use of the copyrighted materials by you and your employees. We and our affiliate claim proprietary rights in the proprietary customer relationship management software and reporting systems. We and our affiliate consider portions of these proprietary systems as trade secrets. You are only permitted to use these proprietary systems in accordance with the Franchise Agreement and only as long as you are a franchisee. You must contact us immediately if you learn of any unauthorized use of our or our affiliate's proprietary information. You must also agree to not contest our rights to and interest in our copyrights and other proprietary information.

We have no patents and no pending patent applications material to your franchise.

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

We recommend that you or one of your owners if you are a corporation or partnership, participate fully in the actual day-to-day operation of the franchise business. However, you are not required to participate in the day-to-day operations of your franchise by the Franchise Agreement or any other contractual obligation with us. You may designate a manager to assume responsibility for day-to-day operations. We do not impose any restrictions on who may serve as a manager of your franchise; however you should exercise reasonable care in selecting your employees. Any managers you employ to help you to operate the franchise must successfully complete the initial training program described in Item 11. Your manager is not required to have an equity interest in your franchise. The manager and all of your owners must agree to be bound by the confidentiality

and non-competition provisions of the Franchise Agreement in writing. You are accountable for any breach of confidentiality and noncompetition provisions that are caused by one of your employees.

Each of your owners must assume and agree to discharge all of your obligations under the franchise agreement. If you are a resident of a state which requires the consent of both spouses to encumber the assets of a marital estate, we may require that your spouse sign the Owner's Guaranty attached to the Franchise Agreement.

Our Step-In Rights. As outlined in Section 6.7 of the Franchise Agreement, to prevent any interruption of the franchised business that would cause harm to the franchise and to our franchise system and lessen their value, we may step in to operate the franchise when we deem necessary. Reasons may include our determination that: you are incapable of operating the franchise; you are absent or incapacitated because of illness or death; you have failed to pay when due any taxes or assessments against the franchise or property used in connection with the franchise; you have failed to pay when due any liens or encumbrances of every kind placed upon or against your business property; or we decide that operational problems require us to operate the franchise for a time.

All revenue derived from our operation of the franchise will be for your account. We may pay from that revenue all expenses, debts, and liabilities we incur during our operation of the franchise. We will keep in a separate account all revenue generated by the operation of your business, less the expenses of the business, including reasonable compensation and expenses for us and our representatives.

16.
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must operate your franchised business on a year-round basis and will be authorized to offer, sell and perform Residential Services and Commercial Services subject to the territorial permissions and restrictions as outlined in the Franchise Agreement (See Item 12). We require that you use, offer, and sell only those products and services that we approve in writing. (See Item 9) You must offer all products and services that we designate as required by our franchisees. We reserve the right, without limitation, to modify, delete, and add to the authorized products and services.

17.
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	**Section in Franchise Agreement**	**Summary**
a. Length of the franchise term	Section 1.1	10 years
b. Renewal or extension of term	Section 6.1	If you are in good standing, you may renew for periods of **5** years under the terms of our then current franchise agreement forms that may have materially different terms and conditions than your original contract.
c. Requirements for franchisee to renew or extend	Section 6.1	"Renewal" means that you, upon the expiration of the original term of the franchise agreement, have the right to enter into a new agreement according to our then-current franchise agreement forms that may have materially different terms and conditions than your original contract. You must give notice at least three and not more than 6 months before expiration of the initial term; faithfully perform under the initial agreement; refurbish the Franchise and replace obsolete equipment; sign general release; sign a new agreement; pay the renewal fee; and go through retraining.
d. Termination by franchisee	Section 6.2	You may terminate the Franchise Agreement if you comply with the terms of the Franchise Agreement and if we substantially breach any material provision of the Agreement and fail to cure or reasonably to begin to cure that breach within **30** days after receipt of written notice specifying the breach.

Provision	**Section in Franchise Agreement**	**Summary**
		Termination will be effective **10** days after you deliver to us written notice of termination for our failure to cure within the allowed period. Subject to State Law.
e. Termination by franchisor without cause	Not applicable	We cannot terminate unless you are in default
f. Termination by franchisor with cause	Section 6.3	We can terminate only if you default.
g. "Cause" defined – curable defaults	Section 6.3(A)	You have 30 days to cure any default not listed in Section 6.3.
h. "Cause" defined – non-curable defaults	Section 6.3(B)	Bankruptcy and insolvency, abandonment, repeated default, misrepresentations, levy of execution, criminal conviction, noncompliance with laws, non-payment of fees, repeated under reporting of sales, disclosure of information.
i. Franchisee's obligations on termination/non-renewal	Section 6.5 & 6.8	De-identification, return of manuals, release of phone numbers and listings, de-identification of your franchise equipment, payment of sums owed, confidentiality, and non-competition.
j. Assignment of contract by franchisor	Sections 7.1 and 7.2	There are no restrictions on our right to transfer. If we sell all or substantially all of our assets or more than 75% of the combined voting power of our outstanding equity interests, you may be eligible to receive a "Sales Transaction Bonus." The bonus is based on the net sale proceeds and your "Franchisee Share." To be eligible, your franchise agreement must be in full force and effect and not have been terminated, voided, suspended, transferred, or otherwise abrogated and you

Provision	**Section in Franchise Agreement**	**Summary**
		must not be in any then-current uncured default under your franchise agreement.
k. "Transfer" by franchisee - defined	Section 7.1	Restrictions apply if you sell, transfer, assign, encumber, give, lease, or sublease (collectively called "transfer") the whole or any part of: the franchise agreement, substantial assets of the franchise, or ownership or control of you.
l. Franchisor approval of transfer by franchisee	Section 7.1	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	Section 7.1	The transferee must qualify as a franchisee and must assume your obligations, you may not be in default, the transferee must successfully complete the mandatory training, you must reimbursement our reasonable related expenses, the transferee must sign a new franchise agreement on our then current terms, you must release us, and you must remit to us the $25,000 Transition Holdback from total transfer purchase price to be held until we certify the successful transition of the franchise, including the completion of Transfer Training and comprehensive hand-off to the new franchise owner of key franchise-specific operational knowledge and assets.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 7.4	If you receive an offer, we will have the right to purchase on the same terms and conditions as offered to you, **30**-day notice and right to decide.
o. Franchisor's option to purchase franchisee's business	Section 7.3	You will give us the right of first purchase before soliciting offers from a third party if you choose

Provision	**Section in Franchise Agreement**	**Summary**
		to sell your franchise business. You agree to notify us in writing if you desire to sell or transfer any interest in you or in your franchised business. We will elect to exercise our option to purchase within **30** days after our receipt of your written notification. If we offer you an amount that you do not agree to, you may try to sell to a third party. You are obligated before any transfer to a third party to comply with all criteria outlined in the paragraphs related to First Right of Refusal.
p. Death or disability of franchisee	Section 7.2	Within 180 days, your heirs, beneficiaries, devisees or legal representatives may apply to continue to operate the franchise, or transfer Franchise interest.
q. Non-competition covenants during the term of the franchise	Sections 5.12 & 5.13	You may not disclose confidential information or compete. Subject to applicable state law.
r. Non-competition covenants after the franchise is terminated or expires	Sections 5.13 & 6.8	No competition is allowed for 720 days within the Franchise Territory and within the territory or market where we operate or have granted the franchise to operate a business, and within the United States of America. Subject to applicable state law.
s. Modification of the agreement	Sections 5.9 and 9.7	We may modify the Operations Manual. Modifications to the language of the Franchise Agreement require the signed written agreement of the parties. Subject to applicable state law.
t. Integration/Merger clause	Sections 5.1, 5.9, & 9.7	Only the terms of the Franchise Agreement and other related agreements are binding (subject to applicable state law). Any

Provision	**Section in Franchise Agreement**	**Summary**
		other representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations we make in the Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 9.8	Except for certain claims, all disputes must be arbitrated in accordance with the provisions of the *Federal Arbitration Act*, except as stated in State Addenda to this Disclosure Document. The Franchise Agreement prohibits disputes from being arbitrated on a class or consolidated basis.
v. Choice of forum	Section 9.8	Arbitration and Litigation must be in Utah County, Utah, except as stated in State Addenda to this disclosure document. Subject to state law.
x. Choice of law	Section 9.8	Utah law applies except as otherwise provided in the Franchise Agreement and subject to state laws in those states whose laws require exclusive application and except to the extent governed by the United States Trademark Act.

18.
PUBLIC FIGURES

No public figures are involved in our franchise program.

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 this Item 19 may only be given 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.

Financial Performance Representation

The following tables contain historical financial performance representations for franchised outlets that operated for more than 6 months from during the January 1 to December 31, 2025 calendar year: (1) monthly and total gross sales; (2) average and median annual gross sales; and (3) average and median number of estimates, the number of estimates sold, and the correlated closing percentage of estimates sold. The data in the following tables comes from the reported historical performance.

There were 38 Painter1 franchised locations in the United States that were open as of January 1, 2025 and that reported sales for the entire reporting period. 2 additional franchised locations opened after January 1, 2025 and reported sales for at least 6 months during the reporting period. See the notes following the tables for additional details. We excluded from Table 1 and Table 2 and their data 5 franchises that opened during the 2025 reporting period but had fewer than 6 months of operations during the reporting period. We excluded 1 franchise that closed or suspended operations during the 2025 reporting period; none of these excluded franchise outlets closed or suspended operations during the 2025 reporting period after being open less than 12 months. For Table 3, we excluded 4 inactive franchises that did not report sufficient estimate and closing data.

[Remainder of page left blank intentionally]

SECTION 1: 2025 Annual Gross Sales Data

The following table shows 2025 Gross Sales for the 40 franchise outlets that operated for at least 6 months during the 2025 calendar year. Each franchise territory is listed separately, even if operated by the same franchisee.

Table 1
Painter1 Franchise System
Franchisee Gross Sales
January through December 2025

Franchise	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec	2025 Total	Avg. Monthly	Median Monthly
Baldwin County, AL	$4,699	$1,787	$1,424	$30,023	$8,684	$28,344	$17,297	$18,212	$41,162	$26,281	$11,141	$31,617	$220,671	$18,389	$17.755
Highland Ranch, CO							$1,133	$23,889	$45,072	$54,530	$32,433	$24,311	$181,367	$30,228	$28,372
Westminster, CO							$1,669	$20,357	$11,230	$30,414	$35,797	$9,451	$108,917	$18,153	$15,794
Boca Raton, FL	$66,071	$59,108	$63,362	$81,014	$85,451	$43,954	$57,339	$70,925	$79,531	$73,588	$62,323	$60,213	$802,878	$66,907	$64,717
Central, FL	$20,082	$31,644	$60,939	$25,510	$29,884	$29,035	$24,277	$9,464	$18,700	$25,682	$11,679	$13,853	$300,749	$25,062	$24,894
Orlando, FL	$11,438	$13,858	$3,300	$20,840	$0	$10,980	$763	$2,097	$12,128	$0	$2,500	$0	$77,902	$6,492	$2,900
Marietta, GA	$4,609	$16,113	$15,828	$59,686	$27,945	$19,304	$10,984	$18,109	$22,934	$30,376	$27,589	$19,333	$272,810	$22,734	$19,319
North GA	$21,038	$12,906	$10,026	$53,204	$25,224	$58,061	$118,073	$26,448	$46,023	$78,461	$23,037	$15,910	$488,412	$40,701	$25,836
South GA	$0	$24,084	$19,141	$28,787	$21,083	$34,004	$17,797	$50,689	$30,532	$17,070	$12,830	$8,610	$264,627	$22,052	$20,112
Indianapolis, IN	$7,544	$22,671	$26,791	$64,308	$30,693	$49,571	$21,497	$27,979	$18,845	$40,903	$33,337	$13,940	$358,077	$29,840	$27,385
Washington, DC./MD	$1,593	$10,331	$3,839	$15,686	$7,518	$700	$0	$8,116	$13,990	$10,177	$11,933	$0	$83,883	$6,990	$7,817
Mid Michigan, MI	$13,898	$19,994	$17,007	$70,795	$64,807	$56,548	$103,026	$100,166	$52,410	$75,590	$39,641	$20,920	$634,801	$52,900	$54,479
New England, NH	$0	$1,261	$400	$2,841	$14,786	$28,611	$22,096	$20,003	$27,167	$0	$10,844	$15,495	$143,504	$11,959	$12,815
Charlotte, NC	$20,318	$4,044	$31,349	$55,620	$48,552	$31,713	$48,067	$39,237	$55,320	$50,810	$16,277	$40,194	$441,501	$36,792	$39,716
Fayetteville, NC	$15,917	$8,444	$4,758	$0	$2,285	$9,230	$21,463	$16,510	$14,952	$26,744	$18,772	$11,913	$150,989	$12,582	$13,433

Franchise	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec	2025 Total	Avg. Monthly	Median Monthly
Raleigh, NC	$51,895	$35,265	$87,363	$50,225	$104,011	$54,624	$64,446	$101,215	$130,502	$112,645	$67,870	$51,146	$911,208	$75,934	$66,158
Cincinnati, OH	$4,439	$6,577	$18,141	$19,914	$27,144	$16,518	$16,289	$8,847	$20,490	$4,821	$18,195	$2,316	$163,691	$13,641	$16,404
Columbus, OH*	$29,075	$60,420	$80,503	$77,202	$78,793	$95,575	$100,913	$125,392	$100,372	$127,042	$64,431	$35,704	$975,420	$81,285	$79,648
Tulsa, OK	$6,121	$19,353	$16,068	$15,703	$29,493	$24,554	$24,925	$21,502	$16,655	$34,683	$20,289	$12,355	$241,700	$20,142	$19,821
Portland, OR	$5,843	$7,539	$32,712	$53,637	$36,250	$62,463	$49,751	$81,456	$59,830	$49,063	$31,717	$33,552	$503,812	$41,984	$42,657
Main Line, PA	$14,304	$35,702	$14,143	$63,332	$71,883	$52,350	$57,603	$67,149	$51,321	$51,395	$26,868	$15,096	$521,145	$43,429	$51,358
Coastal Carolina, SC	$2,797	$1,200	$15,990	$22,531	$19,241	$8,787	$5,693	$14,885	$0	$0	$7,260	$2,204	$100,589	$8,382	$6,477
Lowcountry, SC*	$23,867	$35,289	$79,867	$58,876	$66,058	$74,619	$102,856	$54,171	$13,664	$48,490	$44,283	$54,989	$657,028	$54,752	$54,580
Upstate, SC*	$30,392	$77,400	$68,390	$86,018	$107,221	$71,857	$64,869	$64,537	$67,682	$58,077	$41,271	$50,888	$788,600	$65,717	$66,276
Chattanooga, TN	$50,475	$32,912	$54,820	$55,005	$76,591	$38,318	$42,251	$58,038	$29,760	$44,086	$19,285	$31,634	$533,175	$44,431	$43,169
Knoxville, TN	$120,018	$126,996	$131,512	$102,179	$121,906	$158,671	$238,936	$152,292	$156,888	$152,109	$173,139	$141,872	$1,776,517	$148,043	$146,991
Memphis, TN	$20,059	$36,199	$20,577	$29,149	$76,189	$53,667	$85,313	$81,771	$39,868	$62,290	$115,559	$59,901	$680,540	$56,712	$56,784
Austin Metro, TX	$6,289	$10,831	$9,643	$7,960	$23,276	$6,258	$34,537	$16,392	$5,748	$16,744	$12,220	$17,635	$167,534	$13,961	$11,526
Great Austin, TX	$23,229	$17,552	$33,155	$55,600	$54,837	$55,618	$26,487	$46,498	$38,977	$34,099	$29,726	$24,730	$440,509	$36,709	$33,627
Bayou City, TX	$9,599	$2,183	$2,693	$6,106	$3,756	$0	$9,723	$14,732	$0	$5,025	$10,127	$4,360	$68,304	$5,692	$4,693
Dallas, TX	$53,560	$49,724	$52,555	$44,656	$50,059	$46,123	$59,567	$55,059	$28,271	$19,232	$47,853	$28,643	$535,302	$44,609	$48,789
DFW, TX	$12,704	$10,558	$6,440	$5,156	$14,395	$15,085	$0	$3,000	$27,094	$11,979	$11,001	$13,768	$131,179	$10,932	$11,490
Northern Utah, UT	$8,545	$1,925	$4,126	$13,184	$22,895	$26,922	$29,771	$41,129	$18,843	$31,896	$17,684	$13,970	$230,889	$19,241	$18,264
Greater SLC, UT	$48,381	$65,737	$73,880	$84,981	$153,925	$141,512	$122,381	$84,748	$139,378	$54,417	$48,219	$58,367	$1,075,926	$89,661	$79,314
Salt Lake City, UT	$9,788	$5,597	$21,123	$47,738	$45,445	$40,303	$36,217	$50,370	$37,854	$38,457	$40,483	$9,718	$383,092	$31,924	$38,156
St. George, UT*	$2,343	$36,644	$24,560	$26,624	$26,104	$47,927	$4,796	$17,295	$27,681	$10,000	$21,619	$0	$245,594	$20,466	$23,090
N Central Utah	$6,024	$2,915	$2,585	$1,990	$6,001	$0	$0	$8,881	$9,749	$0	$0	$9,882	$48,027	$4,002	$2,750

Franchise	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec	2025 Total	Avg. Monthly	Median Monthly
Utah County, UT	$26,232	$19,772	$30,487	$84,572	$100,465	$117,399	$137,590	$100,881	$136,491	$107,947	$61,168	$77,902	$1,000,905	$83,409	$92,519
Wasatch Summit, UT	$0	$1,905	$3,985	$17,542	$5,191	$23,624	$22,349	$11,745	$10,000	$9,815	$17,436	$8,338	$131,929	$10,994	$9,908
Spokane, WA	$7,475	$449	$21,071	$23,124	$62,105	$46,241	$47,265	$69,636	$55,702	$16,767	$18,634	$7,437	$375,908	$31,326	$22,098

Inactive Franchises

Franchise	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec	2025 Total	Avg. Monthly	Median Monthly
Martin and St. Lucie, FL	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Atlanta, GA	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Triangle, NC	N/A	N/A	N/A	N/A	$0	$850	$0	$0	$0	$0	$0	$0	$850	$71	$0
Cincinnati Metro, OH	$0	$0	$0	$0	$0	$0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$0	$0
Nashville, TN	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

Notes:

1) "*" means the franchisee operated in a protected territory

2) "Gross Sales" means all income and receipts generated whether based on coating (such as paint, sealers, epoxy, etc.) and cleaning (prep work, power washing, etc.). The "2025 Total" column is the sum of all monthly amounts in the cells to the left in the given row. The "Avg. Monthly" column is the average monthly Gross Sales for the franchise in the given row, which is calculated by dividing the amount from the "2025 Total" column by the number of months for which sales were reported in each row.

3) As this table discloses the actual reported Gross Sales for our various franchisees, each outlet actually attained its stated number. As this financial performance representation only discloses gross sales, and not profits or margins, it does not include information concerning royalty fees and other fees or payments made by franchisees to us. You will be expected to pay the royalty fees and other fees as outlined in your Franchise Agreement.

SECTION 2: 2025 Average and Median Annual Gross Sales

The following table shows the average and median annual Gross Sales for the 40 franchise outlets that operated for more than 6 months during the 2025 calendar year.

Table 2
Painter1 Franchise System
Average and Median Annual Gross Sales
January through December 2025

	Annual Gross Sales
Franchises	40
Average	$430,490
Attained or surpassed the Average	17 (43%)
Median	$329,416
Attained or surpassed the Median	20 (50%)
High	$1,776,517
Low	$48,027

1) "Gross Sales" means all income and receipts generated whether based on coating (such as paint, sealers, epoxy, etc.) and cleaning (prep work, power washing, etc.). "Annual Gross Sales" refers to the total amount of Gross Sales derived from a franchise in the reporting period. The "Average" means the average Annual Gross Sales of the franchises from the dataset. The "Median" means the median Annual Gross Sales of the franchises from the dataset. The "High" is the highest Annual Gross Sales from among the franchises in the dataset. The "Low" is the lowest Annual Gross Sales from among the franchises in the dataset.

2) As this financial performance representation only discloses gross sales, and not profits or margins, it does not include information concerning royalty fees and other fees or payments made by franchisees to us. You will be expected to pay the royalty fees and other fees as outlined in your Franchise Agreement.

[Remainder of page left blank intentionally]

Section 3: 2025 Total Estimates, Estimates Sold, and Conversion Percentage Data

The following table shows the number of total estimates, total estimates sold, and the estimates-to-sold closing percentage data for the 46 franchise outlets that operated during the 2025 calendar year and reported to us sufficient estimate and closing data.

Table 3
Painter1 Franchise System
Franchisee Total Estimates, Total Estimates Sold, and Closing Percentage
January through December 2025

	Total Estimates	Total Estimates Sold	Closing Percentage
Franchises	46	46	46
Average	218	89	41%
Attained or surpassed the Average	16 (34%)	18 (39%)	21 (45%)
Median	155	58	40%
Attained or surpassed the Median	23 (50%)	23 (50%)	24 (52)%
High	1270	410	76%
Low	4	0	14%

1) "Total Estimates" means the number of estimates or bids for painting and/or coating jobs that a given franchisee received during the reporting period. "Total Estimates Sold" means the number of Total Estimates that the customer accepted for a given franchisee during the reporting period. The "Closing Percentage" measures the closing rate by dividing Total Estimates Sold by the Total Estimates for a given franchisee during the reporting period. The "Average" means the average number of the 46 franchises during the reporting period for each column. The "Median" means the median number of the 46 franchises for each column. The "High" is the highest number from among the 46 franchises for each column. The "Low" is the lowest number from among the 46 franchises for each column.

2) As this financial performance representation only discloses the number of estimates received and sold by franchises and the corresponding closing rates and not revenue, sales, profits or margins, it does not include information concerning royalty fees and other fees or payments made by franchisees to us. You will be expected to pay the royalty fees and other fees as outlined in your Franchise Agreement.

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

Written substantiation for this financial performance representation is available to you upon reasonable written request.

Other than the preceding financial performance representation, Stratify, LLC dba Painter1 does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you

receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Jason Leber at 105 N Main St., Spanish Fork, UT 84660 AND (801)919-8522, the Federal Trade Commission, and the appropriate state regulatory agencies.

20.
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
SYSTEMWIDE OUTLET SUMMARY
As of December 31 for Years 2023 to 2025

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	36	38	+2
	2024	38	42	+4
	2025	42	45	+3
Company or Affiliate Owned	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Total Outlets	**2023**	**36**	**38**	**+2**
	2024	**38**	**42**	**+4**
	2025	**42**	**45**	**+3**

Table No. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(other than the Franchisor)
As of December 31 for Years 2023 to 2025

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Arizona	2023	1*
	2024	1**
	2025	0
North Carolina	2023	0
	2024	0
	2025	2
Ohio	2023	0
	2024	1
	2025	0

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Oregon	2023	0
	2024	1
	2025	0
South Carolina	2023	0
	2024	1
	2025	0
Utah	2023	0
	2024	0
	2025	1
Total	**2023**	**1**
	2024	**4**
	2025	**3**

* Transferred to new owner that relocated to territory in Florida
** Transferred to new owner that relocated to territory in Utah

Table No. 3
STATUS OF FRANCHISED OUTLETS
As of December 31 for Years 2023 to 2025

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the 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	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Arizona	2023	1	1	0	0	0	1	1
	2024	1	0	0	0	0	1*	0
	2025	0	0	0	0	0	0	0
Colorado	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	2	0	0	0	0	2
Delaware	2023	1	0	1	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the 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
Florida	2023	2	1	0	0	0	0	3
	2024	3	1	0	0	0	1^	3
	2025	3	2	0	0	0	0	5
Georgia	2023	2	2	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	1	3
Idaho	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	1	0
Indiana	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Maryland	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Michigan	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Nevada	2023	1	0	0	0	0	1*	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
New Hampshire	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
North Carolina	2023	3	1	0	0	0	1	3
	2024	3	2	0	0	0	0	5
	2025	5	0	1#	0	0	0	5
Ohio	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	1	2
Oklahoma	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the 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
	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	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
South Carolina	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Tennessee	2023	4	0	0	0	1**	0	3
	2024	3	1	0	0	0	1^	3
	2025	3	0	0	0	0	0	3
Texas	2023	6	2	2	0	0	1	5
	2024	5	0	0	0	0	0	5
	2025	5	1	0	0	0	0	6
Utah	2023	6	0	0	0	0	0	6
	2024	6	1	0	0	0	0	7
	2025	7	0	0	0	0	0	7
Washington	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Total	**2023**	**36**	**10**	**3**	**0**	**1****	**4**	**38**
	2024	**38**	**7**	**0**	**0**	**0**	**3**	**42**
	2025	**42**	**6**	1#	**0**	**0**	**3**	**45**

* Arizona franchise relocated to Utah post-transfer.
** Franchisor reacquired the Nashville franchise and sold to a new owner in 2023; the new owner did not re-open the franchise until after December 31, 2023.
^ Franchisee opened in 2024 and then suspended operations in 2024.
# Franchisee never opened.

Table No. 4
STATUS OF COMPANY-OWNED OUTLETS
As of December 31 for Years 2023 to 2025

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of Year
Tennessee	2023	0	0	1	0	1	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0
Total	**2023**	**0**	**0**	**1**	**0**	**1**	**0**
	2024	**0**	**0**	**0**	**0**	**0**	**0**
	2025	**0**	**0**	**0**	**0**	**0**	**0**

Table No. 5
PROJECTED OPENINGS as of January 1, 2026 through December 31, 2026

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Current Fiscal Year
Arizona	0	1	
Colorado	0	1	0
Florida	1	1	0
Montana	0	1	
TOTALS	**1**	**3**	**0**

Exhibit H contains a complete listing of all of our current franchisees and the addresses and telephone numbers of all of their operations as of **December 31, 2025.**

Exhibit H also contains a list of the name, city and state, and the current telephone number or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within **10** weeks of the date of this Disclosure Document.

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

Our standard franchise agreement, all renewal and transfer agreements, and all agreements to settle disputes with franchisees, generally contain confidentiality clauses. Thus, all our franchisees have signed a confidentiality clause with us. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with **PAINTER1**. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

The following is a list, to the extent known to us, of the names, addresses, telephone numbers, email addresses, and web addresses of each trademark-specific franchise organization associated with the franchise system being offered which we have created, sponsored, or endorsed: **NONE**.

The following is a list of any independent franchisee organizations that have asked to be included in this disclosure document: **NONE**.

21.
FINANCIAL STATEMENTS

Attached in Exhibit A to this Disclosure Document are our audited financial statements as of December 31, 2023, 2024, and 2025. Our fiscal year-end is **December 31**.

22.
CONTRACTS

The following contracts are attached to this Disclosure Document:

Exhibit B	Franchise Agreement,
Exhibit C	Conditional Assignment of Telephone and Directory Listings
Exhibit D	EFT Authorization
Exhibit E	SBA Addendum
Exhibit F	Multi-State Addendum
Exhibit I	Confirmation of Additional Terms and Representations Addendum

The standard form release agreement that you will be required to sign in certain instances, such as for a transfer or renewal, is found in section 9.9 of the Franchise Agreement.

23.
RECEIPTS

Attached to this Disclosure Document are two Receipt pages. They are duplicates that evidence your receipt of this Disclosure Document – the first is to be retained by you, the other by us (Exhibit I).

FINANCIAL STATEMENTS

STRATIFY, LLC

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2025, 2024, AND 2023

KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

STRATIFY, LLC

Table of Contents

	Page
Independent auditor's report	3
Balance sheets	5
Statements of operations	6
Statements of members' equity	7
Statements of cash flows	8
Notes to the financial statements	9

KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

Independent Auditor's Report

To the Members
Stratify, LLC
Spanish Fork, Utah

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Kezas & Dunlavy

St. George, Utah
March 25, 2026

STRATIFY, LLC
BALANCE SHEETS
As of December 31, 2025, 2024, and 2023

	2025	2024	2023
Assets			
Current assets			
Cash	$ 89,322	$ 146,182	$ 172,873
Accounts receivable, net	114,308	131,901	91,072
Notes receivable, current	-	-	9,750
Deferred commissions	108,500	33,500	36,500
Prepaid expenses	217,637	128,811	98,750
Total current assets	529,767	440,394	408,945
Non-current assets			
Equipment, net	-	9,951	24,879
Operating lease assets	-	-	35,267
Total non-current assets	-	9,951	60,146
Total assets	$ 529,767	$ 450,345	$ 469,091
Liabilities and Members' Equity			
Current liabilities			
Accounts payable	$ 17,770	$ 58,171	$ 33,933
Accrued liabilities	15,000	11,532	-
Note payable, current	-	4,564	13,069
Distributions payable	-	51,092	98,626
Deferred revenue	208,050	99,000	149,750
Deferred conference revenue	147,694	134,150	-
Operating lease liabilities, current	-	-	7,977
Total current liabilities	388,514	358,509	303,355
Non-current liabilities			
Note payable, non-current	-	-	5,071
Operating lease liabilities, non-current	-	-	28,882
Total non-current liabilities	-	-	33,953
Total liabilities	388,514	358,509	337,308
Members' equity	141,253	91,836	131,783
Total liabilities and members' equity	$ 529,767	$ 450,345	$ 469,091

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

STRATIFY, LLC
STATEMENTS OF OPERATIONS
For the years ended December 31, 2025, 2024, and 2023

	2025	2024	2023
Revenue			
Initial franchise sales	$ 265,900	$ 176,057	$ 437,650
Royalty revenue	923,832	919,595	874,094
Advertising revenue	372,286	337,343	349,263
Other operating revenue	351,516	64,203	52,648
Total revenue	1,913,534	1,497,198	1,713,655
Operating expenses			
Professional fees	315,017	211,086	304,777
Advertising and marketing	22,037	28,235	91,469
General and administrative	1,104,434	1,045,321	942,898
Depreciation	9,951	14,928	14,928
Total operating expenses	1,451,439	1,299,570	1,354,072
Operating income	462,095	197,628	359,583
Non-operating expenses			
Interest expense	10	110	255
Total non-operating expenses	10	110	255
Net income	$ 462,085	$ 197,518	$ 359,328

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

STRATIFY, LLC
STATEMENTS OF MEMBERS' EQUITY
For the years ended December 31, 2025, 2024, and 2023

Balance at December 31, 2022	$	275,465
Members' distributions		(503,010)
Net income		359,328
Balance at December 31, 2023		131783
Members' distributions		(237,465)
Net income		197,518
Balance at December 31, 2024		91,836
Members' distributions		(412,668)
Net income		462,085
Balance at December 31, 2025	$	141,253

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

STRATIFY, LLC
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2025, 2024, and 2023

	2025	2024	2023
Cash flows from operating activities:			
Net income	$ 462,085	$ 197,518	$ 359,328
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	9,951	14,928	14,928
Changes in operating assets and liabilities:			
Accounts receivable	17,593	(40,829)	(8,140)
Prepaid expenses	(88,826)	(30,061)	(26,477)
Operating notes receivable	-	9,750	66,162
Operating lease asset	-	35,267	(35,267)
Deferred commissions	(75,000)	3,000	91,750
Accounts payable	(40,401)	24,238	4,504
Accrued liabilities	3,468	11,532	-
Distributions payable	(51,092)	(47,534)	98,626
Deferred revenue	109,050	(50,750)	(50,750)
Deferred conference revenue	13,544	134,150	-
Operating lease liability	-	(36,859)	36,859
Net cash provided by operating activities:	360,372	224,350	551,523
Cash flows from financing activities:			
Repayments on note payable	(4,564)	(13,576)	(13,447)
Members' distributions	(412,668)	(237,465)	(503,010)
Net cash used in financing activities	(417,232)	(251,041)	(516,457)
Net change in cash and cash equivalents	(56,860)	(26,691)	35,066
Beginning cash and cash equivalents	146,182	172,873	137,807
Ending cash and cash equivalents	$ 89,322	$ 146,182	$ 172,873
Cash paid for interest	$ 10	$ 110	$ 255
Cash paid for taxes	$ -	$ -	$ -

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

STRATIFY, LLC
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025, 2024, and 2023

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

(a) Nature of Business

Stratify, LLC (the "Company"), was organized as a limited liability company under the laws of the State of Utah on October 15, 2015. The Company franchises a business concept focused on providing painting services. The Company has developed a proprietary system for establishing, operating, managing, and marketing the above services.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

(b) Accounting Standards Codification

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

(c) Use of Estimates

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

(d) Cash and Cash Equivalents

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

(e) Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalties and other sales transactions. These accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of outstanding amounts. When determining the allowance for doubtful receivable, the Company has adopted ASC 326, Financial Instruments—Credit Losses. This standard requires that management utilize the Current Expected Credit Losses ("CECL") model to recognize the appropriate allowance for doubtful receivables. This model requires entities to estimate and recognize expected credit losses over the life of the financial instrument. For trade receivables, management has elected to apply a simplified approach, based on historical loss experience and adjustments for current and forecasted economic conditions. Management regularly evaluates individual customer receivables, considering their financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. As of December 31, 2025, 2024, and 2023, the Company had no allowance for doubtful accounts.

(f) Property and Equipment

In accordance with ASC 360, *Property, Plant and Equipment*, the Company accounts for property and equipment at cost less accumulated depreciation. Expenditures for major renewals and improvements are capitalized. Minor replacements, maintenance, and repairs are expensed as incurred. When property and equipment are retired or otherwise disposed of, the cost of the asset and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the result of operations for the respective period. Depreciation on property and equipment is calculated on the straight-line method over the estimated useful lives of the assets. The useful lives generally range between 5 to 10 years.

(g) Revenue Recognition

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

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

Royalties and marketing fees

Upon evaluation of the five-step process, the Company has determined that royalties and marketing fees are to be recognized in the same period as the underlying sales.

Initial franchise fees

The Company is required to allocate the transaction price associated with initial franchise fees between the franchise license and associated performance obligations. In identifying the associated performance obligations, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. In addition, the practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation, which the Company has elected to adopt.

These pre-opening services include the following services (which the Company may or may not provide all of):

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

In determining the allocation of transaction price (the initial franchise fee) to either the license or to the pre-opening services, the Company has determined that the fair value of pre-opening services exceeds the initial franchise fee received; as such, the Company allocates the entire initial franchise fees to pre-opening services, which is then

recognized as revenue when those pre-opening services have been completed (which generally occurs upon commencement of the associated franchised location's operations).

(h) Income Taxes

The Company is structured as a limited liability company under the laws of the state of Utah. Accordingly, the income or loss of the Company will be included in the income tax returns of the members. Therefore, there is no provision for federal and state income taxes.

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

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

(i) Leasing

The Company adopted ASC 842, *Leases* as of January 1, 2022, using the modified retrospective method. The Company has operating leases for office space, for which it has recorded a right-of-use asset and lease liability. The lease liability reflects the present value of the Company's estimated future minimum lease payments over the lease term, discounted using a collateralized incremental borrowing rate.

The Company has elected to record leases with an initial term of 12 months or less as an expense as incurred, with no corresponding right-of-use asset or lease liability. These types of leases primarily relate to leases of office equipment and are not significant in comparison to the Company's overall lease portfolio. Payments related to those leases will continue to be recognized in the statement of operations over the lease term.

(j) Advertising Costs

The Company expenses advertising costs as incurred.

(k) Financial Instruments

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

(l) Concentration of Risk

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

(2) Operating Notes Receivable

The Company has entered into operating notes receivable agreements with certain franchises related to the purchase of franchise territories. The notes are for terms of two years and charge interest of 0%. As of December 31, the balance of the Company's notes receivable are as follows:

	2025	2024	2023
Notes receivable, current	$ -	$ -	$ 9,750
Notes receivable, non-current	-	-	-
	$ -	$ -	$ 9,750

(3) Equipment

As of December 31, the Company's equipment consisted of the following:

	2025	2024	2023
Vehicles – *5-year useful life*	$ 74,639	$ 74,639	$ 74,639
Accumulated depreciation	(74,639)	(64,688)	(49,760)
	$ -	$ 9,951	$ 24,879

Depreciation expense for the years ended December 31, 2025, 2024, and 2023 was $9,951, $14,928 and $14,928, respectively.

(4) Prepaid Expense

The Company has prepaid expenses on its balance sheet, which represent payments made in advance for goods or services to be received in the future. These prepaid expenses will be recognized as expenses in the periods in which the related goods or services are consumed or utilized. The Company's prepaid expenses are primarily associated with annual conference fee. As of December 31, 2025, 2024, and 2023 the total amount of prepaid expenses are $217,637, $128,811 and $98,750, respectively, and are classified as current assets on the balance sheet.

(5) Franchise Agreements

The Company's franchise agreements generally provide for a payment of initial fees as well as continuing royalties, technology fees, and marketing fees to the Company based on a percentage of sales. Under the Company's revenue recognition policy, the Company allocates the initial franchise fee to initial training, operations manual, and marketing which is recognized when the franchisee begins operations. In the event revenue recognition criteria is not met, the associated initial franchise fees are deferred. In addition, the Company defers the related direct cost of obtaining the contracts such as broker commissions over the same period and records them as deferred commissions.

The Company's deferred commissions activity is as follows for the years ended December 31:

	2025	2024	2023
Beginning deferred commissions	$ 33,500	$ 36,500	$ 128,250
Additions	242,000	90,000	140,750
Expenses recognized	(167,000)	(93,000)	(232,500)
Ending deferred commissions	$ 108,500	$ 33,500	$ 36,500
Deferred commissions, current	$ 108,500	$ 33,500	$ 36,500
Deferred commissions, non-current	-	-	-
	$ 108,500	$ 33,500	$ 36,500

The Company's deferred revenue activity is as follows for the years ended December 31:

	2025	2024	2023
Beginning deferred revenue	$ 99,000	$ 149,750	$ 200,500
Additions	356,550	99,000	386,400
Revenue recognized from beginning deferred revenue	-	(50,750)	(155,000)
Revenue recognized from contracts executed in the current year	(247,500)	(99,000)	(282,150)
Ending deferred revenue	$ 208,050	$ 99,000	$ 149,750
Deferred revenue, current	$ 208,050	$ 99,000	$ 149,750
Deferred revenue, non-current	-	-	-
	$ 208,050	$ 99,000	$ 149,750

(6) Accrued Liabilities

The Company's accrued liabilities consist of accrued payroll and commissions payable. The balances as of December 31, 2025, 2024, and 2023 are $15,000, $11,532, and $0 respectively, and are classified as a current liability on the Company's balance sheet.

(7) Commitments and Contingencies

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

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

(8) Subsequent Events

Management has reviewed and evaluated subsequent events through March 25, 2026, the date on which the financial statements were issued.

Franchise Disclosure Document Exhibit B

STRATIFY, LLC
FRANCHISE AGREEMENT

_____

[Print name of individual, proprietorship, partnership, and company]
[Jointly and Severally, "You"]

and

STRATIFY, LLC
["We" or "Us"]

Stratify, LLC
Spanish Fork, Utah

F R A N C H I S E A G R E E M E N T

THIS AGREEMENT (this "Agreement") has been entered this _____ (the "Effective Date"). It is by and between **STRATIFY, LLC**, a Utah limited liability company dba **PAINTER1**, ("we, us") and _____and _____ (jointly and severally "you").

For purposes of this Agreement "you" may include an individual, corporation, partnership, limited liability company or other legal entity. "You" includes any corporation, partnership, limited liability company, individual, combination of individuals, or other legal entity that owns a majority interest of you, or in which you own a majority interest. The term "you" includes, collectively and individually, all owners, managers, officers, directors, partners, principals and holders of a beneficial interest of you, and of any legal entity directly or indirectly controlling you. The term "you" will include all persons who succeed to your interest by transfer or by operation of law.

We have certain rights to, have registered in various jurisdictions, and intend to continue to develop the **PAINTER1** names, trademarks, service marks, logos, commercial symbols, and styles. We own valuable goodwill and have valuable expertise, confidential information, methods, procedures, techniques, uniform standards, operations manuals, inventory control guidelines, systems, layouts, merchandise, and materials. These are connected with the operation, promotion, and advertising of businesses that offer commercial and residential painting services and products to the public under the **PAINTER1** names and marks.

You desire us to train you and to authorize you to operate a high-caliber Painter1 franchise to offer and sell high-quality painting and related services and products to the public and to use our **PAINTER1** methods and systems and names and marks. We are willing to grant you such a franchise on the terms and conditions set forth in this Agreement.

THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, the parties agree as follows:

1 GRANT OF FRANCHISE AND FRANCHISE TERRITORY

1.1 **Grant of Franchise and Franchise Territory**. We grant to you, and you accept from us, the franchise, license, and privilege to use the Service Marks, the Method of Operation, and merchandise bearing the Service Marks, for **10** years from the date of this Agreement (the "Franchise"). The term "Franchise" shall include the entire enterprise that you are authorized to conduct under this Agreement.

This grant solely is for the operation by you of one Painter1 franchise within the geographical territory identified in the attached Exhibit 1 ("the Franchise Territory"). Nothing in this Agreement gives you any interest in us or the right to participate in our business activities, investment or corporate opportunities. You will not receive any territorial protection or exclusivity with regard to either painting services to individual residential customers ("Residential Services") or to commercial painting services or any other products or services that you are permitted to offer or sell under the Franchise Agreement that are not Residential Services (collective "Commercial Services") within your Franchise Territory. Other **Painter1** franchisees may offer and sell painting services within your Franchise Territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control or with which we are affiliated. We may offer and sell and authorize other **Painter1** businesses to offer and sell Resident Services and Commercial Services within your Franchise Territory without your consent. You do not have the right to acquire additional franchises in your Franchise Territory or in contiguous or other territories. You do not have the right to change or relocate your Franchise Territory or your Painter1 business. However, we will place a cap on the number of franchisees that may operate within any one metropolitan area. We will not exceed the market sales cap of $5 per person of population within any given metropolitan area. As the collective Gross Sales of all franchisees within any given metropolitan area meet or exceed the market sales cap, we intend to deem the area "sold out" and to not offer or sell any addition franchises within that metropolitan area. We intend to utilize US census figures and estimates to determine

the boundaries of and population and saturation statistics for each given metropolitan area. We may offer and sell franchises within your Franchise Territory.

You will not receive any territorial protection or exclusivity with regard to commercial painting services or any other products or services that you are permitted to offer or sell under this Agreement that are not Residential Services (collective "Commercial Services"). You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control or with which we are affiliated. We may offer and sell and authorize other **Painter1** businesses to offer and sell Commercial Services within your Franchise Territory without your consent. You do not have the right to acquire additional franchises in your Franchise Territory or in contiguous or other territories.

In this Agreement, "Method of Operation" means, collectively, all the business concepts, systems, formats, methods, procedures, designated or proprietary products, Confidential Information, Intellectual Property, designs, layouts, specifications, the use of the Marks, the Operations Manual, copyrighted materials, trade secrets, information, lists, materials, software, web pages, electronic communications, techniques, systems, training programs and seminars, in whatever form. We may change, improve or further develop the Method of Operation.

"Marks" means those selected trademarks, service marks, trade names, logotypes, slogans and other commercial symbols we own or for which we have obtained the right to use. The Marks include "**PAINTER1**" and the **PAINTER1** logo, and other trade names, service marks and trademarks that are now designated (and in the future may be designated by us in writing) as part of the Method of Operation. We continue to develop, use and control the Marks for our benefit and use and for the benefit and use of our franchisees. The Marks identify for the public the source of the products and services marketed and represent our high standards of products, operations, quality and services. We may seek to obtain state and federal trademark or service mark registrations for any or all of the Marks. There can be no assurance that any such registrations will be granted. There may be similar trademarks or service marks, either registered or not, that are owned by third parties. These third parties may have rights in their trademarks or service marks that are superior to our rights in the Marks. This could restrict our ability to expand our franchise system into certain geographic areas. We make no representations concerning the possible rights of such third parties. We advise you to investigate and satisfy yourself as to the status of the Marks and the potential rights of third parties prior to entering into this Agreement.

"Intellectual Property" refers, collectively, to any and all rights currently existing or that may come into being which we or our affiliates now own or later acquire in the Marks, designated or proprietary products and Confidential Information arising under any patent, trade secret, copyright, trade dress, design protection, database protection, trademark, or similar laws of the United States or any other country in which we or our affiliates now or in the future operate, and expressly includes any and all improvements, modifications, derivations, renewals, extensions, or continuations of any of the foregoing.

Anything in this Agreement to the contrary notwithstanding, we may purchase or be purchased by, or merge or combine with, competing businesses, wherever located.

1.2 **Relocation of the Franchise Territory**. You will not relocate the Franchise Territory without our prior written approval. Any relocation will be at your sole expense.

1.3 **Operations Outside the Franchise Territory**. You agree not to perform or sell Residential Services or Commercial Services outside your Franchise Territory and you may not operate and solicit customers and perform or sell Residential Services or Commercial Services outside the Franchise Territory without our prior written consent. You acknowledge that we have previously granted territorial protections in certain instances; you may not operate in a franchise territory or geographical area belonging to another franchisee for which we have agreed, or in the future may agree, to offer territorial protections that would prohibit you from operating there. You may not operate and may not offer or sell any products or services, including both Residential Services and Commercial Services, outside of the state boundaries in which the

Franchise Territory is located without our prior written consent and without executing a separate franchise agreement for that territory. If more than 10% of your Gross Sales is derived from approved operations, including either approved Commercial Services or Residential Services, in any area that is located outside of your Franchise Territory, to continue to operate within that area we may require you to either: (1) purchase an additional franchise whose franchise territory covers that area and sign our then-current franchise agreement; or (2) expand your Franchise Territory by an amendment to this Agreement and pay to us the pro rata Initial Franchise Fee for the additional or expanded franchise territory.

To establish additional franchises or to expand the boundaries of your Franchise Territory, you must not be in default in any material provision of this Agreement or any and all other agreements between you and us; your proposed territory must meet our franchise placement and market penetration guidelines and criteria; and you must sign our then-current franchise agreement or an amendment to this Agreement and pay to us the corresponding Initial Franchise Fee for that territory. The territory must also be legally available in compliance to federal and state franchise disclosure and registration laws and contractually available pursuant to contractual obligations to other **Painter1** franchisees.

1.4 **Existence of Divergent Forms of Franchise Contracts**. You acknowledge that we the terms of our franchise offering may have in the past or may in the future materially differ from those set forth in this Agreement.

1.5 **Rights We Reserve**. We retain all rights not specifically granted to you under this Agreement. Except as otherwise provided in this Agreement, we retain the right, in our sole discretion and without granting any right to you:

A. to use or license the use of the Marks or any other trademarks, service marks, logos or commercial symbols in connection with the sale of any services or products other than those directly contemplated being used, offered, or sold by you under this Agreement. We expressly reserve the right to sell, or earn rebates and fees from the sale by others licensed or authorized by us to sell, proprietary products on a wholesale basis for use in preparing products that will not carry a Painter1 brand.

B. to operate and grant to others the right to operate Painter1 businesses on such terms and conditions as we deem appropriate.

C. to sell products or services anywhere, including within the Franchise Territory through channels of distribution other than the Painter1 retail business currently reserved to you in the Franchise Territory, including Internet, other forms of media now or in the future developed, wholesale and mail order channels. The Internet is a channel of distribution reserved exclusively to us, and you may not independently market on the Internet or conduct e-commerce except as otherwise allowed by us in the Operations Manual.

D. to establish, operate, own or franchise any business, including competitive businesses.

1.6 **Nonexclusive**. We reserve the right to market, solicit sales, and sell, lease, rent or otherwise dispose of franchise products to any person or customer we want. These include national accounts, commercial customers, franchisees, end users or any other customer we may select. We may exercise our right directly or indirectly by or through independent contractors that may include franchisees, dealers, and brokers. You acknowledge that we have made no representation concerning exclusivity in any geographic territory or for any customer segment.

2 PAYMENT OF FEES AND OTHER FINANCIAL REQUIREMENTS

2.1 **Initial Franchise Fee**. The Initial Franchise Fee is **$54,500**. Contemporaneously with the execution of this Agreement, you have paid to us the entire Initial Franchise Fee. The Initial Franchise Fee is paid in consideration of our sales expenses, administrative overhead, return on investment, and start-up costs related to the execution of this Agreement and the opening of the Franchise and for our lost or deferred opportunity to sell franchises in the Franchise Territory to others. None of the Initial Franchise Fee is refundable.

2.2 **Royalty Fee**. You will pay to us a "Royalty Fee" equal to **7%** of the total Gross Sales derived from the Franchise. This fee is due monthly in the manner specified below or as otherwise prescribed from time to time in the Operations Manual described in Section 5, below.

Beginning on the 1st month after you complete the initial training program at our corporate offices or other designated location (as outlined in Section 3.1, below), you will pay to us a **$700** monthly minimum Royalty Fee.

2.3 **Payment**. All fees, charges, royalties, and other amounts due to us shall be paid in the manner, and at the times set forth in this Agreement and the Operations Manual. We may require payment to be made by automatic account withdrawal or other automatic processes we reasonably specify in the Operations Manual, such as check, cash, certified check, money order, credit or debit card, automatic pre-authorized payment plan, electronic funds transfer or the Internet, including processes whereby we are authorized by you to remove the payment directly from your bank account. If we attempt to collect any payment electronically (such as EFT, ACH, credit card) or other process and the transaction is rejected, fails, or is returned unsatisfied for any reason, we may charge you a **$100** fee for each failed or unsatisfied attempt regardless of the cause.

You authorize us to initiate debit entries and/or credit collection entries to your designated primary business operating checking or savings account ("Designated Account") for the payment of all fees, royalties or other amounts due under this Agreement or related to the Franchise to us or our affiliates. You shall, at your sole cost and expense, instruct your bank to pay all fees, royalties or other amounts due under this Agreement to us or our affiliates directly from the Designated Account, and promptly upon our request, you shall execute or re-execute and deliver to us a pre-authorized check form or such other instrument or draft our bank may require. In connection with this requirement, you shall fill out and sign an Authorization for Electronic Funds Transfer form, in the form required by us or such other form as the relevant financial institutions require. You shall ensure that sufficient funds are available in the Designated Account to make all payments due under this Agreement upon such date as provided in the Operations Manual from time to time.

You will not set off any claim for damages or money due to you from us against any payments to be paid by you to us under this Agreement or any related agreement between the parties. No endorsement or statement on any check or payment of any sum less than the full sum due from you to us will be construed as an acknowledgment of payment in full or as an accord and satisfaction. We will have the right to accept any check or payment without prejudice to our rights to recover the balance due or to pursue any other remedy available to us.

If any payment, fee or any other amount due to us is not received by the date due, you shall pay to us a late charge equal to **1.5%** of the unpaid balance per month, accruing from the original due date until payment is received in full. This charge and fee shall accrue whether or not we exercise our right to terminate this Agreement. In addition, if any payment is returned or rejected due to non-sufficient funds (NSF), you will be charged a **$50** NSF fee per returned transaction.

These fees are cumulative and are in addition to any other remedies available to us under this Agreement. These late and non-sufficient fund charges and payment penalties will not exceed any limits placed upon late charges and late payment penalties by applicable local laws.

Our acceptance of late charges, NSF fees, and unsatisfied payment fees will not constitute a waiver of the breach created by your non-payment of any amount when due. Notwithstanding the payment of any such fees or charges, we may exercise any rights or remedies granted by this Agreement upon your breach or any rights or remedies otherwise granted by law.

Nothing contained in this Agreement obligates us to accept any payments after due or to commit to extend credit to or otherwise finance your operation of the Franchise. You acknowledge that failure to pay all amounts when due will constitute grounds for termination of this Agreement.

Upon your failure to pay us as and when due, we may, at our election, deduct the unpaid sums from any monies or credit we hold for your account. You agree that you will not withhold payment of any amounts due to us on the grounds of any alleged non-performance by us, or in the event of any dispute or a claim by you, or for any other reason whatsoever.

If any payments to us, our affiliates or approved vendors are late by more than 15 business days, we may suspend your ability to access forms, software, web sites, Internet or Intranet, or limit your continued operation of the Franchise until the payments are received.

2.4 **Application of Payments**. We have the right, in our sole discretion, to apply any payment from you to any past due indebtedness you owe to us or our affiliates, whether from monthly fee payments, purchases, late payment charges, NSF fees, unsatisfied payment fees or for any other reason. This section will apply regardless of how you may designate a particular payment is to be applied.

For the purposes of this Agreement, and all other instruments and agreements relating to it, we will have the right to treat any payment received from you as payment on account. We may apply any monies received from you in any order that we, in our discretion, decide and notwithstanding any contrary designations by you as to the application of your payments. You agree that you may not designate an order for application of any fees and royalties different from that designated by us and expressly acknowledge and agree that we may accept fees paid pursuant to different instructions without any obligation to follow such instructions, even if such payment is made by its terms conditional on such instructions being followed. This provision may be waived only by written agreement signed by us, which written agreement must be separate from the check or other document constituting payment.

2.5 **"Gross Sales" Defined**. "Gross Sales" means all receipts generated by the Franchise from any source, including, but not limited to, sales, repairs, services, labor, service charges, service contracts, any other type of remuneration, and excludes discounts, refunds, sales or service taxes collected from the customer and paid to the appropriate taxing authority. Gross Sales includes all receipts generated whether based on coating (such as paint, sealers, epoxy, lacquer, etc) or cleaning (prep work, power washing, etc). Credit transactions will be included in Gross Sales as of the date of the transaction without deduction for uncollected credit accounts. The proceeds from any business interruption insurance or other recovery you receive will be included in "Gross Sales."

2.6 **Bookkeeping Service Fee; Records and Reports**. You must use our designated bookkeeper or vendor to set up your chart of accounts, to integrate with our system, and for ongoing bookkeeping services and pay to us or the designated vendor a reasonable monthly fee for such bookkeeping, currently **$250** per month (the “Bookkeeping Service Fee”). We may increase the Bookkeeping Service Fee from time to time in our discretion. This fee is due monthly in the manner specified in the “Payments” section above or as otherwise prescribed from time to time in the Operations Manual.

You shall keep a complete and accurate set of books and records of the operation of the Franchise (the “Records”). We may establish a uniform list of accounts and a uniform bookkeeping system for all of our franchisees. You agree to maintain your books and records in the manner we require.

You will furnish to us as outlined in the Operations Manual, an itemized report of the Gross Sales for the prior month. This report must be certified by you to be true and correct. The report will be in the form and will

include such supporting documentation as we may reasonably demand from time to time. All Royalty Fees due based upon the Gross Sales for the preceding month will accompany the report. If you fail to deliver any report in a timely fashion, we may unilaterally estimate the Royalty Fees you owe and we may draw such fees from your accounts pursuant to automatic account withdrawal or other automatic processes we reasonably specify in the Operations Manual. The estimates will based upon your historically reported Gross Sales and our experience with other franchised and company owned locations. These withdrawals will be adjusted to reflect actual amounts owed, once reasonably determined.

You acknowledge and agree that we may use your reports and information submitted to us as we may deem appropriate in our sole and absolute discretion, including without limitation to (i) provide you with consultation and advice in accordance with this Agreement; (ii) monitor your compliance with the obligations to pay fees on actual Gross Sales; (iii) monitor performance under this Agreement generally and your purchases, revenue, operating costs, expenses and profitability; (iv) develop system-wide statistics; (v) develop new operating procedures; (vi) develop new designated or proprietary products, remove products, and improve and enhance the Method of Operation; and (vii) implement changes in the Method of Operation to respond to competitive and marketplace changes.

(a) Electronic Access. We may designate certain systems, including electronic systems that provide access to us, to be used in the maintenance of the Records and preparation of financial statements. Such systems may have components or software that is available only through us, an affiliate or designated suppliers at a fee. You acknowledge and agree that we have the right to access and use all such electronic Records, reports, and the information and data that are contained therein.

You authorize (and agree to execute any other documents deemed necessary to effect authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors, landlords, lessors, and other persons or entities with which you do business to disclose to us any requested financial information in their possession relating to you or the Franchise. You authorize us to disclose data from your reports and information, if we determine, in our sole and absolute discretion, that such disclosure is necessary or advisable, which disclosure may include disclosure to prospective or existing franchisees or other third parties.

You will inform your employees and managers that they can expect no privacy in the computers, files or papers in your Franchise, or in any computer, papers or files which they bring to your Franchise, and that their assigned computer, their personal computer and any container containing papers or files, whether stored on paper or by electronic media, are subject to inspection at any time by you or us.

2.7 **Certain Required Services**. You must utilize our designated services vendor for certain administrative, lead management, scheduling, booking, CRM training, and phone scheduling and related services as designated by us, currently for at least the first 3 months of operations. You must use our then-current designated vendor at its current rates. Regardless of whether done by you or with the assistance of us or of a designated vendor, all outbound calling, texting, and marketing communications must be approved by us before engaging in such activities. You must certify and represent to us that you understand and know how to comply with the Telephone Consumer Protection Act, A2P 10DLC, and related laws and regulations and issues. You must use our approved vendor for marketing services related to the Franchise.

To provide you and us with current and accurate financial reports, we require that you use our designated accounting software, currently QuickBooks online Essentials Plan or higher or the then-current equivalent, for your accounting and bookkeeping and use our designated bookkeeper or bookkeeping service vendor to set up your chart of accounts, to integrate with our system, and for ongoing bookkeeping services. Currently we require you to use us or our approved vendor for these bookkeeping services and we reserve the right that the designated bookkeeper will be our employee and that you will pay to us a reasonable monthly fee for bookkeeping services. We or our designated vendor may increase this fee from time to time.

We may require you to utilize a designated third party merchant processor or processing service for credit card and/or ACH collection transactions with your clients and customers.

2.8 **Audits**. We may audit your reports, books, statements, business records, cash control devices, and tax returns at any time during normal business hours. Audits will be conducted at our expense unless you understate the Gross Sales for any reported period or periods by more than **2%** or unless you fail to deliver any required report of Gross Sales or any required financial statement in a timely manner, or fail to allow us access to your computers, accounting system and bank accounts as required by the Operations Manual. In the event of an understatement or failure to deliver, you will reimburse us for all audit costs. These will include, among other things, the charges of any independent accountant and the travel expenses, room, board, and compensation of our employees incurred in connection with the audit. You will immediately pay all Royalty Fees, other amounts owed, and late payment charges, NSF fees, and unsatisfied payment fees that the audit determines are owed. These payments will not prejudice any other remedies we may have under this Agreement or by law. Our right to audit will include the right to examine the books, tax returns and records of other businesses that you own or operate, in whole or in part, to determine whether all revenue to be reported by you has been properly reported and that appropriate fees and contributions have been paid.

2.9 **You Will Pay Taxes, Indebtedness, and All Franchise Costs**. You will pay all taxes, assessments, liens, encumbrances, accounts, and other debts, regardless of their nature, assessed against you, the Franchise, or inventory, materials, and equipment used in the Franchise. Payment will be made when due and before delinquent except when being contested in good faith by appropriate proceedings. If we are charged with any tax by the authorized taxing authority of any state or political subdivision, including taxes on sales made to or licenses granted to you, or sales made by you from the Franchise, you will pay these taxes. You will pay to us promptly and when due the amount of all sales taxes, personal property taxes and similar taxes imposed upon, required to be collected, or on account of collection by us of the Initial Franchise Fee, the Royalty Fee, or any other payments you make to us pursuant to this Agreement.

All the costs of the Franchise, including opening and operating costs, will be your sole obligation. We will have no costs, liability or expense whatsoever with respect to your opening and operation of the Franchise. You will not use or employ the Marks in performing any activity or incurring any obligation or indebtedness in a manner that could result in making us liable for them. You are responsible for any employee wages and compensation, payroll taxes and other required withholding, worker's compensation and benefits. You will control your own employees and contractors. You will take all steps necessary to maintain a safe and healthy environment for your workers and customers.

You will pay all of the operating expenses of your franchise business in a timely manner. You understand and agree that your failure to do so could materially harm the reputation of Method of Operation and of the Marks and our ability and the ability of our franchisees to obtain favorable purchase, lease or finance terms. You expressly agree to promptly make all product purchase payments on invoices and statements rendered to you in accordance with the terms of the invoices and statements. If you have a bona fide dispute with any supplier or vendor which you believe justifies non-payment or partial payment, you must promptly notify the supplier or vendor of the particulars of your claim and diligently pursue resolution of the claim or prosecution of appropriate legal action. Any trade debt which remains unpaid for more than 30 days after the date it is due will constitute a breach of this Agreement unless, before the end of the 30-day period (i) you and the supplier or vendor agree to alternative payment terms; or (ii) you initiate appropriate legal action to contest the trade debt. We will have no liability for your debts or obligations to third parties.

You authorize us to communicate with all the suppliers, distributors, and vendors with whom you do business and you authorize them to communicate with us regarding all aspects of your purchases from and dealings with them. You authorize us to instruct the suppliers, distributors, and vendors (and you instruct them to comply with our instruction) to immediately cease sales and deliveries to you upon the occurrence of any default by you under this Agreement. You will, at our option, execute the forms and documents we deem necessary to appoint us as your true and lawful attorney-in-fact with full power and authority for the sole purpose of obtaining any and all returns and reports filed by you with any state or federal taxing authority relating to the Franchise.

3 TRAINING

3.1 **Initial Training**. We will provide to you an initial training and franchisee mentor program and online access to initial orientation and training materials and videos and the initial training program checklist. We will assign to you a franchisee mentor who will assist you and your manager to complete the initial training program using the initial orientation and training materials and videos. We may assign, reassign, transfer, remove, replace, and otherwise dictate who is your franchisee mentor in our sole and absolute discretion. The franchisee mentor will follow our detailed mentor checklist. We will monitor the checklist progress to ensure that all required initial training items are covered.

The training program and field orientation will cover various aspects of the operation of the Franchise, including financial controls, marketing techniques, service methods, deployment of labor, and maintenance of quality standards. The initial training program will consist of a 3-5 day training session with the assigned franchisee mentor in their franchise territory (currently in Knoxville, Tennessee) or another location to be designated by us before the start of your business. This initial training session will introduce you to our system and structure and cover software, building your business, operational practices, and marketing plan and strategy. . The franchisee mentor will review, assist, and monitor your completion of the training program checklist and provide remote support through telephone and email communications. Approximately 3 to 6 months after the commencement of your operations, the franchisee mentor will accompany you for approximately 2 days on-site in your Franchise Territory.

You will pay the transportation, board, lodging and wage expenses that you or the manager incur related to this training. Further, you will pay for or otherwise reimburse your assigned franchisee mentor for all travel, lodging, and living expenses reasonably incurred to conduct the required initial training and field orientation in your Franchise Territory. The training program must be completed by all franchisees, unless, at our reasonable discretion, based upon a franchisee's experience, it is deemed unnecessary.

If the Franchise is managed by any persons other than you, you will notify us of these managers. Each manager you hire must successfully complete the mandatory training program before supervising the Franchise. You will bear all costs of the training, including a reasonable training fee at our then current rates. Each of your employees will complete a training program as prescribed in the Operations Manual. All training programs for your employees will be conducted under the direction of you or your designated manager who has successfully completed the initial training program. Many small businesses fail when the owner does not take an active day-to-day role in the operation and management of the business. We strongly recommend that all individual franchisees and all partners and owners of franchisee entities devote their full time and best efforts to the day to day operation of the franchise with no operational or management commitments in other businesses except other franchises offered by us.

You or the manager will complete the course prior to opening the Franchise for business. We may terminate this Agreement without refunding any part of the Initial Franchise Fee if you fail to complete the initial training program to our exclusive satisfaction. If your manager fails to satisfactorily complete the initial training program, such manager may not manage or supervise the Franchise. We will not be liable for any costs or expenses you incur if we terminate this Agreement because you or your manager fails to satisfactorily complete the initial training program.

If you desire to have more than two individuals receive initial training, these additional individuals will be accommodated at the convenience of your assigned franchisee mentor. We reserve the right to charge a reasonable fee for the provision of the training regardless of when and where the individuals participate in initial training.

We may at any time during initial training inform you that an individual attending training on your behalf is not suitable due to criminal activities, disruptive behavior, poor attendance or other reasons. Upon that notice, our obligations to train that individual will be deemed to have been discharged.

Transfer Training. If you acquire the Franchise from an existing franchise owner through an approved transfer transaction, we may opt to have the original franchisee from whom you acquired the Franchise (the "Original

Franchisee") provide to you certain training and onboarding as required and designated by us, including as outlined in the then-current Painter1 training model and in the Operations Manual, instead of providing to you the standard initial training program outlined above. In this instance, the Original Franchisee is primarily responsible for your initial training and onboarding and the hand-off and transition to you of the operational knowledge, intellectual property, and assets related to the Franchise. We may still require you to pay for and complete to our exclusive the initial training program outlined above, at our discretion. Otherwise, we provide direction, oversight, and assistance during the transition period on an advisory basis while the Original Franchisee provides all initial training and onboarding.

To be eligible to become a franchisee mentor, a franchisee (including you) must meet our minimum standards and requirements for the franchisee mentor program, as we establish in our sole and absolute discretion from time to time. We intend to implement at least the following minimum standards and requirements: (1) be in good standing under all agreements between you and us or our affiliates; (2) follow our standards and guidelines for franchise operations and for the franchisee mentor program; (3) and meet minimum performance benchmarks as we establish from time to time. We have the right to modify or add to the minimum standards and requirements at any time. We intend to compensate your franchisee mentor based on training and operational benchmarks, including a percentage of Royalty Fees collected from you.

3.2 **Supplemental Training**. At your option and upon not less than **35** days' prior written notice to us, you may receive additional training at our headquarters or at other agreed upon locations. All expenses of this training will be borne by you, including but not limited to your travel, lodging, meals, compensation, and our reasonable costs and expenses including a reasonable training fee at our then current rates.

This additional training may include work experience and observation of our or other franchise operations. The duration of training is negotiable depending upon your needs. You will not receive any compensation for services rendered by the trainee during this or any other training. We may designate your franchisee mentor or others to conduct some or all of such training.

From time to time we may provide refresher training programs or seminars and may require that you or your managers attend and complete them to our satisfaction. These programs and seminars will be held at locations we designate and will be provided without charge to you. You will be exclusively responsible for paying all travel, living and other expenses and compensation of attending these programs and seminars. Each year, you or the designated managers of your Franchise will be required to attend up to **12 to 16** hours of programs and seminars, depending upon program and seminar availability. In addition, we may deem it appropriate or necessary to provide additional training and supervision to you and your managers and employees onsite in your Franchise Territory. If so, you will fully participate in and complete this additional training and supervision, including additional or revised training programs and processes that may be added to the Operations Manual in the future. We may charge a reasonable training fee for these additional training sessions.

As and when we request, you will cooperate with our reasonable request to allow us or a franchisee mentor to conduct training of new franchisees in the Franchise Territory so that they can experience a live, working environment without compensation from us as long as the training does not interfere with your operations or the experience of your customers. We will indemnify you from all costs and liabilities related to this training and you will not be liable to pay the trainers or the trainees for any services provided to you or to your customers during or as a result of this training.

4 COMMENCEMENT OF OPERATIONS

4.1 **Time to Complete Training and Commence Operation**. You shall commence full and continuous operation of the Franchise within the earlier of **180** days after execution of this Agreement or **30** days after successful completion of the initial training program outlined above. Prior to commencing operation, you will procure all necessary licenses, permits and improvements and purchase initial inventory. Any failure to commence operation caused by a war or civil disturbance, a natural disaster, a labor dispute, shortages or other events beyond your reasonable control will be excused for a period of time that is reasonable under the

circumstances. If this commencement of operation obligation is not fulfilled, we may terminate this Agreement and retain the entire Initial Franchise Fee.

4.2 **You Are to Obtain Permits and Licenses**. Prior to commencing business operations, you will obtain all local permits and licenses necessary to operate the Franchise. You will comply with all of the provisions of all other applicable federal, state or local statutes, rules or ordinances.

5 FRANCHISE STANDARDS OF OPERATION

5.1 **Operations Manual**. Our industry is highly competitive. Continuous efforts to maintain, update and improve the Method of Operation are essential. The developments we will make for the benefit of our franchise system as a whole are contemplated throughout the term of this Agreement. The continuous development of the Method of Operation in this manner is an important and beneficial aspect of the relationship you want to have with us. We agree to loan to you a copy of or permit you access to the Painter1 Operations Manual (the "Operations Manual"). The Operations Manual shall include materials in whatever form (including electronic) we provide to you that describe the guidelines, advice, and requirements regarding the operation of the Franchise, including user manuals, notices, amendments, supplements, media, intranet sites, related instruction materials, and any embodiment of the Method of Operation or identified by us as part of the Operations Manual. It includes amendments, supplements, and new documents made and identified by us as part of the Operations Manual. Nothing in this Agreement may be construed as an incorporation of the terms of the Operations Manual or as making the Operations Manual part of this Agreement.

The Operations Manual describes the Method of Operation, including specifications, standards, operating procedures, accounting and bookkeeping methods, marketing ideas, equipment requirements and other standards, guidelines, and rules that we may prescribe from time to time and identify as part of the Operations Manual. Among other things, the Operations Manual may contain information, requirements and standards related to:

- Permitting and licensing
- Equipment standards and assistance
- Computer programs and designated or proprietary software
- Written operations standards and assistance
- Initial and ongoing operational training
- Management and employee training
- Marketing and advertising
- Standards, ongoing training and ongoing support
- Insurance guidance and standards
- Warranty programs

The Operations Manual may be delivered to you by hard paper copy, computer diskette, CD-ROM, via an intranet or other downloading mechanism to your computer or via another medium chosen at our discretion.

We may amend the Operations Manual, including changes which may affect minimum standards and requirements for your franchise operations. You will strictly adhere to the requirements of the Operations Manual as we amend it from time to time. You will implement immediately all changes at your cost, unless we otherwise specify. We reasonably may restrict you from offering and selling certain services or products, from time to time, as specified in the Operations Manual. At all times you will insure that your copy of the Operations Manual and any other manuals given to you are kept current and up to date with the amendments and updates we provide to you. In the event of any dispute as to the contents of the Operations Manual, the terms of our master copies maintained at our principal place of business will be controlling.

The Operations Manual is and will remain confidential and our exclusive property. You will not disclose, copy or duplicate any part of the Operations Manual for any reason.

5.2 **Franchise Equipment**. You are responsible to equip the Franchise. All equipment shall conform to the standards, guidelines, and requirements as outlined in the Operations Manual from time to time. If we require any changes in or additions to equipment, you will modify, replace or add to your existing equipment at your sole expense.

You, at your expense, will maintain the Franchise equipment and vehicles in good repair, attractive appearance, and sound operating condition in compliance with the Operations Manual. At our request, you will make necessary repairs to the Franchise equipment and vehicles in order to maintain uniform appearance and to protect the reputation of the Marks. You will commence all repairs and changes within a reasonable time after notice from us, and you will proceed with due diligence until completion.

If you do not maintain the Franchise as required, after notice to you, we at our option may make the necessary maintenance and repairs and charge the cost to you. If we make or direct the making of repairs, we will not incur any liability to you, including but not limited to, liability for interruption of your business during the course of making the maintenance and repairs.

5.3 **Supplies, Inventory, and Vendors**. We develop minimum requirements for products, inventory, supplies, and advertising, among other things. These requirements are outlined in the Operations Manual. You will purchase all initial inventory items and additional items specified from time to time in the Operations Manual.

You must purchase items that bear the Marks from suppliers we approve from time to time. Designated or proprietary items and supplies may be private labeled by us or our affiliates. We or our affiliates retain the right to make a reasonable profit on any items, supplies and materials you buy from us or our affiliates.

We or our affiliates may obtain money, goods, services, or other benefits from persons and entities with whom you do business, on account of that business with you. These may include rebates, refunds, commissions, co-operative payments, or discounts. We will accumulate them, annually account to the Painter1 franchise system for them and use them for programs that benefit all franchisees such as conventions and administration of purchasing programs, use them to provide supplemental training and promotional services to Painter1 franchisees, or return them at reasonable times to all Painter1 franchisees pro rata, based upon the volume of related business.

There are no required quotas as to quantity of purchases you must make from us or from approved vendors. You must only have enough supplies on hand to meet customer demand. If you elect to purchase equipment, inventory, and supply items from us or our affiliates at our then current prices, payment must be made when you place your order. The items we offer may include among other things equipment, merchandise, and supplies that bear the Service Marks.

Any products and goods sold, licensed, or leased by or through us to you will be sold, licensed, or leased in accordance with the terms expressly set forth in the Operations Manual or as otherwise provided for in writing by us or the manufacturer of the products and goods. **EXCEPT AS EXCLUSIVELY SET FORTH IN WRITING AND SIGNED BY US, WE MAKE NO EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO THE PRODUCTS AND GOODS, AND ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT RESTRICTED TO, THE IMPLIED WARRANTY OF TITLE AND THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, ARE EXPRESSLY DISCLAIMED.**

We will not be liable to you if we are unable to deliver equipment, inventory or supply items to you because of any loss, damage, or delay caused by strikes, riots, fire, insurrection, war, elements, embargoes, failure of carriers, inability to obtain transportation facilities, forces majeure, acts of God or of the public enemy, or any other cause beyond our control.

You will purchase all products, supplies and materials required for the operation of the Franchise from manufacturers, suppliers or distributors approved by us. All specifications that we require of you and lists of

approved suppliers will be included in the Operations Manual. We will use our best judgment to set and modify specifications in order to maintain the integrity and quality of the franchise system.

You must sell, offer for sale, distribute or deliver only such services or products that meet the specifications and standards of quality and quantity in the Operations Manual. You must sell or offer to sell all approved items and services. You must refrain from deviating from our standards and specifications and must discontinue selling or offering for sale any such items as we may, in our discretion, disapprove in writing at any time.

You are required to maintain an inventory of authorized and approved equipment and supplies sufficient in quantity to satisfy customer demand.

You agree to offer the warranty program we set out in the Operations Manual. You will promptly notify us of any warranty claim and will commence all work within a reasonable time-frame. All warranty work must be performed pursuant to the Operations Manual and under the Marks. You will pay all costs and expenses incurred from warranty claims related to work you originally perform.

With advance written notice, you may request our approval to obtain products, supplies or materials from sources that we have not previously approved. We may require you to give us sufficient information, photographs, drawings, samples, and other data to allow us to determine whether the items from these other sources meet our specifications and standards, as established from time to time. These specifications and standards will relate to quality, taste, texture, composition, absorbency, strength, finish and appearance, and the suppliers' capacity and facility to supply your needs in the quantities, at the times, and with the reliability necessary for efficient operation and at competitive prices. We may require that samples from any supplier be delivered to a designated independent testing laboratory for testing prior to approval and use. You will reimburse us for the actual cost of the tests. We will license any supplier that can meet or exceed our quality control and confidential formula requirements and standards, for a reasonable license fee, to produce and deliver products to you but to no other person. Our confidential manufacturing requirements, equipment, designs, systems and formulas will be disclosed to potential suppliers only after we have received reasonable evidence that the proposed supplier is trustworthy and reputable; has the capacity to consistently adhere to our standards, requirements and testing procedures; will maintain the confidentiality of the designs, systems and formulas; and will adequately supply your reasonable needs. We may require a Confidentiality and Non-Disclosure Agreement signed by the proposed supplier prior to release of any confidential information. We will not unreasonably withhold approval of a supplier you propose. We will notify you in writing of the approval or disapproval of any supplier you propose [within 90 days of our receipt from you of your written notice of request for approval]. However, we reserve the right to designate exclusive suppliers (including third parties, us or our affiliates) for any products or services to ensure quality and uniformity of products, services, production, shipping and storage for the benefit of the franchise system. From time to time and at our discretion, we or our agents may inspect any proposed or approved manufacturer's, supplier's or distributor's facilities and products to assure proper production, processing, packaging, storing, and transportation. Permission for inspection will be a condition of our continued approval of any manufacturer, supplier or distributor. If we determine that a manufacturer, supplier or distributor fails to meet our specifications and standards, we will give written notice describing this failure to you and to the manufacturer, supplier or distributor, together with a notice that unless the failure or deficiency is corrected within **30** days, the manufacturer, supplier or distributor will no longer be approved.

One of the benefits accruing to you and all our other franchisees is the economy of mass purchasing power made available through us. Your failure to pay or repeated delay to make prompt payment in accordance with the terms of the invoices and statements for payments due on your purchases of fixtures, signs, equipment, supplies and other inventory items, or you misdirection of supplies or other abuse of our approved suppliers, distributors and manufacturers, will result in a loss of credit standing and goodwill and benefits otherwise available to us and our other franchisees. You expressly agree to promptly pay all such invoices and statements in accordance with their terms. You authorize us to communicate with all the suppliers, distributors, manufacturers and vendors with whom you do business and you authorize them to communicate with us regarding all aspects of your purchases from and dealings with them. You authorize us to instruct the

suppliers, distributors, manufacturers and vendors (and you instruct them to comply with our instruction) to immediately cease sales and deliveries to you upon the occurrence of any default by you under this Agreement.

5.4 **Standards to Be Maintained**. You will follow the Method of Operation and maintain standards of service that we prescribe. You will operate the Franchise in a clean, orderly, and respectable manner in strict compliance with this Agreement and the Operations Manual. You must operate your franchised business on a year-round basis. You acknowledge that the mandatory standards, specifications and policies we establish are not aimed at the day-to-day operation of your Franchise, which will solely be within your control, but are merely intended to preserve the goodwill of the Method of Operation and of the Marks.

A. Inspections. At our discretion, we may accompany you in your operation of the Franchise at reasonable times to verify your compliance with the terms of this Agreement. To do so, we may: (1)vInspect the Franchise; (2) Observe your operation of the Franchise for any consecutive or intermittent periods we deem necessary; (3) Select products and other materials, equipment, and supplies for test of content and evaluation purposes to make certain that they are satisfactory and meet our quality control provisions and performance standards; (4) Interview your personnel, customers, vendors and partners; and (5) Inspect and copy any books, records and documents related to the operation of the Franchise and any other franchise information we may require; and (6) Photograph and make video or digital recordings of your franchise operations and your employees and customers at all reasonable times. We will have the right to use these photographs and videos or digital recordings for such purposes as we deem appropriate, including, but not limited to, use in training, advertising, marketing and promotional materials, and as evidence in any court or arbitration proceeding.

You and anyone acting as your agent will cooperate fully with us and our agents in connection with these inspections, observations, and interviews. You expressly waive any rights of privacy or confidentiality you have with your personnel, customers, vendors and partners in reference to these inspections, observations and interviews.

B. Local Laws and Licenses. You will comply with all applicable ordinances, regulations, bylaws, laws, and statutes. You will not permit unlawful activities in the Franchise business and will not sell, exchange, offer, hold, show, rent, or permit to be sold, exchanged, offered, held, shown, or rented any material or service you know or reasonably suspect to have been obtained in violation of law or to be otherwise illegal.

You will secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchise and will operate the Franchise in full compliance with all applicable ordinances and regulations, including without limitation, all government laws and regulations relating to occupational hazards and health, EEOC laws, Americans with Disabilities Act, copyright laws protecting owners of artistic works, consumer protection, trade regulations, telephone and text advertising, marketing, and solicitation communications such as the Telephone Consumer Protection Act, A2P 10DLC, workers compensation, unemployment insurance and withholding, and payment of federal and state income taxes, social security taxes and sales, use and property taxes.

You will operate and maintain the Franchise so as to obtain the highest classification possible from the governmental authorities that inspect businesses similar to your franchise business in your area. If you are not able to obtain such classification or if you fail to operate in accordance with the standards of quality, maintenance, repair and sanitation required for the highest rating, then within **30** days after you first receive notice of your failure to obtain the highest classification you will comply with all requirements to receive the highest rating. You will maintain the highest rating thereafter. At our option, we may cause trained personnel to operate the Franchise as we deem necessary to work with and train your employees until the Franchise obtains the highest classification. You will reimburse us for all costs of providing our personnel, including costs of transportation, meals, lodging, salary, wages or other compensation, plus the cost of fringe benefits (which will be deemed to be **15%** of the salary and wages).

C. Authorized Services and Products. You will not offer, sell or dispense any products or services or activities other than those we specifically recognize and approve in writing.

D. Communication. We or an assigned franchisee mentor may provide regular consultation and advice to you in reference to issues we determine may be important to your franchise operations or in response to your inquiries about specific administrative and operating issues you bring to our attention. We will have sole discretion to determine the method for communicating this consultation and advice, which may differ from the methods we use for others of our franchisees. For example, consultation and advice may be provided by telephone, in writing (including electronically), on-site in person, or by other means.

E. Standard Uniform. You will require that all of your employees wear a standard uniform as described in the Operations Manual. All uniforms will be properly laundered regularly and replaced when worn. We may change the standard uniform from time to time. You agree to adopt new uniforms and replace worn uniforms when necessary and bear the purchase price of them.

F. Employees. You are responsible for making sure your employees meet the standards, specifications and procedures outlined in the Operations Manual. You will ensure that your employees present a neat and clean appearance and render friendly, efficient, sober and courteous service to your patrons in accordance with the grooming and training requirements of the Operations Manual. You acknowledge and agree that you are solely and exclusively responsible for all the essential terms and conditions of the employment of your employees and that we have no direct or indirect authority to control any of the essential terms and conditions of your employees, including any employee wages and compensation, payroll taxes and other required withholding, worker's compensation and benefits, work hours and scheduling, assignment and supervision of duties, work rules and directions and grounds for discipline, hiring and discharge, and health and safety working conditions. You will in no way obligate us for expenses incurred in the operation of your Franchise including labor costs. You are required to hire and maintain sufficient staff in order to handle customer volume at all times.

5.5 **Attendance at Conventions**. We may hold conventions for the franchisees that make up our franchise system. These conventions may be held at a different location each time. They include programs on sales and marketing techniques, performance specifications, advertising programs, training suggestions, and committee elections, among other things. Your attendance at each convention is required. We may charge a an "Annual Convention Fee" each year, up to **$500**. We may charge to you this Annual Convention Fee even if you do not attend. This fee is intended to help pay for training materials, handouts, videos, recording and similar materials for the annual conventions. In addition, you will bear all expenses of attending, including travel, lodging, meals and entertainment. Some of these costs may be collected by us and relayed to third parties on your behalf or paid directly by you to third party vendors. We may charge for these costs even if you do not attend, including without limitation lodging, event costs, resort fees, food and beverage and related expenses.

5.6 **Advertising Standards**. We may advertise in local, regional, national, Internet, system, or international brand development and advertising as we deem proper and using such media or channels, products, services, initiatives, and systems as we determine in our sole and absolute discretion. We may place and conduct any brand development activities, systems, and programs or advertising in geographic areas, in media, at times and using products and services we deem to be in the best interest of our franchisees and our franchise system. . We may use lead generation, marketing, and advertising primarily focused on franchise sales and development. We may conduct marketing research and development, public relations activities, press releases, Internet or e-commerce programs, marketing and promotional materials, advertising services, artwork, training, customer services, sales augmentations, production and distribution of periodic newsletters.

In national or regional advertising programs, we may include "suggested retail prices" for the goods or services sold by you and our other franchisees. We may include within all our advertising the phrase "available at participating locations only" or other cautionary language to advise the consumer that the suggested retail prices may not be adhered to by all our franchisees. We may compel you to charge "suggested retail prices" to the extent permitted by state and federal laws and regulations.

To the extent permitted by relevant law, we may establish price ceilings or minimum or maximum allowable prices on the products and services you offer and sell. Except as so specified by us or as otherwise required in this Agreement and in the Operations Manual, you may determine the prices at which you sell products and services, as well as the terms and conditions of sale.

A. You Will Not Advertise Outside Territory. Except with our prior written permission, you will not place under any circumstances advertisements using the Marks in or originating from any area other than the Franchise Territory.

B. Local Advertising Expenditures. We recommend that you spend **$3,000** on advertising and promotional materials in connection with the grand opening of the Franchise. We recommend that each month you expend in your local market at least **8%** of your Gross Sales to advertise and promote the Franchise.

C. Promotional Materials. From time to time, we may supply to you an advertising component to the Operations Manual which will contain samples of local advertisements, press releases, television and radio content and scripts, signage and promotional materials that we approve (the “Advertising Materials). You may use the Advertising Materials contained in the Operations Manual to place any advertisement as long as the advertisement materially complies with the form, content, and distribution standards, guidelines and requirements outlined in the Operations Manual. However, it is your responsibility to ensure that Advertising Materials comply with local ordinances, regulations, and laws. You will apply only decals and logos approved by us on your vehicles, signs and equipment. You shall submit to us all other advertising copy and other advertising and promotional materials before you use them in your local advertising program. You shall not use any other advertising copy or other promotional material until we approve it.

You authorize and permit us and our other franchisees to use advertising and promotional materials and programs that you develop without compensation to you.

You will advertise your franchise in a dignified manner to enhance our franchise system's reputation for quality and integrity. At any time and from time to time, we may require you to submit to us advertising copy, promotional materials, public relations programs and press releases you use in your local advertising programs. If, after review of any material, we, in good faith, believe that it is not in keeping with our franchise system's reputation of quality and integrity, or degrades or debases the good will or reputation of the franchise system, we will promptly notify you. You will immediately cease using any such material.

All advertising and promotional materials must include the wording “franchises available.”

D. Internet, Website and Social Media. You specifically acknowledge and agree that placing any information related to the Franchise on the Internet, on a web site, or in social media will be deemed “advertising” under this Agreement and will be subject to, among other things, our approval, restrictions, and requirements outlined in the Operations Manual. (As used in this Agreement, the term “web site” means an interactive electronic document, contained in a network of computers linked by communications software that you operate or authorize others to operate and that refers to the franchise, the Marks, us or the Method of Operation. The term web site includes, but is not limited to, Internet and World Wide Web home pages. For the purposes of this Agreement, “Internet" means any of one or more local or global interactive communications media, that is now available, or that may become available, and successor technology to the internet and or wireless communication, and includes web sites and domain names and social media, and the successor technology to internet, web sites, web page or wireless communication and social media. Unless the context otherwise indicates, Internet includes, but is not limited to, online document

completion and purchasing systems, and methods of accessing limited access electronic networks, such as Intranets, Extranets, and WANs.)

All advertising and promotional materials must include the wording “franchises available.”

All Internet and social media marketing is part of our marketing programs described in the Operations Manual and defined below, and must be coordinated through us and approved by us. You may not market independently on the Internet or acquire an independent Internet domain name or web site. You may not independently market using any digital, electronic or computerized form or any form of media now or in the future developed (e.g. materials to be made available through the internet, interactive electronic transmissions, etc.).

In connection to any web site and social media, you agree to the following:

1. You will not establish or use any other web site or web page or social media without our prior written approval. If we permit you to establish any web site, web page, social media account or Internet presence, you will turn ownership and control of the web site, web page, and social media over to us upon our request and upon expiration or termination of this Agreement, regardless of the reason for the expiration or termination.

2. Before establishing the web page or any other web site or social media, you will submit to us a sample of the content, format and information in the form and manner we may reasonably require.

3. In addition to any other applicable requirements, you will comply with our standards and specifications for web sites and social media as prescribed by us from time to time in the Operations Manual or otherwise in writing or on a franchisee forum intranet system. By “Intranet” we mean all communications systems utilized by us to communicate with you and our other franchisees, or by which you report data or information to us, or receive data, information or other materials from us. This includes, as applicable, as many different systems or processes as may in fact be used from time to time, including any Facebook group, banking remote or Internet access system.

4. If you propose any material revision to the web page or site or social media or any of the information contained in the web site or social media, you will submit the revision to us for our prior written approval.

5. You will use only approved key words, meta tags and titles pertaining to our industry. We will e-mail or respond via facsimile approved key words, meta tags and titles upon your request by e-mail or facsimile.

6. You may only offer approved products or services on your web page or site or social media. Any web site or social media changes made without our approval will put you in default of this Franchise Agreement.

7. We retain the sole right to market on the Internet and social media, including all use of web sites, domain names, URL's, linking, meta-tags, advertising, auction sites, e-commerce, and arrangements. You will provide us content for our Internet marketing, and follow our Intranet and Internet usage requirements. We also retain the sole right to use the Marks on the Internet, including on web sites, as domain names, directory addresses, meta-tags, and in connection with linking, advertising, and other arrangements. We retain the right to approve any linking or other use of our web site. You may not establish a presence on or market using the Internet or social media except as we may specify, and only with our prior written consent.

8. Subject to the terms of use on our web site and social media, we may gather, develop and use in any lawful manner information about any visitor to the web site or social media, including but not limited to your customers, franchisees or prospective franchisees regardless of whether they were referred to you via the web site or were otherwise in contact with you.

9. We have established or may establish in the future an intranet or comparable on-line facility. You must use it in the manner we require. You understand and agree that we may elect to provide certain assistance, deliver information and materials or otherwise communicate with you via the Internet or the intranet. At your sole expense, you will maintain and update as needed all computer system requirements and services necessary to access the Internet and the intranet in the manner we require. You are required to have high speed Internet service to your business or home office where you will be able to access downloads from us of advertising materials, operations manual revisions, training materials and corporate news.

E. Discount Programs. From time to time we may develop and market special discount or free coupon programs. You will have the right, but not the obligation, to participate in these programs. We will notify you of the creation and provisions of a discount or coupon program. Within **5** days after receipt of the notice, you will advise us whether or not you wish to participate in that program. If you notify us that you wish to participate, you will adhere to all provisions of the program. If you elect to be excluded from a program, we will have the right to advise consumers, by advertising, sales solicitation or otherwise, that you are not a participant. You will not be entitled to the benefits of that program. We will establish the discount or coupon programs in our sole discretion, and will not have any obligation to consult or confer with you or any other of our franchisees with respect to the nature, content or amount of any discount or coupon established pursuant to any program.

F. Directory Listings. You will advertise the Franchise in the telephone directories that service the area immediately surrounding the Franchise. This advertisement will be in the form and have the content specified from time to time in the Operations Manual. When more than one Painter1 franchisee serves a metropolitan area, classified advertisements will list all Painter1 units operating within the distribution area of the classified directory, and you will contribute your equal share in the cost of the advertisement.

G. Establishment of Advertising Programs. At any time and from time to time, we may designate local, regional, or national advertising coverage areas for the development of cooperative local or regional advertising and promotional programs. An "advertising coverage area" is defined as the area covered by a particular advertising medium such as television, radio, or other medium, as recognized in the media industry. We will designate the geographic boundaries of cooperative advertising and promotional programs and the respective advertising coverage areas of these programs. We have the power to require cooperatives to be formed, changed, dissolved, or merged. In the event of a disagreement, our determination of the coverage area will be final.

We will promptly notify you and our other franchisees of the establishment, modification, and geographical boundaries of regional advertising regions. We may require all franchisees located within each advertising region to meet periodically for the purpose of creating and establishing regional advertising programs. Each franchise and each operation we or our affiliates own and operate will be entitled to one vote at these meetings. For the purpose of this subsection, each operation we own will be deemed to be a franchise.

If at any meeting of the franchisees in an advertising region, **65** percent of the franchisees vote to contribute to a regional advertising program, all franchisees within that region will be obligated to make a contribution to a regional advertising fund in the amount established by the vote (the "Regional Advertising Fund"). No advertising region may require any franchisee in that region to make a contribution to a Regional Advertising Fund in excess of **2** percent of that franchisee's Gross Sales. We will have the right to approve or disapprove the content of all advertising and no advertising or promotional plans or materials may be used or furnished without first obtaining our approval.

If advertising region members are unable or fail to resolve any issue affecting establishment or effective

functioning, upon the written request of any member franchisee, that issue will have been submitted to us for consideration and our resolution of that issue will final and binding on all advertising region members.

We will administer each Regional Advertising.

H. Trademark and Copyright Notices. You will use the Marks in strict conformity to the Operations Manual, and will include in any advertisement, or promotional materials which use the Marks, trademark notices as are required by the Operations Manual. All copyrighted materials we supply to you or otherwise used by you in connection with the Franchise will contain copyright notices as required by the Operations Manual.

5.7 **Marks, Operations Manual, and Method of Operation Are Our Exclusive Property**. You agree that the Marks, Operations Manual, and Method of Operation are our sole and exclusive property. Except for the Franchise granted to you by this Agreement, nothing in this Agreement or any other agreement will give you or others any right, title, or interest whatsoever in or to the Marks, Operations Manual, or Method of Operation. Your license to use the Marks is non-exclusive. We, in our sole discretion, may operate under the Marks and may grant licenses to others to use the Marks on any terms and conditions we deem appropriate. In those states and nations where applicable, you agree to execute on request all documents necessary to record you as a registered user of the Marks. You will not use the Marks as part of any electronic mail address or in any electronic mail message except in accordance with the Operations Manual and only for purposes of the Franchise.

You will immediately notify us of any infringement of, or challenge to, your use of the Marks or any marks identical to or confusingly similar to the Marks, including any claims of infringement or unfair competition. While we will make reasonable efforts to protect your rights to use the Marks, we will have sole discretion to take or not to take action, as we deem appropriate. If we undertake the defense or prosecution of any litigation or administrative action involving you or any litigation or administrative action involving the Marks or the Method of Operation, you agree to execute any and all documents and to do all acts and things that in the opinion of our counsel are necessary or advisable to carry out the defense or prosecution. This may be done either in our name or in your name, as we will elect. We will not be required to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the Marks or if the proceeding is resolved unfavorably to you. Instead, at any time, you will modify or discontinue use of any franchise names or Marks, or will use one or more substitute names or marks, if we so direct in writing at any time. Our sole obligation in this event will be to reimburse you for your tangible costs in complying with our direction (i.e., cost of changing signs, stationery, etc.). Under no circumstances will we be liable to you for any other damages, costs, losses, rights, or detriments related to any modification, discontinuance, or substitution. All obligations or requirements imposed upon you relating to the Marks will apply with equal force to any modified or substituted names or marks.

You will not contest, directly or indirectly: our ownership, title, right, or interest in the Marks, the Operations Manual, or the Method of Operation; or our exclusive right to register, use, or license others to use the Marks, Operations Manual, and Method of Operation. You will not advertise or use the Marks without following our then current guidelines and requirements. These may include, but will not be limited to, the placement of appropriate © or ® copyright and registration marks, or the designations TM or SM, where applicable.

Any and all goodwill associated with the Marks, including any goodwill that might be deemed to have arisen through your activities, will accrue directly and exclusively to our benefit, except as otherwise provided by applicable law. You appoint us as your agent and attorney-in-fact to amend or cancel any registered user or business name filings obtained by you or on your behalf that involve or pertain to the Marks.

You will not use the Marks on products or services that come from any source other than us or sources we approve in writing except for products you prepare or produce pursuant to the Operations Manual and the Method of Operation.

We make no representation or warranty, express or implied, as to the use, exclusive ownership, validity or enforceability of the Marks.

We and you will use reasonable best efforts to continuously improve the products, processes and services used in the Method of Operation and to develop new products, processes and services for use as part of the Method of Operation. All the improvements, inventions and developments you make, develop or create for use in the Method of Operation will be our property and we alone will hold any patent, trademark registration or other form of protection for those improvements, inventions, developments, processes, methods and practices.

5.8 **You Will Not Use Names or Marks in Combination**. Except as provided in this Agreement, you will not use or give others permission to use the Marks, or any colorable imitation of them, combined with any other words or phrases. You and your owners, officers, and agents will not form or participate in the formation of any company, firm, corporation, or other entity having a name containing the words of the Marks. You may not combine or associate any name or symbol of the Marks with any other name or word in any advertising or sign. You may not use the Marks in naming or labeling any account with any vendor, service provider or bank. The Marks must be used in exact conformity with specifications we set in the Operations Manual.

5.9 **Marks, Operations Manual, and Method of Operation May Be Changed**. You acknowledge that the Marks, Operations Manual, and Method of Operation, including any future amendments or modifications to them, have substantial value, and that the conditions, restrictions, covenants not to compete, and other limitations imposed by this Agreement are necessary, equitable, and reasonable for the general benefit of you, us, and others enjoying any lawful economic interest in the Marks, Operations Manual, and Method of Operation.
You understand and agree that the Method of Operation must not remain static if it is to meet presently unforeseen future changes in technology, competitive circumstances, demographics, consumer trends, social trends and other marketplace variables and to best serve the interests of you, us and our other franchisees. We may add to, subtract from, change or modify any part of the Marks, Operations Manual, or Method of Operation from time to time at our sole discretion, This may include changes to the products, equipment, signage, trade dress, décor, design, appearance, operations, programs, services, methods, standards, forms, policies and procedures of the Method of Operation or abandoning the Method of Operation altogether in favor of another system in connection with a merger, acquisition, or other business reason. You will accept, use, and protect, for the purposes of this Agreement, all additions, subtractions, changes and modifications as if they were a part of the Marks, Operations Manual, and Method of Operation at the time this Agreement is executed. You will bear all costs and expenses which may be reasonably necessary as a result of such changes or modifications. Except as otherwise provided in this Agreement, under no circumstances will we be liable to you for any damages, costs, losses, or detriments relating to or directly or indirectly resulting from these changes or modifications.

Complete and detailed uniformity of the Marks, Operations Manual, and Method of Operation under the varying conditions to be experienced by our franchisees may not be possible or practicable. Therefore we reserve the right, at our discretion, to accommodate your special needs, or those of any other of our franchisees. These needs may result from the peculiarities of density of population, population demographics, business potential, population of trade area, existing business practices, requirements of local law or local customers, or any other condition which we deem to be important to the successful operation of the franchisee's business. From time to time, we may allow certain franchisees to depart from normal system standards and routines to experiment with or test new products, equipment, designs, and procedures. In no event will any variance or testing be deemed a waiver of any of our rights, or an excuse for you to not perform any of your duties under this Agreement. We may require you at any time to commence full compliance with the Operations Manual and the Method of Operation. We will not be required to grant any variance to you under any circumstances. You will not require us to disclose or grant to you a like or similar variation.

Any improvements, modifications or additions which we make to Method of Operation or to the Marks, or which become associated with Method of Operation, including ideas suggested or initiated by you, will inure

to our benefit, and become our exclusive property. You assign to us or our designee all intellectual property rights, including all copyrights, in and to any improvements or works which you may create, acquire or obtain in operating your franchise business. You agree that we may use, and authorize others to use, improvements which you suggest, initiate or originate without compensation to you and without your permission. You understand and agree that nothing in this Agreement constitutes or will be construed as our consent or permission to you to modify the Method of Operation or the Marks. Any modification which you desire to propose or make will require our prior written consent.

5.10 **Computer Systems**. You will purchase, lease, or otherwise acquire, from sources of your choice and at your expense, computer hardware and software that are totally compatible with and strictly conform to all requirements, standards, and specifications we may set from time to time, including coordination with consolidated systems used . You must comply with any separate software or other license agreement that we or our designee uses in connection with providing these services to you.

You are required to have high speed Internet service to your business so that you can access downloads from us of advertising materials, operations manual revisions, training materials, product access and preparation; communication; email; web site access; and corporate news. Your computers and access must also accommodate our remote access to your computer systems, software and records. You will comply with all our requirements regarding Internet, Intranet and computer use contained in the Operations Manual.

You will, at your sole expense, continuously maintain (i) an active e-mail account and e-mail address with an established internet service provider, keep us informed of your current e-mail address and manage your e-mail account so that it does not become full or otherwise incapable of accepting new messages, and (ii) an electronic data exchange service designated by us to enable us to remotely retrieve sales, inventory and other operating data for the Franchise as frequently as we deem necessary. You, on behalf of yourself and, as applicable, your directors, officers, managers, employees, consultants, representatives and agents, waive any claim that our retrieval of data from your electronic records violates any person's rights of privacy.

At our request, you will use reasonable efforts to secure the names, addresses and other information we reasonably require of your customers and will allow us to use the information. You will not divulge your customer names, addresses or other information, with or without remuneration, to any third party. You will respond promptly to each customer inquiry or complaint and resolve all reasonable complaints to the customer's satisfaction.

You will abide by all applicable laws pertaining to privacy of information you collect or maintain regarding your customers and other individuals ("Privacy"), and will comply with our standards and policies pertaining to Privacy. If there is a conflict between our standards and policies pertaining to Privacy and applicable law, you will:

(a) comply with the requirements of applicable law;
(b) immediately give us written notice of the conflict; and
(c) promptly and fully cooperate with us and our counsel as we may request to assist us in our determination regarding the most effective way, if any, to meet our standards and policies pertaining to Privacy within the bounds of applicable law.

5.11 **Working Capital Requirements**. At all times during the term of this Agreement, you will maintain and employ as much working capital as may be required to enable you to properly and fully perform all your duties, obligations, and responsibilities.

5.12 **Confidentiality; Confidential Information**. The Method of Operation and Operations Manual include valuable designated or proprietary and confidential information. The Method of Operation is a technologically advanced program of accounting, identification procedures, management systems, techniques and business operations and systems that would, if used by other persons, firms or entities, give a substantial competitive advantage which we presently enjoy. You agree that these contents and information are confidential. They include information that is our exclusive property, and you may only use them in the

Franchise subject to the provisions and duration of this Agreement. You agree to fully and strictly adhere to all security procedures we prescribe for maintaining the confidentiality of the information.

You specifically acknowledge that you will receive valuable specialized and confidential or proprietary "Confidential Information" in the course of your relationship with us and our franchise system. "Confidential Information" includes, knowledge and information that we designate as propriety or confidential or which you know, or should reasonably know, we regard as confidential, including without limitation information concerning: (i) the Method of Operation, the Operations Manual, standards, specifications, systems, procedures, techniques, processes, practices; (ii) our supply relationships, inventory requirements and control procedures, customer data, and cost data; (iii) promotional and marketing methods and techniques, sales techniques and strategies, pricing, sales, profit performance or other results of operations of any franchise, including your Franchise, or group of franchises or our entire chain; (iv) financial information, accounts, customer lists, demographic data; (v) the results of customer surveys and promotional programs; and (vi) in general, manuals, business methods, trade secrets, specifications, procedures, information systems, know-how and knowledge about the Method of Operation, whether it is now known or exists or is acquired or created in the future, and whether or not the information is included in the Operations Manual or we expressly designate the information as confidential. Confidential Information does not include (x) information which you can demonstrate came to your attention independent of entering into this Agreement; and (y) information that we agree is, or has become, generally known in the public domain, except where public knowledge is the result of your wrongful disclosure (whether or not deliberate or inadvertent).

The Confidential Information shall include information in any form in which such information exists, whether oral, written, electronic, digital, or other form of media. You acknowledge and agree that our Method of Operation and all Confidential Information is and shall continue to be our sole and exclusive property, whether or not disclosed or entrusted to you in connection with your relationship with us. Nothing in this Agreement will give you or others any right, title, or interest whatsoever in or to them. The Confidential Information shall be considered our trade secrets and shall be entitled to all protections provided by applicable law to trade secrets.

You agree to exercise the highest degree of care in safeguarding Confidential Information against loss, theft, or other inadvertent disclosure. You agree to accord to the Confidential Information the same degree of care and use the same confidentiality protection practices as you exercise or employ with respect to your confidential or proprietary information. This includes obligating employees and consultants who receive Confidential Information to covenants of confidentiality and non-use. You are accountable for any breach of confidentiality and noncompetition provisions that are caused by one of your employees.

You agree not to disclose Confidential Information to any third party and to limit disclosure within your association to designated employees approved by us. Disclosures to designated employees will be done on a "need to know" basis to the extent necessary for them to perform the duties of their employment with you. Unless required by court order or applicable law, you agree not to copy, download, send, or divulge any Confidential Information directly or indirectly to any other person or enterprise outside of our system. During the term of this Agreement and after it expires or is terminated, you will never communicate, divulge, or use in any manner, either for your benefit or the benefit or any other person, persons, partnerships, associations, companies or corporations any Confidential Information or proprietary information, knowledge or know-how concerning the Method of Operation or any information we have communicated to you in written, verbal or electronic form, including intranet passwords, for the operation of your business.

You will assure that all communications and media connections with us and with your customers and access to Confidential Information (especially financial information and especially bank account and credit card information) are at all times kept secure. This includes wireless, cable, internet, broadband or other communications and media connections. Your security measures must be in compliance with all legal requirements and, particularly, with all security requirements of the relevant banks and issuing credit card companies.

You will not reverse engineer, decompile or disassemble any items embodying the Method of Operation or our Confidential Information.

The Operations Manual may contain guidelines to protect Confidential Information and trade secrets, including limited access to the information on a need to know basis, locking of offices and computer files, placement of appropriate legends on materials, limited access for copying and scanning, pass-word protection, and encryption. You will conduct periodic meetings with your managers and employees to instruct them on their responsibilities to maintain the confidentiality of our information, including severance interviews with terminated employees in which they acknowledge in writing their post-employment confidentiality obligations.

You will assure that you and all your agents, employees, consultants, partners, owners, members, officers, directors, and shareholders and other persons in your control, to whom any information is communicated, will keep, preserve, and protect all confidential information. You will require as a condition of the employment of your employees and anyone else providing services to you that they maintain and protect Confidential Information, including the signing of a confidentiality agreement. You must follow our security procedures, which may include the execution of approved nondisclosure agreements, and Intranet and Internet usage agreements. You will be responsible to enforce these covenants and agreements by your employees. These covenants are for the benefit of us and the Painter1 franchise system and are enforceable by us. If you become aware of any actual or threatened violations of these covenants by any of your employees and anyone else providing services to you, you will promptly and fully advise us in writing of all related facts known to you. You will cooperate with us in all ways we reasonably request to prevent or stop any violation. This may include institution or permitting to be instituted in your name any demand, suit or action that we determine is advisable. The demand, suit or action may be maintained and prosecuted by us and you at your expense.

This section contains prohibitions based upon an understanding that you, your key employees, your officers, your partners, your employees, members and stockholders (as applicable) will possess knowledge of business and operating methods and confidential information, disclosure of which would prejudice our interests and our other franchisees.

5.13 **Conflicting or Competing Interests**. You will diligently, faithfully, and honestly perform your obligations pursuant to this Agreement. You will use your best efforts to develop, promote, and enhance your franchise. You will not engage in any activity or business enterprise that conflicts with these obligations.

At all times the Franchise must be under your direct supervision. You will devote a substantial enough amount of time and energy to properly operate the Franchise. What constitutes proper operation will be in our sole reasonable discretion. In your absence, the Franchise must be under the direct supervision of a manager who has successfully completed the required training programs and who devotes the necessary time during business hours to the management of the Franchise.

In express consideration for and during the term of this Agreement, neither you nor your owners, shareholders, members, partners, directors, officers, consultants, distributors, or agents (who have access to or knowledge of the Operations Manual or Method of Operation), will directly or indirectly participate as an owner, shareholder, member, partner, director, officer, employee, consultant, franchisor, franchisee, distributor, advisor or agent, or serve in any other capacity in any business (including business in formation) engaged or to be engaged in the sale or rental at wholesale or retail or on the Internet of painting and related coating (such as paint, sealers, epoxy, lacquer, etc) or cleaning (prep work, power washing, etc) products or services of any kind (whether indoor or outdoor or commercial or residential) or any business that offers products or services that are essentially the same as, or substantially similar to, the products and services that are part of the Method of Operation. We may waive this covenant only in writing.

You will assure that you and your owners, directors, officers, partners, shareholders, members, employees, consultants, and agents, during the term of this Agreement and for a period of **2** years after expiration or termination of this Agreement do not:

A. divert or directly or indirectly attempt to divert any of our business or any of our customers to any competing establishment;

B. employ or seek to employ any person we employ or any other person who is at that time operating or employed by or at any of our franchises or otherwise directly or indirectly induce these persons to leave their employment; nor

C. do or perform, directly or indirectly, any other act injurious or prejudicial to our goodwill associated with the Marks and Method of Operation

The running of the periods of time specified by this Section will be tolled and suspended for any period of time during which a court or arbitrator determines you to have been in violation of this Section.

If, for any reason, any provision set forth in this Subsection is determined to exceed any lawful scope or limit as to duration, geographic coverage, or otherwise, it is agreed that the provision will nevertheless be binding to the full scope or limit allowed by law or by a court of law. The duration, geographic coverage and scope allowable by law or court of law will apply to this Agreement.

The provisions relating to interests in any other business will not apply to your ownership of outstanding securities of any corporation whose securities are publicly held and traded. Provided that you hold these securities for investment purposes only and that your total holdings do not constitute more than **5%** of the outstanding securities of the corporation.

You will obtain written covenants from your owners, shareholders, members, partners, directors, officers, employees, consultants, distributors, and agents in a form satisfactory to us that these persons will comply with the provisions of this Section.

You and we stipulate that, in light of all of the facts and circumstances of the relationship between you and us, the covenants, restrictions and agreements referred to in this Section (including without limitation their scope, duration and geographic extent) are fair and reasonably necessary for the protection of our confidential information, goodwill and other protectable interests. If a court of competent jurisdiction should decline to enforce any of those covenants and agreements, you and we request the court to reform these provisions to restrict your use of confidential information, non-solicitation, ability to compete with us, and any other covered topics to the maximum extent, in time, scope of activities, and geography, the court finds enforceable under applicable law.

5.14 **Notice of Court Action and Complaints.** You will notify us in writing within **5** days of the commencement of any action, suit or proceeding, or of the issuance of any order, writ, injunction, award or decree of any court, agency or government instrumentality, which may adversely affect your operation of or the financial condition of the Franchise.

You will promptly report to us any incidents involving personal injury to your customers or sustained related to the Franchise. You will submit to us promptly upon receipt copies of all customer complaints and notices and communications received from any person or government agency relating to alleged violations of applicable laws and you authorize that person or government agency to provide the same information directly to us upon our request. Additionally, you will promptly notify us of any written threat, or the actual commencement, of any action, suit or proceeding against you or involving the Franchise or your business assets which might adversely affect the operation or financial condition of the Franchise, and provide to us copies of all relevant documents.

6 RENEWAL, TERMINATION AND STEP-IN RIGHTS

6.1 Renewal of Franchise.

A. If you are not in breach, you may renew the Franchise for periods of **10** years under the terms of our then-current Franchise Agreement forms. "Then-current," as used in this Agreement and applied to our Franchise Disclosure Document and this Agreement will mean the form then currently provided to prospective franchisees or area developers, or if not then being provided, then the form we select in our sole discretion which previously has been delivered to and executed by a franchisee of ours. You will exercise your renewal option by giving written notice to us. The notice must be given at least three months, but no earlier than six months, before the end of the franchise term established by this Agreement.

The renewed agreement will be evidenced by you signing the franchise agreement forms we then are using (with appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal franchise). These forms may vary materially from this Agreement. Royalty Fees and other fees will be set at the then prevailing rates and terms. Your failure or refusal to execute the renewal franchise agreement forms within **30** days after delivery to you may be regarded as an election by you not to renew. Upon renewal, the Franchise Territory may be modified and its geographic area may be reduced or expanded to meet our then current franchise market penetration and demographic standards and requirements.

You will reimburse us for our reasonable out-of-pocket costs concerning the renewal, up to **$5,000** plus applicable taxes.

You will refurbish or replace the Franchise equipment to conform to the then current Operations Manual and Method of Operation. There will be no limitation on the amount that we may require you to spend on refurbishing or replacement.

You must execute a general release, in a form we prescribe, following applicable law, to release us from any claims you may have against us.

Before renewal, you or your designated manager will attend and successfully complete any retraining program we prescribe in writing. This will be done at your expense, including travel, meals, lodging, and our then current training fee.

B. We may refuse to renew this Agreement if you fail to satisfactorily comply with this Agreement. The determination of satisfactory compliance will be within our exclusive discretion and business judgment in good faith. If we refuse to renew, you must continue to perform under this Agreement until its expiration. We also may refuse to renew this Agreement if we make a good faith determination in our normal course of business that renewal of the franchise relationship is likely to be uneconomical to us or our franchise system despite any reasonable changes or additions to the agreements between be parties, which may be acceptable to you. We will not be obligated to renew this Agreement if we have determined in good faith to cease carrying on business your market area and if we have given you at least 180 days-notice of our intent not to renew and have otherwise complied with applicable law concerning the renewal of franchises.

Even though we decline the renewal of your Franchise, it is possible that we can be required to renew it under a law, rule, regulation, statute, ordinance, or legal order that is applicable at the time. If that happens, to the extent it is allowed by the concerned law, rule, regulation, statute, ordinance or order, your renewal term will be subject to the conditions of the franchise agreement we are using for new franchisees at the time the renewal period begins. If we are not then offering new franchises, your renewal period will be subject to the terms in the franchise agreement that we indicate. If for any reason that is not allowed, the renewal term will be governed by the terms of this Agreement.

C. Continuation. You have no automatic right to continue operation of the Franchise following expiration or termination of this Agreement. If you continue to operate the Franchise with our express or implied consent, following the expiration or termination of this Agreement, the continuation will be

a month-to-month extension of this Agreement. This Agreement will then be terminable by either party upon **30** days written notice. Otherwise, all provisions of this Agreement will apply while operations continue. Upon termination of this Agreement under this section, all post-termination covenants and obligations in this Agreement will apply.

6.2 **Termination by You**. You may terminate this Agreement if you comply with the terms of this Agreement and if we substantially breach any material provision of this Agreement and fail to cure or reasonably to begin to cure that breach within **30** days after receipt of written notice specifying the breach. Termination will be effective **10** days after you deliver to us written notice of termination for our failure to cure within the allowed period.

6.3 **Termination by Us**.

A. The following provisions are in addition to all other remedies available to us at law or in equity. We will have the option to cure your breaches at your expense.

If you breach or default in any of the terms of this Agreement, we have the right to appoint a receiver to take possession, manage and control assets, collect profits, and pay the net income for the operation of the Franchise as ordered by a court of jurisdiction. The right to appoint a receiver will be available regardless of whether waste or danger of loss or destruction of the assets exists, and without the necessity of notice to you.

1. You irrevocably nominate, constitute and appoint the person serving from time to time as our President to be your attorney-in-fact so to act in your name and on your behalf.

2. At our election and without waiving any claims for default or breach and without prior notice to you or resort to legal process, we may enter your Franchise business offices and vehicles using the reasonable force as is necessary in the circumstances, without being guilty of trespass or liable to you or the property owner for the entry, for the purposes of securing the return of our property, the performance of your obligations of discontinuance and the protection of our rights upon expiration or termination of this Agreement.

3. We may claim and recover damages from you for any material breach, including ongoing Royalty Fees and other payments required by this Agreement. The Royalty Fees payable will be computed as an average of the Royalty Fees payable by you for the last six months that you conducted the Franchise. If the Franchise has been operating and paying Royalty Fees for less than six months, the average will be of the monthly Royalty Fees payable by you during the period of operation. The calculated Royalty Fees will be due for the lesser of 24 months or balance of the term of this Agreement, or until we establish a new Painter1 franchisee in the Territory and that new franchisee pays Royalty Fees for a month equal to or greater than the calculated monthly Royalty Fees due from you, whichever occurs earlier.

You agree that it will be a *default constituting a substantial breach of a material provision of this Agreement pursuant to relevant law, thus establishing good cause for termination* of this Agreement and any other franchise and related agreements between the parties if you (or your owners, officers, or key employees) breach any lawful material term or provision of this Agreement and do not cure the breach (or reasonably begin to cure and diligently pursue the cure until the breach is remedied) within **30** days after receipt of our written "Notice to Cure." Termination will occur immediately upon delivery to you of our written declaration of termination for failure to cure within the allowed time frame.

You further acknowledge and agree that we may limit or completely shut down your access to forms, software, web sites, Internet or Intranet, or limit your continued operation of the Franchise if you fail to make timely payment of Royalty Fees or other fees or otherwise breach this Agreement.

B. You agree that it will be a default constituting a *substantial breach of a material provision of this Agreement pursuant to relevant law, thus establishing good cause* for us to immediately terminate this

Agreement and any other franchise and related agreements between the parties without other cause, and without giving you an opportunity to cure, if you (or your owners, officers, or key employees):]

1. Become insolvent, make a general assignment for the benefit of creditors, have a receiver appointed to administer or take possession of any part of the franchise or your assets, or admit to not being able to meet your obligations as they become due or become bankrupt, or become subject to any chapter of the United States Bankruptcy Code, unless you:

   (i) timely undertake to reaffirm the obligations under this Agreement;
   (ii) timely comply with all conditions as legally may be imposed by us upon such an undertaking to reaffirm this Agreement; and
   (iii) timely comply with such other conditions and provide such assurances as may be required in relevant provisions of the United States Bankruptcy Code;

   provided, however, that we and you acknowledge that this Agreement constitutes a personal service contract and that we have relied to a degree and in a manner material to this Agreement upon the personal promises of you and/or your directors, officers, shareholders or partners, as the case may be, to participate personally on a full-time basis in the management and operation of the franchise, and, consequently, we and you agree that any attempt by any other party, including the trustee in bankruptcy or any third party, to assume or to accept an assignment of this Agreement will be void.

2. Fail to operate the Franchise continuously and actively for **5** consecutive days or for any shorter period after which it is reasonable under the facts and circumstances to conclude that you do not intend to continue the Franchise or maintain a suitable Franchise operation.

3. Fail to comply with any requirement of this Agreement or of any related agreement between the parties within twelve months after having received the most recent of two or more **30**-day or **5**-day Notices to Cure deficiencies in performance of the same or any other requirement pursuant to Subsection (A) above or this Subsection (B), whether or not you had corrected your earlier failures to comply after we delivered notice to you.

4. On more than two occasions fail to report monthly Revenue on time, understate monthly Revenue by more than **2%,** or distort other material information.

5. Make or have made any material misrepresentation or misstatement on the franchise application or with respect to ownership of the Franchise. If you misrepresented yourself and are a competitor of ours or a competitor of an affiliate of ours, we may keep your entire initial franchise fee, cancel training and terminate this Agreement.

6. Allow the Franchise or its assets to be seized, taken over, or foreclosed by a creditor, lien holder, or lessor; let a final judgment against you to remain unsatisfied for **30** days (unless a supersedeas or other appeal bond is filed); or allow a levy of execution upon the Franchise or upon any property used in the Franchise, that is not discharged by means other than levy within **5** days of the levy.

7. Are convicted of a felony or a sex crime, are required to register as a sex offender, have been convicted of a crime of moral turpitude, are on probation or parole, or are convicted of any criminal misconduct relevant to the operation of the Franchise.

8. Within a period of **10** days after notification of noncompliance, fail to comply with any federal, state or local law or regulation applicable to the operation of the Franchise.

9. Fail to pay any Royalty Fee or other amounts owed pursuant to this Agreement within **5** days after receipt of written notice that the fees or amounts are overdue.

10. Operate the Franchise in a manner that creates an imminent danger to public health or safety.

11. Do not keep Confidential Information related to the Franchise confidential except to employees or persons authorized to know.

12. Fail to obtain agreements from your employees to keep confidential any Confidential Information.

13. Attempt to unilaterally repudiate this Agreement or the performance or observance of any of its terms, conditions, covenants, provisions or obligations by any conduct evidencing your intention to no longer comply with or be bound by this Agreement.

6.4 **Time Frames Subject to Applicable Laws**. The provisions of this Agreement may state periods of notice less than those required by applicable law. They may provide for termination, cancellation, non-renewal or the like other than according to applicable law. They will be extended or modified to comply with applicable law. We will not, however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any mediation, action, arbitration, hearing or dispute relating to this Agreement or the termination of it.

6.5 **You Will Discontinue Use of Marks, Operations Manual, and Method of Operation on Termination of Agreement**. Substantial damages that are difficult to determine at the date of execution of this Agreement will accrue to us if you do not comply with any of the following requirements upon expiration or termination of this Agreement. Upon expiration or termination of this Agreement, you will:

A. Immediately cease using the Marks (or any names or marks deceptively similar to them), the Operations Manual and the Method of Operation.

B. Return to us all copies of the Operations Manual. Return to us all records, files, instructions, correspondence, and materials in your possession or control related to the Method of Operation. You will give us a complete and accurate summary of your advertisers, customers and leads, including their names, addresses, telephone numbers and related file records. You will assist us in every way possible to bring about a complete and effective transfer of your franchise business to us or to our designated franchisee.

C. Relinquish any right or claim of right to telephone numbers and directory listings and Internet addresses, domain names and locators to us or our designated franchisees. If necessary, you will authorize telephone, Internet, email, electronic network, directory and listing entities to transfer all numbers, addresses, domain names, locators, directories and listings to us or our designee and notify them of the termination of your right to use the Franchise names and Marks. You appoint us as your agent and attorney-in-fact to effect the transfer of these telephone numbers and directory listings and domain names and Internet directory listings to us. You agree that we will be treated as the subscriber for the telephone numbers and directory listings. We will have full authority to instruct the applicable telephone, directory and listing companies on the use and disposition of the telephone listings and numbers. You release and indemnify these companies from any damage or loss because they follow our instructions.

D. Make reasonable modifications to any retained business to reduce your identification as a part of our franchise system. These modifications will include but will not be limited to removal of vehicle wraps and other reasonable alterations to eliminate any possibility of confusion between the Franchise and any other Painter1 business.

E. Pay to us within **seven** days all Royalty Fees and other sums you owe. These sums will include all damages, costs and expenses, including reasonable attorneys fees and collection costs, we incur because of your breach. These sums will include all costs and expenses, including reasonable attorney fees, we incur in obtaining injunctive, appellate, or other relief to enforce the provisions of this Agreement.

Termination or expiration of this Agreement will not prejudice to any other rights or remedies that we have in law or in equity, including, without limitation, the right to recover benefit of the bargain damages, including lost revenue for the duration of the term of this Agreement.

F. Abide by all provisions of the restriction upon communication of Confidential Information set forth above and the post-termination Covenant Not to Compete set forth below. You will immediately return to us all of our Confidential Information you have received, including any items that embody the Confidential Information. You acknowledge that you have no continuing ownership interest in the Confidential Information.

G. At our option, do some or all of the following:

1. Remove all Franchise-related equipment and inventory from the Franchise;

2. Sell the equipment and inventory to us, at fair market value for equipment and furnishings and at your invoice cost for inventory less a **10%** restocking charge. We will not be liable for payment to you for intangibles, including, without limitation, goodwill;

3. Assign to us ownership and control of any web site you own or control;

4. Sell to us the Franchise equipment and assets. Unless we state in writing that we do not intend to exercise this right, the parties must agree upon a purchase price and terms within **5** business days after termination of this Agreement. If not, a fair value and fair terms will be determined in the county in which our headquarters is then located (currently Franklin County, Ohio), by three appraisers. Each party must select one appraiser. The two appraisers chosen must then select a third appraiser. Each party will pay for its own appraiser and each party will pay half for the third appraiser. The parties may then present evidence of the value of the Franchise and fair terms for the purchase. The appraisers must exclude from their decision any amount or factor for the "goodwill" or "going concern" value of the Franchise. The decision of the majority of the appraisers will be conclusive. Any time within **30** days after receiving the appraisers' decision, at our option we may purchase the Franchise equipment and assets at the price and upon the terms determined by the appraisers.

H. Upon termination for any reason, you will return to us all proprietary and confidential materials, including client lists, codes, signage, advertising and marketing materials, uniforms, service agreements and other forms, printed files, clients lists and account information, and the like as described in the Operations Manual. If you fail to return or cease use of any of these items, we may enter your business premises and vehicles without being guilty of trespass or any other tort to remove and retain the items. You will pay to us, on demand, any expenses we incur in trying to remove or collect such items or in attempting to have you cease use of them.

You agree that upon termination or expiration of this Agreement for any reason, any and all of our obligations to you under this Agreement will immediately cease and terminate and any and all of your rights under this Agreement will also immediately cease and terminate.

6.6 **We May Assign Territory Upon Termination**. Upon expiration or termination of this Agreement, we may immediately license or franchise the Franchise Territory to another person or may operate Painter1 businesses within the Franchise Territory.

6.7 **Our Step-In Rights**. The parties want to prevent any operation or interruption of the Franchise that would cause harm to the Franchise and to our franchise system and lessen their value.

Therefore, you authorize us to step in to operate the Franchise for as long as we believe necessary and practical in our exclusive judgment ("Step-In Rights"). We may do so without waiving any other rights or remedies that we may have. Cause for stepping-in may include our reasonable determination that: you are incapable of operating the Franchise; you are absent or incapacitated because of illness or death; you have failed to pay when due any equipment lease payments, suppliers, or inventory payments; you have failed to pay to us when due any franchise, royalty, advertising, or other fee; you have failed to pay when due any taxes or assessments against the Franchise or property used in the Franchise; you have failed to pay when due any liens or encumbrances placed upon or against your business property; your business activities are having a negative impact upon the value of our franchise system or we decide that significant operational problems require us to operate the Franchise for a time. 30 days after exercising our step-in rights, we will re-evaluate your then-current status. At our discretion, we will either operate the Franchise for an additional 30-day period or turn the Franchise back over to you. In turning the Franchise back over to you, we do not waive our rights to step back in the future.

All Gross Sales from our operation of the Franchise will be for your exclusive account. We will pay from that Gross Sales all expenses, debts and liabilities we incur during our operation of the Franchise. This will include our personnel and administrative and travel costs, plus **15%** to cover our overhead expenses. In addition, we will have the option, but not the obligation, to pay on your behalf any claims owed by you to any creditor or employee of the Franchise. You will reimburse us upon demand, including at the rate set forth above for overdue amounts.

We will keep in a separate account all Gross Sales generated by the operation of the Franchise, less the expenses of operation.

We will have no obligation to retain any employee of the Franchise, or to honor any contractual employment commitments you previously made. If we elect to retain any employee, employment will be pursuant to a new employment relationship or agreement between us and the employee. Employment will commence on the first business day on which we carry on business through the Franchise. Any claim by an employee for unpaid salary, vacation pay, or other benefits remains your responsibility.

Upon our exercise of these Step-In Rights, you agree to hold us harmless for all of your acts, omissions, damages, or liabilities arising during our operation of the Franchise.

Our operation of the Franchise will not operate as an assignment to us of any lease or sublease of franchise property. We will have no responsibility for payment of any rent or other charges owing on any lease for franchise property, except as the charges relate to the period of our operation of the Franchise.

You agree to pay our reasonable legal and accounting fees and costs we incur because of our exercise of these Step-In Rights.

6.8 **You and Your Owners Not to Compete on Expiration, Termination or Transfer of Agreement**. This covenant will apply for **720** days after termination, expiration or transfer of this Agreement. In express consideration for this Agreement, you will assure that you and your owners, shareholders, partners, directors, officers, employees, and agents, and the members of their immediate families or households (who have actual knowledge of or access to the Operations Manual or Method of Operation), will not directly or indirectly participate as an owner, shareholder, director, partner, officer, employee, consultant, franchisor, franchisee, distributor, advisor or agent, or serve in any other capacity in any business engaged directly or indirectly in the offer, sale, rental, Internet dissemination, or promotion of painting and related coating (such as paint, sealers, epoxy, lacquer, etc) or cleaning (prep work, power washing, etc) products or services of any kind (whether indoor or outdoor or commercial or residential) or any business that offers products or services that are essentially the same as, or substantially similar to, the products and services that are part of the Method of Operation. This covenant applies within the Franchise Territory and within any territory or market area where we operate or have granted the franchise to operate a Painter1 business, and within the United States of America.

You acknowledge and confirm that the time, content and geographical restrictions contained in this Section are fair and reasonable. They are not the result of overreaching, duress, or coercion of any kind by us. You further acknowledge and confirm that your observance of the covenants contained in this Agreement will not cause you any undue hardship, financial or otherwise, and that enforcement of each of the covenants contained in this Agreement will not impair your ability to obtain employment commensurate with your abilities and on terms fully acceptable to you, or otherwise to obtain income required for the comfortable support of your family and the satisfaction of your creditors. Your knowledge of the Method of Operation would cause our franchise system serious injury and loss if you use the knowledge to the benefit of a competitor or to compete with us or our franchisees. You agree that because you are the owner of the Franchise that you are not just an employee or manager, but in fact the covenants contained in this Agreement are the result of arm's length negotiations by you as a business owner and entrepreneur which materially affected the price you paid for the Franchise and the other terms of this Agreement.

The running of the periods of time specified by this Section will be tolled and suspended for any period of time during which a court or arbitrator determines you to have been in violation of this Section.

If, for any reason, any provision set forth in this Subsection exceeds any lawful scope or limit as to duration, geographic coverage, or otherwise, it is agreed that the provision will nevertheless be binding to the full scope or limit allowed by law or by a court of law. The duration, geographic coverage and scope allowable by law or court of law will apply to this Agreement.

7 TRANSFER

7.1 Sale or Assignment.

A. Your rights and obligations under this Agreement are exclusive to you. Whether voluntarily or involuntarily, neither you, your owners, partners nor others claiming an interest in the Franchise will sell, transfer, assign, encumber, give, lease, or sublease, or allow any other person to conduct business in or through (collectively called "transfer") the whole or any part of: this Agreement, the Franchise, substantial assets of the Franchise business, or ownership or control of you or to fractionalize any of the rights granted to you pursuant to this Agreement. Any attempted transfer without our prior written consent will be a breach of this Agreement. Our consent will not be unreasonably withheld. We will not be obligated to consent to any transfer before the date the Franchise opens for business. We will not be obligated to consent to any transfer to a competitor to the Painter1 system.

Because we will have a strong and vested interest in the financial viability and ongoing management abilities of the transferee (the "Transferee"), we need not consent to any transfer if we reasonably believe the purchase price is excessive or if we believe based upon a review of the Transferee's operational and business plans that the Transferee's business operations might not be beneficial on a cash flow or financial basis.

We enter this Agreement, in part, in reliance upon the individual or collective character, skill, attitude, business ability and financial capacity of you (or your shareholders, members or partners, if you are a corporation, limited liability company, partnership or other entity).

You recognize that there are many subjective factors that comprise the process by which we select a suitable franchise owner. Our consent to a transfer by you will remain a subjective determination and will include, but not be limited to the following conditions which we must approve before the effective date of a transfer:

1. The Transferee must assume your Franchise obligations. You will remain bound by your covenants in this Agreement to not disclose confidential information and to not compete with us or our franchisees.

2. You will pay all ascertained or liquidated debts concerning the Franchise.

3. You may not be in breach of this Agreement or any other agreement between the parties. Our consent to the transfer will not constitute a waiver of any claims we may have against you.

4. At our discretion, the Transferee will pay for and complete to our exclusive satisfaction the training programs we then require of new franchisees or otherwise show to our satisfaction sufficient ability to successfully operate the Franchise.

5. Pay to us a Transfer Fee to reimburse us for our reasonable legal, accounting, credit check, and investigation expenses that result from the transfer. The Transfer Fee will not be more than **$5,000**.

6. You will pay us a **10%** commission on the gross transfer price, if we obtain the Transferee for you.

7. The Transferee will execute all documents we then require of new franchisees. This includes a new franchise agreement in the form we then are using. The new franchise agreement may contain economic and general terms that are materially different from those contained in this Agreement. The term of the new agreement will be for the unexpired term of this Agreement or for a new full term as we will elect. You must ask us to provide the prospective purchaser with our current form of disclosure document required by the applicable federal or state registration and disclosure laws, and a receipt for this document will be delivered to us; provided however, we will not be liable for any representations you make apart from those contained in our disclosure document.

8. The Transferee will meet our standards for quality of character, financial capacity, and experience required of a new or renewing franchisee. You will provide information we require to prove the Transferee meets our standards.

9. If permitted by applicable law, you and your owners, members, partners, officers, and directors will execute a general release in our favor. The release must be in a form we prescribe, following applicable law, to release, any claims you may have against us and our representatives, subsidiaries and affiliates and our officers, directors, attorneys, shareholders and employees in their corporate and individual capacities. This will include claims arising under federal, state and local laws, rules and ordinances arising out of, or connected with, the offer, sale and performance of this Agreement or any other agreement between the parties.

10. If the Initial Franchise Fee has not yet been paid in full, it must be paid in full despite the due date for payment established by this Agreement.

11. You will enter into an agreement to subordinate, to the Transferee's obligations to us (including the payment of all franchise fees), any obligations of the Transferee to make installment payments of the purchase price to you. The form of this subordination is subject to our approval.

12. The Transferee will refurbish or replace Franchise equipment and vehicles to conform to the current Operations Manual and Method of Operation within 90 days of transfer.

13. Upon our granting of approval for the transfer, you will:

    a) ensure that the transfer is effected in compliance with the requirements of all federal, state, and local laws, including applicable tax and bulk sales legislation;

b) deliver to the purchaser the Operations Manual and all other manuals and materials we provided to you for use in the Franchise, including all materials bearing the Marks and our advertising, promotional and training materials, order books and bookkeeping and reporting forms.

14. We have the right, but not the obligation and without any liability to you, to make available for inspection by any proposed Transferee identified by you of all or any part of this Agreement and of our records related to our relationship with you and to your activities and performance under this Agreement. You specifically consent to such disclosure and agree to hold us harmless from any claim, loss or injury that might result from inspection of our records by your intended transferees.

15. Because we will have a strong and vested interest in the viability and ongoing operation of the Franchise by the Transferee, upon the closing of an approved transfer of the Franchise, you shall remit directly to us the sum of **$25,000.00** (the "Transition Holdback") from the total transfer purchase price. We shall retain the Transition Holdback in a non-interest-bearing account until such time as you, the Transferee, and we collectively and reasonably agree and certify that: (1) a successful transition of the Franchise has occurred; and (2) you have adequately and sufficiently provided to the Transferee the training and onboarding required and designated by us, including without limitation as outlined in the then-current Painter1 training model and in full compliance with the standards and procedures established in the Operations Manual ("Transfer Training"). You acknowledge that you hold the primary responsibility for the Transfer Training and the comprehensive hand-off and transition to the Transferee of all operational knowledge, intellectual property, and assets related to the Franchise. While we may provide direction, oversight, or assistance during the transition period, such involvement is strictly advisory and shall not relieve you of your primary obligation to conduct Transfer Training and to ensure the Transferee is fully prepared for independent operation of the Franchise. The Transition Holdback shall serve as security to ensure your continued performance and shall only be released to you upon the mutual, written satisfaction of all three parties that the Transfer Training and transition process is complete and the Transferee has been effectively integrated into the system. If you do not complete the Transfer Training or a successful transition of the Franchise to our and the Transferee's reasonable satisfaction within **90 days** of the transfer date, we may retain the entire Transition Holdback amount in full without any further obligation to you.

B. With our prior written consent, you may transfer your rights and obligations under this Agreement to a corporation or other entity in which you continuously own a majority of the issued and outstanding shares of each class of stock or other evidence of ownership. The entity must be newly organized with its activities confined exclusively to act as the franchisee under this Agreement. The entity must contemporaneously agree in writing to be bound by the terms of this Agreement. You must contemporaneously agree in writing to guarantee the obligations of the entity and to remain personally liable as a named principal party in all respects under this Agreement. (You and all other owners will personally and unconditionally guarantee the obligations of the new entity and you will remain personally subject to and bound by all terms, conditions, restrictions and prohibitions contained in this Agreement. You as an owner of the entity agree to separately and personally, for you and for your successors, heirs and personal representatives will act as surety for the full and faithful performance of all of the obligations, commitments and payments required of the entity. In that capacity, you agree that we do not have to pursue any remedies we may have against the entity, but rather, may proceed directly and primarily against you with or without joining the entity as principal or as a named party in any proceeding.)

You will be in breach of this Agreement if you at any time dispose of any interest sufficient to reduce your ownership in the entity to less than a majority of any class of stock or other evidence of ownership. From time to time, at our request, you will provide to us a current list of all your owners, shareholders, members, directors, officers, partners, and employees, with a summary of their respective interests in you.

C. We may transfer this Agreement. If we do, it will be binding upon and inure to the benefit of our successors and assigns. Specifically, you agree that we may sell our assets, the Marks, or the Method of Operation outright to a third party, may go public, may engage in a placement of some or all of our securities, may merge, acquire other entities or be acquired by other entities, or may undertake a refinancing, recapitalization, re-organization, leveraged buy out or other economic or financial restructuring. As for any or all of these sales, assignments and dispositions, you waive any claims, demands or damages arising from or related to the loss of the Marks (or any variation of them) or the loss of association with or identification as part of our franchise system.

We will not be required to remain in any particular form of business or to offer to you products, whether or not bearing our Marks.

D. You may offer your securities or partnership interests to the public, by private offering, or otherwise, only with our prior written consent. Consent may not be unreasonably withheld. All materials required for the offering by federal or state law will be submitted to us for review before filing with any government agency. Any materials to be used in any exempt offering will be submitted to us for review prior to their use. No offering by you will imply (by use of the Service Marks or otherwise) that we are participating in an underwriting, issuance, or offering of your securities. You and all other participants in the offering must fully indemnify us concerning the offering. For each proposed offering, you will pay to us the amount necessary to reimburse us for our reasonable costs and expenses associated with reviewing the proposed offering, including, legal and accounting fees. You will give us at least **60** days written notice before the effective date of any offering or other transaction covered by this subsection.

E. You may not grant a sub-franchise or transfer less than all of your rights under this Agreement.

F. Our consent to a proposed transfer will not be a waiver of any claims we may have against you (or your owners), nor will it be a waiver of our right to demand exact compliance with this Agreement. Our consent to a transfer will not constitute or be interpreted as consent for any future or other transfer.

G. You will comply with and help us to comply with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises.

7.2 **Sale Transaction Bonus.**

A. Bonus Amount. We desire to incentivize you to operate your Franchise in a manner that increases the value of the entire **PAINTER1** brand. Therefore, we hereby grant to you the right to receive a bonus (the "Sale Transaction Bonus") upon the occurrence of a Sale Transaction, in an amount equal to (i) the Net Sale Proceeds (defined below), *multiplied by* (ii) the Franchisee Share (as defined below).

B. Eligibility. You shall only be eligible to receive the Sale Transaction Bonus if, as of the date of the Sale Transaction, (i) this Agreement remains in full force and effect, and has not been terminated, voided, suspended, transferred, or otherwise abrogated, (ii) there has not been, at any time during the term of this Agreement, any breach or default of any term or provision of this Agreement committed by you, or suffered by you, which has not been fully cured to our satisfaction (in our sole discretion and as specifically confirmed in a writing signed by us). Upon any breach or default of any term or provision of this Agreement by you, which remains uncured in accordance with the preceding sentence (as determined in our sole discretion), any and all of your rights and interest in and to the Sale Transaction Bonus shall be immediately terminated without further action by any person.

C. Defined Terms. As used in this Section, the following terms shall have the following meanings:

"Sale Transaction" means the sale or transfer to a third party of all or substantially all of our assets, or more than 75% of the combined voting power of the outstanding equity interests in us (ie, Stratify, LLC); *provided, however*, that the liquidation, sale, disposition or monetization of any inventory or accounts receivables by us, whether or not in the ordinary course of business, shall not constitute a Sale Transaction unless such liquidation, sale, disposition or monetization occurs as part of a transaction that would otherwise constitute a Sale Transaction.

"Net Sale Proceeds" means the net amount of consideration distributable or payable to our owners as a result of a Sale Transaction on account of their equity ownership in us, and for the avoidance of doubt, shall be reduced by the amounts paid by us with respect to any unit appreciation rights plan or other equity tracking right plan then in place. Further for the avoidance of doubt, Net Sale Proceeds does not include amounts paid by the acquirer as part of a Sale Transaction to retire our debts, including debts owed to our members, and is to be reduced for transaction costs of ours and/or our members, in effectuating the Sale Transaction.

"Franchisee Share" means a number, expressed as a percentage, equal to (a) .10, *divided by*, (b) the total number of franchisees who have entered into a franchise agreement with us (as determined in our sole discretion) as of the date of the Sale Transaction.

D. Payment of Bonus.

i. If the proceeds from the Sale Transaction are to be paid to the recipient(s) thereof in installments, then you shall only be entitled to receive, with respect to each installment payment made to the applicable recipient(s), the amount determined by multiplying the Sale Transaction Bonus by the quotient calculated by dividing the installment amount then payable, directly or indirectly, to the applicable recipient(s) by the Net Sale Proceeds.

ii. In the event the Net Sale Proceed are reduced for any reason subsequent to the Sale Transaction, the amount of Sale Transaction Bonus will be reduced accordingly. The amount payable may be further reduced by us, in good faith, on the same basis as any reductions to recipient(s) of the Net Sale Proceeds, to the extent necessary to provide for any potential indemnification obligations of ours and/or our members related to the Sale Transaction; any such withheld amounts shall be paid to you as soon as we determine that such obligations no longer exist.

iii. Each installment payment of Sale Transaction Bonus shall be paid to you within fifteen (15) days of the date the recipients of the Net Sale Proceeds receive each installment thereof.

E. Example: By way of illustration and example only, if a Sale Transaction occurs in which the Net Sale Proceeds payable to the members of Stratify, LLC are $1,000,000.00, and as of the date of the Sale Transaction, we have 25 franchisees in good standing (including you), then, provided you have satisfied all of the conditions to be eligible to receive a Sale Transaction Bonus, the amount of Sale Transaction Bonus payable to you would be $4,000.00. This is calculated by finding (i) $1,000,000.00 Net Sale Proceeds, *multiplied by* (ii) Franchisee Share of (A) 0.10, *divided by* (B) 25 franchisees, or 0.4%.

7.3 **Your Death or Disability**.

A. Besides the Step-In Rights described above, the following will apply in case of your death or incapacity if you are an individual, or of any general partner of you if you are a partnership, or of any member or shareholder owning **50%** or more of you if you are a limited liability company or corporation or other entity. Within **180** days of the event, the heirs, beneficiaries, devisees or legal representatives of that individual, partner, member or shareholder will:

1. Apply to us for the right to continue to operate the Franchise for the duration of the term of this Agreement. The right to continue will be granted upon the fulfillment of all of the conditions set forth in Subsection (A) of the section entitled "Sale or Assignment," above (except that no transfer fee will be required). Or,

2. Transfer your interest according to the provisions of that Subsection. If a proper and timely application for the right to continue to operate has been made and rejected, the 180 days within which to transfer will be computed from the date of rejection. For purposes of this Subsection, on an application for the right to continue to operate, our silence through the **180** days following the event of death or incapacity will be deemed an acceptance made on the last day of the period.

3. If a suitable transferee purchaser is not found within **180** days from the date of death or permanent incapacity, we may at our sole option enter into a contract to purchase the Franchise. Unless we state in writing that we do not intend to exercise this right, the parties must agree upon a purchase price and terms within twenty business days after notice from us. If not, a fair value and fair terms will be determined in the county in which our headquarters is then located (currently Franklin County, Ohio), by three appraisers. Each party must select one appraiser. The two appraisers chosen must then select a third appraiser. Each party will pay for its own appraiser and each party will pay half for the third appraiser. The parties may then present evidence of the value of the Franchise and fair terms for the purchase. The appraisers may include in their decision a factor for the "goodwill" or "going concern" value of the Franchise but not the related values of our franchise system or of us or of any entity affiliated with us. The decision of the majority of the appraisers will be conclusive. Any time within **30** days after receiving the appraisers' decision, at our option, we may purchase the Franchise and your assets at the price and upon the terms determined by the appraisers. Terms of payment will be **10%** of the purchase price payable upon contract signing, the balance payable in **60** equal monthly payments of principal payments with interest calculated at the prime rate, published by your principal bank at time of each monthly principal payment.

B. If the provisions of this Subsection have not been fulfilled within the time provided, at our option, all rights licensed to you under this Agreement will immediately terminate and revert to us.

7.4 **First Right of Purchase**. You will give us the right of first purchase before soliciting offers from a third party if you choose to sell your franchise business. You agree to notify us in writing if you desire to sell or transfer any interest in you or in your franchise. You will give us sufficient information and documentation to allow us to analyze the status and value of your business. We will elect to exercise our option to purchase within **30** days after our receipt of your written notification and due diligence information. If we offer you an amount that you do not agree to, you may try to sell to a third party but on no better terms for the purchaser than we offered to you. If you later receive an offer from a third party purchaser on better terms in favor of the purchaser than we offered to you, you are obligated to re-offer to us pursuant to the subsection entitled “First Right of Refusal”. You are obligated before any transfer to a third party to comply with all criteria set forth in the subsection[s] entitled “Sale or Assignment” and “First Right of Refusal.” If you do not complete a transaction with a third party within six months, you agree we will again have the right of first purchase before any subsequent contemplated transaction.

We may elect to purchase all of the franchise business regardless of your intent to sell, assign or transfer a lesser interest. We can pay the purchase price in cash up front or 120 equal monthly payments that amortize the principal amount with interest calculated at prime plus 1% as of the date of purchase. The choice of payment type is in our sole discretion.

We may assign our rights under this Section to any other person or entity.

7.5 **First Right of Refusal**. If you receive a bona fide offer from a third party acting at arm's length to purchase the Franchise, a majority interest in ownership of you, or substantially all of the assets of the Franchise, which offer is acceptable to you or to your owners, we will have the right to purchase at the bona fide price on the same terms and conditions as offered to you. We may substitute cash for any other form of consideration contained in the offer. Our credit will be deemed to be equal to the credit of any proposed purchaser. At our option, we may pay the entire purchase price at closing. Within **6** days after receipt by you of an acceptable bona fide offer, you will notify us in writing of the terms and conditions of the offer. You will give us sufficient information and documentation to allow us to analyze the status and value of your business. We may exercise this right to purchase within **30** days after receipt of notice from you and due diligence information. If the interest which is the subject of the offer involves less than all of the ownership interest, then in our sole option, our right of first refusal will apply to the entire ownership interest. In such case, the consideration to be received, as set forth in the offer will be divided by the percentage interest subject to the offer and the resulting quotient will be the price to be paid for the entire ownership interest. Terms and conditions for the purchase of the entire ownership interest will be as similar to the terms and conditions set forth in the offer as practicable, except for the substitute provisions noted above in this section.

If we do not exercise our right to purchase within the **30** days, you may make the proposed transfer to a third party. The transfer will not be at a lower price or on more favorable terms than disclosed to us. Any transfer will be subject to our prior written permission described in the section entitled "Sale or Assignment," above. If the Franchise is not transferred by you within **6** months from the date it is offered to us, or if any material change is made in the terms of the proposed sale, then you must re-offer to transfer to us before a transfer to a third party.

We may assign our rights under this Section to any other person or entity.

8 INDEMNITY AND INSURANCE

8.1 **Indemnity**. You will indemnify and hold us harmless from all fines, suits, proceedings, claims, demands, actions, losses, attorney fees and damages arising out of or connected with the Franchise and the business activities, acts or omissions of you and your employees and agents, including claims under the Telephone Consumer Protection Act, A2P 10DLC, and those brought against you and us jointly alleging that you and we were negligent or otherwise liable. We will not be liable to you or to any other person because of your act, omission, neglect, or breach. If it is established that both you and we were negligent or otherwise liable, you and we will contribute to the relevant award, and the obligation to indemnify and hold harmless will be determined, based upon the adjudicated and assigned respective degree of fault. In the event of a settlement prior to adjudication, you and we will agree to degrees of fault. You and we will contribute to the relevant settlement, and the obligation to indemnify and hold harmless will be determined, based upon the agreed degree of fault. All provisions of this Section will be subject to these contribution and allocation of indemnification provisions.

You will indemnify us for any loss, cost or expense, including attorneys' fees, that may be sustained by us because of the acts or omissions of your vendors or suppliers or arising out of the Franchise.

This indemnification will include use, condition, or construction, equipping, decorating, maintenance or operation of the Franchise. Any loss, claims, costs, expenses, damages and liabilities will include, without limitation, those arising from latent or other defects in the Franchise, whether or not discoverable by us, and those arising from the death or injury to any person or arising from damage to the property of you or us, and our respective agents or employees, or any third person, firm or legal entity.

You will defend us at your own expense in any legal or administrative proceeding subject to this Subsection. The defense will be conducted by attorneys we approve. Our approval will not be unreasonably withheld. You will immediately pay and discharge any liability rendered against us in any proceeding, including any settlement that we approve in writing. You will not settle any claim against us without our prior written approval. In our sole discretion and upon prior written notice to you, we may settle or defend any claims against us at your expense, including attorney fees that we pay or incur in settling or defending. Promptly upon demand,

you will reimburse us for any and all legal and other expenses we reasonably incur in investigating, preparing, defending, settling, compromising or paying any settlement or claim, including monies that we pay or incur in settling or defending such proceeding.

All references in this Agreement that provide that you will indemnify or defend us or that you will name us under any insurance policy will also mean that our affiliates, directors, officers, and employees will be also and equally indemnified, defended or named.

8.2 **Insurance**. Upon commencement of franchise operations, and during the term of this Agreement, you will obtain and keep in force by advance payment of premium appropriate fire and extended coverage, vandalism, malicious mischief, general liability, and products liability insurance. This insurance will be in an amount sufficient to replace the Franchise equipment, files and records and your personal property upon loss or damage. This insurance will be written by a financially responsible insurance company satisfactory to us in accordance with our standards and specifications in the Operations Manual. The insurance will include, at a minimum, the following:

A. Comprehensive general liability insurance, including products liability, completed operations, property damage, contractual liability, independent contractors liability, owned and non-owned and hired automobile coverage, and personal injury coverage with a combined single limit of at least **$1,000,000** per occurrence and **$2,000,000** aggregate, including umbrella coverage.

B. Workers' compensation and employer's liability insurance, and other insurance required by statute or rule of the state in which the franchise is located and operated.

C. Automobile liability insurance, including owned, non-owned, leased and hired vehicle coverage, with a combined single limit of at least **$1,000,000** for death, personal injury and property damage.

D. Other insurance as may be required by the state or locality in which you operate your franchise. We may also require you to obtain coverage against Telephone Consumer Protection Act, A2P 10DLC, and similar claims related to telephone and text advertising, marketing, and solicitation communications.

The insurance will insure us, you, and our respective subsidiaries, owners, officers, directors, partners, members, employees, servants, and agents against any loss, liability, products liability, personal injury, death or property damage that may accrue due to your operation of the Franchise. Your policies of insurance will contain a separate endorsement naming us as an additional named insured. The insurance will not be limited in any way because of any insurance we maintain. The insurance will not be subject to cancellation except upon **20** days' written notice to us. Certificates of your insurance policies will be kept on deposit with us. Maintenance of the required insurance will not diminish your liability to us under the indemnities contained in this Agreement. The policy or policies will insure against our vicarious liability for actual and (unless prohibited by applicable law) punitive damages assessed against you.

All insurance policies you obtain will contain a blanket waiver of the insurer’s rights of subrogation in respect of or against us and our officers, agents, employees and representatives; and will not contain any insured vs. insured exclusion clause, but will contain a severability clause providing that each the policy will be treated as though a separate insurance policy had been issued to each named insured.

We may require you to increase the minimum limits of and types of coverage to keep pace with regular business practice and prudent insurance custom.

If you fail to comply with any of the requirements of this Subsection, we may, but are not obligated to, purchase insurance at your expense to protect our interests. This insurance may, but need not, also protect your interest. The coverage we obtain might not pay any claim you make or any claim made against you. You may later cancel the insurance we obtain by providing evidence that you have obtained proper coverage

elsewhere. You are responsible for the cost of any insurance purchased by us pursuant to this paragraph. This coverage may be considerably more expensive than insurance you can obtain on your own and might not satisfy your needs. You will pay us upon demand the premium cost of this insurance with a late payment charge on the unpaid balance at the rate established in this Agreement.

You will promptly report all claims or potential claims against you, the Franchise or us in writing when you become aware of them. You will give immediate written notice to us of any claims or potential claims you make to your insurers.

We may, at our sole discretion, upon not less than 90 days prior written notice to you, secure a policy of insurance which will provide defined insurance coverage to all or any part of the Painter1 system. This policy may replace or supplement the insurance coverage you are required to maintain. You will pay the relevant insurance premium to us or the designated insurance provider, as we direct.

Nothing contained in this Agreement will be construed as a representation or warranty by us that the insurance coverage we specify will insure you against all insurable risks or amounts of loss which may or can arise out of or in connection with the operation of your franchise business. It is your sole responsibility to ensure that adequate insurance coverage is obtained for your business.

Your procurement and maintenance of the insurance specified above will not relieve you of any liability to us under any indemnity requirement of this Agreement.

The proceeds from any business interruption insurance or eminent domain recovery you receive will be included in Gross Sales.

9 NOTICE AND MISCELLANEOUS

9.1 **Notices**. All notices required by this Agreement will be in writing. They may be sent by certified or registered mail, postage prepaid and return receipt requested. They may be delivered by Federal Express, or other reputable air courier service, requesting delivery with receipt on the most expedited basis available. They may be sent by prepaid facsimile or electronic mail (provided that the sender confirms the facsimile or electronic mail by sending an original confirmation copy by expedited delivery service or certified or registered mail within **3** business days after transmission). Notices will be delivered to you at your Franchise business address, to us at our headquarters or to other locations specified in writing.

Notices may be delivered and receipted to you personally at any location. Notices sent by certified or registered mail will be deemed to have been delivered and received **3** business days following the date of mailing. Notices sent by Federal Express, or other reputable air courier service will be deemed to have been received **one** business day after placement requesting delivery on the most expedited basis available. Notices sent by facsimile or electronic mail will be deemed to have been delivered upon transmission (provided confirmation is sent by expedited delivery service or registered or certified mail as provided above).

9.2 **Business Name**. You will execute any documents we may from time to time direct, to be retained by us until this Agreement ends, to evidence that you abandon, relinquish, and terminate your right or interest you may claim in or to the Marks and the name “Painter1.”

9.3 **We and You Are Not Joint Venturers, Partners, or Agents**. You are and will remain an independent contractor. You and we are not and will never be considered joint venturers, partners, employees, or agents one for the other. Neither will have the power to bind nor obligate the other except as otherwise outlined in this Agreement. No representation will be made by either party to anyone that would create any apparent agency, employment, or partnership. Each will hold the other safe and harmless from each other's debts, acts, omissions, liabilities, and representations. You acknowledge that you are not in a fiduciary relationship with us.

In all public and private records, documents, relationships, and dealings, you will show that you are an independent owner of the Franchise. You will prominently indicate on your letterheads and business forms that you are our licensed franchisee by using language saying that you operate an independently owned Franchise. You will prominently display, by posting of a sign within public view, on Franchise vehicles that you use, a statement that clearly indicates that your franchise business is independently owned and operated by you as a franchisee and not as our agent.

You will maintain employee records to show clearly that you and your employees are not our employees. All employees and independent sub-contractors you employ must meet our character, quality and performance standards. All state and federal, workers compensation and insurance requirements must be met for all employees and sub-contractors, including requirements we express in the Operations Manual.

The liability of you and your owners, shareholders, members or partners will be both joint and several. A breach of this Agreement by you or by any shareholder, member or partner will be a breach by all of the shareholders, members or partners and also by you.

9.4 **Waiver**. A waiver of any breach of any provision, term, covenant, or condition of this Agreement will not be a waiver of any subsequent breach of the same or any other provision, term, covenant, or condition.

Any waiver of any provision of this Agreement must be set forth in writing and signed by the party granting the waiver. Any waiver we grant will not prejudice any other rights we may have, and will be subject to our continuing review. We may revoke any waiver, in our sole discretion, at any time and for any reason, effective upon delivery to you of **10** days prior written notice of revocation. Customs or practices of the parties in variance with the terms of this Agreement will not constitute a waiver of our right to demand exact compliance with the terms of this Agreement. Our delay, waiver, forbearance, or omission to exercise any power or rights arising out of any breach or default by you of any of the terms, provisions, or covenants of this Agreement, will not affect or impair our rights and will not constitute a waiver by us of any right or of the right to declare any subsequent breach or default. Our subsequent acceptance of any payment due to us will not be deemed to be a waiver by us of any preceding breach by you of any terms, covenants or conditions of this Agreement.

By written notice, we unilaterally may waive any obligation of you, your owners, or the "Guarantors," if any.

Our consent, whenever required, may be arbitrarily withheld if you are in breach of this Agreement. Unless otherwise expressly provided to the contrary, our consent, acceptance, approval or authorization you may be required to obtain may be given or withheld by us in our sole discretion, and on any occasion where we are required or permitted to make any judgment, determination or use our discretion, including any decision as to whether any condition or circumstance meets our standards or satisfaction, we may do so in our sole subjective judgment and discretion

9.5 **Time Is of the Essence**. Time and strict performance are of the essence of this Agreement. ("Time is of the essence" is a legal term that emphasizes the strictness of time limits. In this Agreement, it means it will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement.)

9.6 **Documents**. You and your partners, shareholders, members, officers, and owners agree to execute and deliver any documents that may be necessary or appropriate during the term and upon expiration or termination of this Agreement to carry out the purposes and intent of this Agreement. Upon the expiration, termination or transfer of this Agreement, if you do not execute any document necessary in our judgment to comply with the requirements of this Agreement, then by this Agreement, you irrevocably nominate, constitute and appoint the person then serving as our President as your attorney-in-fact to so execute that document in your name and on your behalf.

Any material violation or breach of any of these documents or of any other Franchise or related agreement between the parties will be a material violation of this Agreement and of all the other documents and

agreements. The non-breaching party may enforce or terminate this Agreement and any or all of the other documents and agreements as provided for enforcement or termination of this Agreement.

If you are a partnership all general partners will sign the documents. If you are a corporation or limited liability company or other entity, all shareholders or members and all officers will personally guarantee your faithful performance.

You will assure that each of your owners, shareholders, general partners, members, directors, officers, managers, employees, consultants, distributors and agents will not compete with us; will not attempt to divert customers to competing businesses; will not induce the employees of us or of our franchisees to leave their employment; and will keep, preserve, and protect confidential information as required by this Agreement.

9.7 **Construction**.

A. Entire Agreement. This document, including any exhibits attached to this Agreement and the documents referred to in this Agreement, will be construed together and constitute the entire agreement between the parties. It supersedes all prior or contemporaneous agreements, understandings, communications and negotiations, whether written or oral, with respect to the subject matter of this Agreement. There are no other oral or implied understandings between the parties with respect to the subject matter of this Agreement. Nothing in this Agreement is intended to disclaim the representations we made in the franchise disclosure document that we delivered to you. Except as expressly and otherwise provided in this Agreement, this Agreement may not be modified, nor may any rights be waived or abridged, orally or by course of dealing, but only by a written instrument signed by the parties. The words "this Agreement" include any future modifications unless otherwise suggested by the context. No salesperson, representative, or other person has the authority to bind or obligate us in any way, except our president at our headquarters by an instrument in writing.

No previous communications, negotiations, course of dealing or usage in the trade not specifically set forth in this Agreement will be admissible to explain, modify, or contradict this Agreement. The parties intend to confer no benefit or right on any person or entity not a party to this Agreement and no third party will have the right to claim the benefit of any provision of this Agreement as a third party beneficiary of that provision.

Nothing in this Agreement or any related agreement is intended to disclaim the representations we made to you in our franchise disclosure document.

B. Format. All words in this Agreement include any number or gender as the context or sense of this Agreement requires. The words "will" and "must" used in this Agreement indicate a mandatory obligation. All references in this Agreement to “Section” or “Sections” without additional identification refer to the Section or Sections of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Whenever the words *include* or *including* are used in this Agreement, they will be deemed to be followed by the words *without limitation*.

This Agreement has been prepared in the "you/we" format to simplify it and to facilitate our compliance with state and federal franchise disclosure laws. The rule of construction that a written agreement is construed against the party preparing or drafting such agreement will specifically not be applicable to the interpretation of this Agreement.

If there is any typographical, word processing, printing or copying error in this Agreement, the error will be interpreted and corrected consistent with the following order of interpretation:

The content and expressed intent and exhibits of our franchise disclosure document(s) previously delivered to you.

The content and expressed intent of franchise agreements we have executed with our other franchises reasonably contemporaneous to this Agreement.

Neither this Agreement nor any uncertainty or ambiguity will be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all the parties. We and you intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

C. Captions and Headings. All captions and headings are for reference purposes only and are not part of this Agreement. The recitals set forth in this Agreement are specifically incorporated into and constitute a part of the terms of this Agreement.

D. Severability. If any part of this Agreement is declared invalid that declaration will not affect the validity of the remaining portion which will remain in full force and affect as if this Agreement had been executed with the invalid portion omitted. The parties declare their intention that they would have executed the remaining portion of this Agreement without including any part, parts, or portions which may be declared invalid in the future. Provided, however, that if we determine that the finding of invalidity materially and adversely affects the basic consideration of this Agreement, we may, at our option, terminate this Agreement.

E. Implied Covenants. If this Agreement or applicable law implies a covenant of reasonableness, good faith or fair dealing, the parties agree that covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. If this Agreement or applicable law implies such a covenant, the parties acknowledge and agree that:

1. This Agreement (and the relationship of the parties which is inherent from this Agreement) grants us the discretion to make decisions, take actions or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests;

2. We will use our business judgment in exercising our discretion based on our assessment of our own interests and balancing those interests against the interests of the owners of other Painter1 businesses generally (including us, our franchisees and parties related to us) and specifically without considering the individual interests of you or any other particular franchisee;

3. We will have no liability to you for the exercise of our discretion in this manner, so long as our discretion is exercised in bad faith toward you; and

4. In the absence of bad faith, no trier of fact in any judicial or arbitration proceeding will substitute its judgment for the business judgment we exercise.

F. Joint and Several. If, at any time during the term of this Agreement, you consist of two or more persons or entities (whether acting in partnership or otherwise and whether or not all have signed this Agreement), the rights, privileges and benefits granted to you in this Agreement may only be exercised and enjoyed jointly; and your obligations, liabilities and responsibilities under this Agreement will be joint and several obligations of each such person and entity.

9.8 **Enforcement**. From time to time there may be controversy about this Agreement, its interpretation, or performance or breach by the parties.

A. Mediation. If a dispute arises between the parties, before taking any other legal action, the parties agree to participate in at least **8** hours of mediation in accordance with the mediation procedures of the American Arbitration Association or of any similar organization that specializes in the mediation of commercial franchise business disputes. The parties agree to equally share the costs of mediation.

B. Arbitration. If the parties are unable to resolve a dispute by mediation as provided above, then any and all disputes, claims or matters involving you (or your current or former officers, directors, shareholders, members, partners or other owners) and us (or our current or former officers, directors, shareholders, members, partners or other owners) are subject to binding arbitration except for disputes, claims or matters based on the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.), collection of delinquent payments, or the seeking of provisional remedies or injunctive relief as described below . Examples of disputes, claims or matters subject to this provision are those related to:

1. this Agreement (including its execution, delivery, existence, interpretation, construction, legality, validity, binding effect, enforceability, discharge, performance, non-performance or breach by the parties and including a claim that this Agreement, or any portion of it, is indefinite, invalid, illegal, or otherwise void, voidable or unenforceable);

2. issues relating to the offer or sale of the franchise; and

3. issues relating to the franchise relationship or its expiration, non-renewal, and termination.

Arbitration will be before an arbitrator selected by and mutually agreed upon by the parties under the process and rules of the American Arbitration Association or its successor. The arbitrator will be required to have at least five years of experience in franchise law. The arbitrator will have power and jurisdiction to decide the controversy or dispute solely according to the express provisions of this Agreement. The arbitrator may not alter, amend, delete, or add to the provisions of this Agreement by implication or otherwise. In any arbitration the parties will be entitled to injunctive relief or specific performance of the obligations of the other. The arbitrator will determine the prevailing party for purposes of this Section and may make a percentage award of reimbursable fees and expenses. The decision of the arbitrator made within its power or jurisdiction will be final and binding. The decision may be entered as a judgment in any court of law having jurisdiction.

The provisions of this Section will be construed as independent of any other covenant or provision of this Agreement; provided that if a court of competent jurisdiction determines that any of the provisions are unlawful in any way, the court will modify or interpret the provisions to the minimum extent necessary to have them comply with the law. Notwithstanding any provision of this Agreement relating to the laws under which this Agreement will be governed by and construed under, all issues relating to its appropriateness for arbitration or the enforcement of the agreement to arbitrate contained in this Agreement will be governed by the Federal Arbitration Act (9 U.S.C. §_1 et seq.) and the federal common law of arbitration. The provisions of this Section will not limit your or our right to seek and obtain any provisional or final remedy as outlined in the “Injunctive Relieve and Specific Performance” Section, below, to protect against actual or threatened conduct that on balance would cause or be likely to cause loss or damage if allowed to continue pending completion of an arbitration proceeding.

This arbitration provision is self-executing, and in the event that any party fails without good cause (i) to appear at any properly noticed arbitration proceeding or (ii) to make payment in full of its share of the required arbitration fees and costs within 10 days after notice and demand, absent a previously issued court order to the contrary, then a final award may be entered against such party notwithstanding the failure to appear or to make the required payment.

Regardless of the commercial dispute process and the rules of the American Arbitration Association, there will be no arbitration on a class or consolidated basis.

B. Injunctive Relief and Specific Performance. Anything to in this Agreement to the contrary notwithstanding, either party may obtain in any court of competent jurisdiction any form of specific performance or interim or injunctive relief, such as requests for temporary restraining orders, preliminary injunctions, writs of attachment, appointment of a receiver, for claim and delivery, or any other orders which a court may issue when deemed necessary in its sole discretion to preserve the status quo or prevent irreparable injury, including the claim of either party for injunctive relief to preserve the status quo or to restrain

a violation by the other party of any term or covenant of this Agreement. Nothing contained in this Agreement will bar us or you to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause you or us loss or damages under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions.

C. Governing Law and Venue. You acknowledge that we have appointed and intend to appoint many franchisees on terms and conditions similar to those set forth in this Agreement. It mutually benefits those franchisees, you and us if the terms and conditions of these license agreements are uniformly interpreted. This Agreement is accepted by us in the State of Utah. This Agreement and the relationship between the parties will be interpreted under the laws of the State of Utah. Any dispute between you (or your current or former officers, directors, shareholders, members, partners or other owners) and us (or our current or former officers, directors, shareholders, members, partners or other owners), whether arising under this Agreement or from any other aspect of the parties' relationship, will be governed by and determined in accordance with the substantive laws of the State of Utah, without regard to Utah choice of law provisions. Provided, however, that any law of the State of Utah that regulates the sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section. Utah laws will prevail in the event of any conflict of law, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.) and except in those states whose franchise laws require exclusive application of those laws. This choice of laws will not include and does not extend the scope of application of any Utah franchise or business opportunity laws except as they may otherwise apply pursuant to their terms and definitions. No franchise or business opportunity, antitrust, "implied covenant," unfair competition, fiduciary or any other doctrine of law statute, law or regulation of Utah or any other state is intended to be made applicable to this Agreement unless it would otherwise apply absent this paragraph. The foregoing will not be construed as a waiver of any of your rights under any applicable franchise registration, disclosure or relationship law of another territory, state or commonwealth. Any portion of this Agreement that requires enforcement in any other state, and is enforceable under the laws of that state but not of Utah, will be construed and enforced according to the laws of that state.

The parties have negotiated regarding a forum in which to resolve any disputes arising between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any legal proceeding involving you (or your current or former officers, directors, shareholders, members, partners or other owners) and us (or our current or former officers, directors, shareholders, members, partners or other owners), the parties agree that all issues or disagreements between them will be mediated, arbitrated, tried, heard, and decided in the county in which our headquarters is then located (currently Franklin county, Ohio), which you agree is the most convenient venue for these purposes. You acknowledge and agree that this location for venue is reasonable and the most beneficial to the needs of and best meets the interest of, all of the members of the Painter1 franchise system.

D. Remedies. You recognize the unique value and secondary meaning attached to the Method of Operation, the Marks and our standards of operation and trade practices. You agree that any noncompliance with the terms of this Agreement or any unauthorized or improper use of the Method of Operation or the Marks will cause irreparable damage to us and our franchisees. You agree that if you engage in any unauthorized or improper use, during or after the period of this Agreement, we will be entitled to both permanent and temporary injunctive relief from any court of competent jurisdiction in addition to any other remedies prescribed by law.

We will not be liable to you for any expenses, losses or damages sustained by you as a result of any modifications to the Method of Operation contemplated by this Agreement. You covenant not to commence or join in any arbitration or litigation or other proceeding against us or any third party complaining of any modifications or seeking expenses, losses or damages caused thereby. You expressly waive any claims, demands or damages arising from or related to the foregoing including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

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

We may employ legal counsel or incur other expense to collect or enforce your obligations or to defend against any claim, demand, action or proceeding because of your failure to perform your obligations. Legal action may be filed by or against us and that action or the settlement of it may establish your breach of this Agreement. If any such event occurs, we may recover from you the amount of our reasonable attorney fees and all other expenses we incur in collecting or enforcing that obligation or in defending against that claim, demand, action or proceeding.

You agree that the existence of any claims you may have will not constitute a defense to the enforcement by us of any of the confidentiality requirements and covenants not to compete described in this Agreement. You acknowledge that any violation of the confidentiality requirements and covenants not to compete would result in irreparable injury to us for which no adequate remedy at law may be available and you accordingly consent to the issuance of an injunction prohibiting any conduct by you in violation of the terms of the covenants not to compete.

You agree that each of the confidentiality requirements and covenants not to compete described in this Agreement will be constructed as independent of any other covenant or provision. If all, parts or any portion of any covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of that covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in this Agreement. Each of the covenants described in this Agreement is a separate and independent covenant in each of the separate counties and states in the United States in which we transact business. To the extent that any covenant may be determined to be judicially unenforceable in any county or state, that covenant will not be affected with respect to any other county or state. You understand and acknowledge that we will have the right, in our sole discretion, to reduce the scope of any covenants, confidentiality requirements or covenants not to compete set forth in this Agreement that apply to you or to any other of our franchisees. We may do so without your consent, effective immediately upon your receipt of written notice. You agree that you will comply with any covenant that pertains to you as we so modify it.

You acknowledge we will suffer immediate and irreparable harm that will not be compensable by damages alone if you repudiate or breach any of the provisions of any part of this Agreement that relates to the confidentiality or protection of confidential information and trade secrets or your covenants to not compete against us or our franchise system or your threats or attempts to do so. For this reason, under those circumstances, we, in addition to and without limitation of any other rights, remedies or damages available to us at law or in equity, will be entitled to obtain temporary, preliminary and permanent injunctions in order to prevent or restrain the breach, and we will not be required to post a bond as a condition for the granting of this relief. You also agree that a violation of any of your confidentiality or non-competition covenants will entitle us, in addition to all other remedies available at law or equity, to recover from you any and all funds, including, without limitation, wages, salary, and profits, which will be held by you in constructive trust for us, received by you in connection with such violation.

You specifically acknowledge the receipt of adequate consideration for the confidentiality and non-competition covenants contained in this Agreement and that we are entitled to require you to comply with these covenants. Those covenants will survive termination or expiration of this Agreement. You represent that if this Agreement expires or is terminated, whether voluntarily or involuntarily, you have experience and capabilities sufficient to enable you to find employment or otherwise earn a livelihood in areas which do not violate this Agreement and that our enforcement of a remedy by way of injunction will not prevent you from earning a livelihood.

Limitations: Any arbitration or judicial proceeding between two or more of the parties will be governed by the following limitations:

1. Such judicial proceeding will be considered unique as to its facts and may not be brought as a class action or on a consolidated basis. You and each of your owners waive any right to proceed against us by way of class action. The court will not be precluded from making its own independent determination of the issues in question, notwithstanding the similarity of issues in any other judicial or arbitration proceeding involving any other franchisee. Each party waives the right to claim that a prior disposition of the same or similar issues preclude such independent determination.

2. The parties agree that any judicial proceeding will be tried before the court sitting without a jury, notwithstanding any state or federal constitutional or statutory rights. Each party waives any right to have any action tried by jury.

3. Except with respect to obligations regarding use of the Marks, the Operations Manual and Confidential Information, the parties waive, to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against any other party and agree that the party making any claim directly or indirectly arising from or relating to this Agreement will be limited to recovery of actual and consequential damages sustained.

E. Attorneys Fees. The prevailing party in any arbitration, insolvency proceeding, bankruptcy proceeding, suit, or action to enforce this Agreement will recover its arbitration, proceeding, and court costs and reasonable attorney fees. These will be set by the arbitration, proceeding or court, including costs and attorney fees on appeal or review from the arbitration, proceeding, suit, or action. "Prevailing party" means the party who recovers the greater relief in the proceeding as determined by the trier of fact based upon an assessment of which party's major arguments or positions taken in the proceedings could fairly be said to have prevailed over the other party's major arguments or positions on major disputed issues.

9.9 **Other Agreements**. If you or any of your shareholders, partners, or officers violate any material provision of any other franchise or similar agreement with us, that breach will be considered a breach of this Agreement and of the other agreements. We then may terminate or otherwise enforce this Agreement and the other agreements.

Whenever this Agreement requires that you [and we] enter into a release, such as for a transfer, renewal or purchase of an additional franchise, the release will be in substantially the following form:

> You (and your current and former owners, members, partners, officers, and directors) [and we will] agree to the following [mutual] general release, subject to and following laws applicable in your jurisdiction, to release [you from any claims we may have against you and] us from any claims you may have against us:
>
> In consideration of the mutual covenants and understandings set forth in this release agreement, you [and we will] release and discharge us [the other] and our respective current and former owners, partners, directors, officers, employees and agents from all obligations, duties, covenants and responsibilities to be performed under the franchise agreement with us related to the Franchise ("your Prior Franchise Agreement").
>
> You [and we will] release and forever discharge us [the other] and our respective current and former owners, partners, directors, officers, members, employees and agents from any and all claims, demands, actions or causes of action of every name, nature, kind and description whatsoever, whether in tort, in contract or under statute, arising directly or indirectly out of the offer of, negotiation of, execution of, performance of, nonperformance, or breach of your Prior Franchise Agreement and any related agreements between you and us and out of any other action or relationship between you and us arising prior to the date of the release agreement.

You and we will represent that this release has been read and that it is fully understood and voluntarily accepted. The purpose of this release is to make a full, final and complete settlement of all claims [against us], known or unknown, arising directly or indirectly out of your Prior Franchise Agreement and the relationship between you and us prior to the date of the transfer [renewal] agreement including, but not limited to, economic loss.

It is expressly understood and agreed that this release is intended to cover and does cover not only all known losses and damages but any further losses and damages not now known or anticipated but which may later develop or be discovered, which arise under your Prior Franchise Agreement prior to the date of the transfer [renewal] agreement, including all effects and consequences.

These releases are intended to waive, release and discharge all claims [against us], other than these expressly reserved:

> any future claims we may have against you for: your past, present and future violations of the post-termination covenants contained in the Prior Franchise Agreement and [fill in blank as appropriate]
>
> [any future claims you may have against us for:] [fill in blank as appropriate] [and relating in any way to your prior franchise agreement, any transfer agreement, or our acts prior to the execution of this release.]

with the express waiver of any statute, legal doctrine or other similar limitation upon the effect of general releases. In particular, the parties waive the benefit of any applicable statutory provision such as by illustration, California Civil Code Section 1542, which states:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

You [and we] will waive the benefit of both statute and any other legal doctrine or principle of similar effect in any jurisdiction, recognizing that while there may be new or different facts of which we are unaware at the time that this release is executed, we have nevertheless weighed the advantages and disadvantages of entering into this Release, and while we may be unaware of relevant facts, we are also aware that not every eventuality or condition can be anticipated and that we prefer the current certainty of this Release to the possibility of discovering new or different facts in the future

9.10 **Agreement Binding on Successors and Assigns**. This Agreement benefits and binds the respective heirs, executors, administrators, successors, and assigns of the parties.

9.11 **Execution in Counterparts and Our Acceptance**. This Agreement will be binding upon you at the time you sign it and deliver it to us. This Agreement will not be binding upon us until we accept it in writing by one of our principal officers at our home office. If we do not accept it within **60** days, this Agreement will no longer be binding upon you. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, will constitute an original. Delivery of executed signature pages of this Agreement by facsimile or digital transmission will constitute effective and binding execution and delivery of this Agreement.

9.12 **Approval by Shareholders, Members or Partners**. If you are a corporation, limited liability company, partnership or other entity, we will not be bound until your shareholders, members or partners read and approve this Agreement, agree to the restrictions on them (including restrictions on the transfer of their interest in the Franchise and the restrictions and limitations on their ability to compete with us), and jointly and

severally guarantee your performance under this Agreement. We may request a copy of the Resolution approved by your partners, members, shareholders, owners or directors as confirmation of your fulfillment of this requirement and authorizing your execution of this Agreement.

Your ownership certificates will have conspicuously endorsed upon them a statement that they are subject to, and that further assignment or transfer of them is subject to, the restrictions imposed upon assignments by this Agreement.

The following applies both to this Agreement and to any other franchise agreement between you and us:

If You are an entity with more than one owner, the partnership agreement, shareholders agreement, limited liability operating agreement or other similar agreement for the entity ("Owners Agreement") will be subject to the following provisions which will supersede any contrary provisions in that agreement:

1. Your owners ("Owners") agree to submit any dispute they cannot resolve relating to the operation and management of the franchise business to arbitration by our president or his designee. If the arbitration submission is accepted by our president, it must be held at our headquarters or at another location the Owners and the arbitrator agree. The decision of the arbitrator will be final and subject to enforcement by the courts of competent jurisdiction. If the submission to arbitration is not accepted by our president, the Owners must resolve their disputes in accordance with the other provisions of this Agreement.

2. The term "operations and management" includes, but is not limited to, questions relating to:

   A. Allocations of management responsibilities between the Owners;
   B. Contributions to capital for purposes of business operations, repairs and remodeling;
   C. The reasonable salaries of the Owners;
   D. Marketing efforts;
   E. The termination of the employment of an Owner;
   F. Procedures for making and implementing management decisions;
   G. Whether an Owner has performed duties with respect to the operation or management of the franchise business.

3. Unless the Owners and the arbitrator agree in writing otherwise, "operation and management" does not include questions relating to:

   a) Allocations. computations or distributions of profit or loss:
   b) Accounting issues;
   c) Elections of officers of the entity;
   d) Investments of cash not necessary for the operation of the business;
   e) Determining whether an Owner is disabled or incompetent within the meaning of the Owners Agreement;
   f) The fair market value of the Owners' interests in the entity;
   g) Whether an event has occurred, which gives rise to a right to buy the interest of an Owner other than a right resulting from an Owner's default determined to exist under 2, above;
   h) Whether an Owner has met his obligations to purchase the interest of any current or former Owner;
   i) Matters relating to the winding up of the entity after a dissolution;
   j) Matters relating to the legal validity of the Owners Agreement.

4. The Owner or Owners who are to be responsible for operation of the Franchise business must own 50% or more of the capital interests in the entity and that the Owners of the entity must have voting rights proportionate to their interests in capital.

5. The Owners agree to notify us in writing of their intent to enter into, modify or amend any Owners Agreement. Notice must be given at least 10 business days before they enter into that agreement, modification or amendment. The purpose of this notice is to enable us to review it for compliance with this section.

6. Application of these provisions in the Owner's Agreement will be a condition to our consent to the transfer of the franchise to an entity.

9.13 **Personal Guarantee**. If designated as such, the undersigned "Guarantors" are all of your partners, members, shareholders or owners. They jointly, severally, irrevocably, and unconditionally guarantee to us the due and punctual observance and performance by you of all of your obligations under this Agreement and any other agreement to which we and you are parties. Each Guarantor agrees to guarantee us against all liability, loss, harm, damage, costs, and expenses (including attorney fees) that we may incur because of your failure to observe your obligations. The liabilities and obligations of each Guarantor will not be released, discharged, or affected by our release or discharge of or dealing with you under any of these agreements; or by anything we do, suffer, or allow to be done in relation to you; or by change, alteration, or modification of any of the agreements; or by any compromise, arrangement, or plan of reorganization affecting you; or by your bankruptcy or insolvency; or by any other act or proceeding in relation to you or any of the agreements by which any Guarantor might otherwise be released. The liabilities and obligations of each Guarantor pursuant to this Guarantee will be continuing in nature and will terminate only on the satisfaction of your obligations under this Agreement. A fresh cause of action will arise in respect of each breach by you producing a liability of any Guarantor.

The Guarantors agree that it will not be necessary for us or our assigns to institute suit or exhaust our legal remedies against you in order to enforce this guaranty. Guarantors agree that we may from time to time extend the time for performance or otherwise modify, alter, or change this Agreement, may extend the time for payment of all sums guaranteed, and may receive and accept notes, checks, and other instruments for the payment of money made by you and extensions or renewals without in any way releasing or discharging Guarantors from their obligations. This guaranty will not be released, extinguished, modified, or in any way affected by our failure to enforce all the rights or remedies available to it under this Agreement. Our release of one or more Guarantor will not operate as a release of the other Guarantors.

9.14 **Representations and Acknowledgements**.

A. **Receipt of Disclosure Documents**. You acknowledge that you have received our "Franchise Disclosure Document" at the earlier of (1) the first personal meeting with us (in New York and Rhode Island); or (2) 14 calendar days before signing any franchise or related agreement or making any payment with the franchisor or an affiliate in connection with the franchise sale. In addition, you acknowledge either:

1. receipt of this Agreement containing all substantive terms at the time of delivery of the Franchise Disclosure Document; or

2. if we unilaterally or materially altered the terms and conditions of our standard franchise agreement or any related agreements attached to the Franchise Disclosure Document, you acknowledge that you received a complete and final copy of this Agreement and its exhibits not less than **7** calendar days before you signed this Agreement.

B. **You Have Read and Understand this Agreement**. You acknowledge that you have had ample time to read and have read this Agreement and our Franchise Disclosure Document. You understand and accept the terms, conditions and covenants contained in this Agreement. They are necessary to maintain our high standards of quality, service and uniformity at all franchises. They protect and preserve the goodwill of the Service Marks and the confidentiality and value of the Method of Operation. You have received advice from advisors of your own choosing regarding all pertinent aspects of this Franchise and the

franchise relationship created by this Agreement. You also acknowledge that you believe you have made a good decision for yourself or your partners or your corporation based upon what you believe is your ability to run and control a business of your own.

C. **Varying Forms of Agreement**. You are aware that some present and future Painter1 franchisees may operate under different forms of agreement and, consequently, that our obligations and rights in respect to our various present and future franchisees may differ materially in certain circumstances.

D. **Speculative Success**. The success of your franchise is speculative and depends, to a large extent, upon your ability as an independent businessperson. You recognize that the business venture contemplated by this Agreement involves business risks. We do not make any representation or warranty, express or implied, as to the potential success of the Franchise.

E. **Independent Investigation, No Projections or Representations**. You acknowledge that you have entered this Agreement after conducting an independent investigation of us and of the Franchise.

Except as outlined in Item 19 of our Franchise Disclosure Document, we expressly disclaim the making of, and you acknowledge that you have not received any representation, warranty, or guarantee, express or implied, concerning the potential revenues, cost savings, volume, profits, or success of the business venture contemplated by this Agreement. You acknowledge that neither we, nor any of our officers, directors, shareholders, employees, agents or servants, made any other representation about the business contemplated by this Agreement or that are not expressly set forth in this Agreement or our Franchise Disclosure Document to induce you to accept this Franchise and execute this Agreement. Any oral representations made by our representatives to you, whether or not set forth in earlier versions of our standard form franchise agreement, have either been ratified by us by including the representations in this document or have been disavowed by excluding them from this Agreement.

F. **Your Location and Market Area**. You acknowledge that we will not provide or designate locations for you. You have investigated the potential of the market area in which you are to establish and operate your franchise business and the laws and applicable regulations. You agree and represent that that market area is reasonable, the Franchise Territory will be suitable for the operation of a Painter1 franchise, and the Initial Franchise Fee represents fair consideration for the opportunity to establish and operate a Painter1 franchise.

G. **Health and Full-Time Participation**. You acknowledge that a Painter1 business involves hard work and sometimes long hours, similar to most small businesses that are owner operated. We have not represented that this business is going to be easy for you, your partners, officers or directors. You or your majority owner if you are a corporation, limited liability company or partnership, must actively participate in the daily affairs of the business. You represent that you or your majority owner are in good health and able to devote your full time and best efforts in the day to day operations of your Franchise or that you have the business management skills necessary to successfully hire a general manager to run the day to day operations of your Franchise.

H. **Terrorism, Convictions, Immigration Status**. You represent and warrant to us, unconditionally and without reservation, that:

a. Neither you, nor your spouse, nor your children, nor your parents, nor any employee or prospective employee of the Franchise, nor anyone who has an interest in or who will manage the Franchise, nor any of your partners or affiliates:

1. supports terrorism, provides money or financial services to terrorists, including but not limited to those individuals and organizations on the current U.S. government lists of persons and organizations that support terrorism as provided for by law, such as the list of “Specially Designated Nationals” and “Blocked Persons” under the “USA Patriot Act” 18 USC

Section 1900 et seq, or Executive Order 13224 issued by the President of the United States of America;

2. obtains money or financial services from terrorists or institutions that support terrorists, including but not limited to those individuals and organizations on the current U.S. government lists of persons and organizations that support terrorism as provided for by law, such as the list of "Specially Designated Nationals" and "Blocked Persons" under the "USA Patriot Act" 18 USC Section 1900 et seq. or Executive Order 13224 issued by the President of the United States of America;
3. is engaged in terrorism, or in any activity, organization or plan with or of any person or organization, including but not limited to those individuals and organizations on the current U.S. government lists of persons and organizations that support terrorism as provided for by law, such as the list of "Specially Designated Nationals" and "Blocked Persons" under the "USA Patriot Act" 18 USC Section 1900 et seq. or Executive Order 13224 issued by the President of the United States of America;
4. is on the current U.S. government lists of persons and organizations that support terrorism as provided for by law, such as the list of "Specially Designated Nationals" and "Blocked Persons" under the "USA Patriot Act" 18 USC Section 1900, et seq. or Executive Order 13224 issued by the President of the United States of America.

Neither you nor any of these persons has engaged in or been convicted of fraud, corruption, bribery, money laundering, narcotics trafficking or other crimes, and each is eligible under applicable U.S. immigration laws to communicate with and travel to the United States to fulfill your obligations under your agreements with us.

ii. Neither you, nor your spouse, nor your children, nor your parents, nor anyone who has an interest in or who will manage the franchise, nor any employee or prospective employee of the franchise business, nor any of your partners or affiliates has engaged in or been convicted of fraud, corruption, bribery, money laundering, narcotics trafficking or other crimes, and each is eligible under applicable U.S. immigration laws to communicate with, lawfully reside in, and travel to the United States to fulfill your obligations under your agreements with us.

iii. You, your spouse, your children, your parents, and anyone who has an interest in or who will manage the franchise, and all employees or prospective employees of the franchise business, and all of your partners or affiliates are in the United States lawfully, have legal residence in the United States, and are lawfully permitted to work in the United States.

You represent and warrant that to your actual and constructive knowledge: (i) neither you (including your directors, officers and managers), nor any of your affiliates, or any funding source for your franchise, are identified on the list at the United States Treasury's Office of Foreign Assets Control (OFAC); (ii) neither you nor any of your affiliates are directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (iii) neither you nor any of your affiliates are acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (iv) neither you nor any of your affiliates are on the U.S. Department of Commerce Denied Persons, Entities and Unverified Lists, the U.S. Department of State's Debarred Lists, or on the U.S. Department of Treasury's Lists of Specialty Designated Nationals, Specialty Designated Narcotics Traffickers or Specialty Designated Terrorists, as such lists may be amended from time to time (collectively, the Lists); (v) neither you nor any of your affiliates, during the term of this Agreement, will be on any of the Lists; and (vi) during the term of this Agreement, neither you nor any of your affiliates will sell products, goods or services to, or otherwise enter into a business arrangement with, any person or entity on

any of the Lists. You agree to notify us in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

You understand and have been advised by legal counsel on the requirements of the applicable laws referred to above, including the United States Foreign Corrupt Practices Act (currently located at: www.justice.gov/criminal-fraud/foreign-corrupt-practices-act), any local foreign corrupt practices laws and the Patriot Act (currently located at:www.justice.gov/archive/ll/highlights.htm), and you acknowledge the importance to us, the Method of Operation and the parties' relationship of their respective compliance with any applicable auditing requirements and any requirement to report or provide access to information to us or any government, that is made part of any applicable law or regulation. You will take all reasonable steps to require your consultants, agents and employees to comply with such laws prior to engaging or employing any such persons.

I. **We May Investigate**. We may conduct investigations and make inquiries of any person or persons we, in our reasonable judgment, believe appropriate concerning the credit standing, character, and professional and personal qualifications of you and your owners, shareholders, members and partners. You authorize us to conduct these investigations and to make these inquiries. We agree to comply with the requirements of laws that apply to these investigations and inquiries.

J. **Supplier Approval**. You acknowledge that while you may propose alternate suppliers for products and services, the proposed suppliers may not qualify. You further acknowledge that our approved suppliers may be the only source of supply for products and services required in the Franchise.

K. **Operations Manual**. You acknowledge that the Operations Manual is loaned to you by us and at all times the Operations Manual and any updated or amended pages remain our property and that the copyright in the Operations Manual and all associated materials is vested in us. You agree to return to us the Operations Manual and any updated or amended pages immediately upon written demand.

L. **Data Protection Laws; Personal Information**. You will: (i) comply with all applicable data protection laws; (ii) comply with all of our requirements regarding the data protection laws contained in the Operations Manual or otherwise; (iii) refrain from any action or inaction that could cause us or our affiliates to breach any applicable data protection law; (iv) do and execute, or arrange to be done and executed, each act, document and thing necessary or desirable to keep us and our affiliates in compliance with any applicable data protection law; (v) reimburse us and our affiliates for any and all costs incurred in connection with your breach of any data protection laws; and (vi) permit us and our affiliates to use any data or other information each of them gathers concerning you in connection with the establishment and operation of franchised and company owned locations by us or our affiliates.

Without limiting the foregoing, you consent to the disclosure by us of certain personal information concerning you and the Franchise, namely your identity, including your name, address and telephone number, in our franchise disclosure documents, whether or not such disclosure is required by law, and in our other documents relating to the sale of franchises.

Further, you consent to the additional disclosure by us of certain personal information concerning you, the Franchise, including historical performance of the Franchise, sales, revenues, expenses, costs, results of operations, and similar financial information and operating information, and any information regarding the expiration or termination of this Agreement, to a prospective transferee of your Franchise or any other purchaser of any other franchise from us.

M. **State Law Addendum.** Attached as an exhibit to this Agreement and incorporated by reference, as applicable, are additional terms and conditions applicable to franchisees and their principals based in certain states within the United States of America (the "State Law Addendum"). Each provision of the State Law Addendum will be effective only to the extent that the jurisdictional requirements of the applicable state law are applicable to the provisions of this Agreement are met independent of the State Law Addendum. If the State Law Addendum is deemed to be inconsistent with any terms or conditions of this

Agreement (including its exhibits or attachments other than the applicable State Law Addenda), the terms of the State Law Addendum will control.

N. **NO REPRESENTATIONS, PROJECTIONS, OR WARRANTIES**. WE HAVE NOT MADE ANY REPRESENTATIONS, PROMISES, GUARANTEES, PROJECTIONS, OR WARRANTIES OF ANY KIND TO YOU, YOUR OWNERS, OR THE GUARANTORS TO INDUCE THE EXECUTION OF THIS AGREEMENT OR CONCERNING THIS AGREEMENT EXCEPT AS SPECIFICALLY SET FORTH IN WRITING IN THIS AGREEMENT AND IN OUR FRANCHISE DISCLOSURE DOCUMENT THAT WE DELIVERED TO YOU. YOU ACKNOWLEDGE THAT NEITHER WE NOR ANY OTHER PARTY HAS GUARANTEED YOUR SUCCESS IN THE BUSINESS CONTEMPLATED BY THIS AGREEMENT.

[Signature Page Immediately Follows]

10 **SIGNATURES.** IN WITNESS, the parties have executed this Agreement on the day and year first above written.

("we/us"): **STRATIFY, LLC**

By: _____
Print Name: _____
Title: _____

(jointly and severally "you"):

By:_____
_____, an individual

By: _____
Print Name: _____
Title: _____

IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY OR OTHER ENTITY: THIS AGREEMENT MUST BE SIGNED BY A COMPANY OFFICER, DIRECTOR OR OWNER AUTHORIZED TO SIGN ON BEHALF OF THE COMPANY. ADDITIONALLY, THE AGREEMENT MUST BE SIGNED BY ALL OWNERS OF THE COMPANY AS INDIVIDUALS

EXHIBIT 1– FRANCHISE TERRITORY

The provisions of this Exhibit 1 are agreed to by the parties with respect to the "Franchise Agreement" to which this Exhibit 1 is attached. In the event of conflict, the provisions of this Exhibit 1 supersede the corresponding provisions of the Franchise Agreement.

Franchise Territory Designation

The Franchise Territory is defined as: _____.

DATED this _____.

("we/us"): **STRATIFY, LLC**

By: _____
Print Name: _____
Title: _____

(jointly and severally "you"):

By:_____
_____, an individual

By: _____
Print Name: _____
Title: _____

EXHIBIT 2– FRANCHISE OWNER INFORMATION
Effective Date: This Exhibit 2 is current and complete
as of _____

FRANCHISEE and Its Owners

1. **Form of FRANCHISEE**. [Check (a), (b) or (c).]

□ (a) **Proprietorship**. The Owner(s) of FRANCHISEE (is) (are) as follows:

_____
_____
_____

□ (b) **Corporation, Limited Liability Company or Partnership**. FRANCHISEE was incorporated or formed on _____ under the laws of the State of _____. It has not conducted, business under any name other than its corporate, limited liability company or partnership name and _____. The following is a list of FRANCHISEE's directors, if applicable, and officers as of the effective date shown above:

Name of Each Director/Officer	**Position(s) Held**
_____	_____
_____	_____
_____	_____
_____	_____

□ (c) **Trust**. FRANCHISEE is a revocable trust formed under the laws of the State of _____ on _____, ___. The grantor, trustee and primary income beneficiary of FRANCHISEE is _____, a resident of the State of _____. The governing trust instrument of FRANCHISEE consists of a trust agreement dated _____, _____ and the following amendments, if any:

_____
_____
_____

The trustee has full power and authority to bind the trust estate and to execute, deliver and perform, or cause the execution, delivery and performance, of all of FRANCHISEE's obligations. In the event of the trustee's resignation, death or inability to act, the following are named to act as successor trustee, in this order:

(a) _____
(b) _____
(c) _____

Please include current and contingent beneficiaries under the trust, and their respective interests therein:

Current beneficiaries:

(a) _____
(b) _____
(c) _____

Contingent beneficiaries:

(a) _____
(b) _____
(c) _____

2. **Owners**. The following list includes the full name and mailing address of each person who is an Owner (as defined in the Franchise Agreement), and fully describes the nature of each Owner's interest.

Owner's Name and Address	**Description and Percentage of Interest**
_____	_____
_____	_____
_____	_____

3. **Signatures**.

("we/us"): **STRATIFY, LLC**

By: _____
Print Name: _____
Title: _____

(jointly and severally "you"):

By:_____
_____, an individual

By: _____
Print Name: _____
Title: _____

OWNER'S GUARANTY

THIS OWNER'S GUARANTY ("Guaranty") is made as of _____, by _____ (each and if more than one, "Guarantor"), who have an interest in _____, a _____ ("Franchisee") in connection with that certain **PAINTER1** Franchise Agreement dated as of _____ (the "Franchise Agreement") between Franchisee and **STRATIFY, LLC**, a Utah company ("Franchisor"). This Guaranty is hereby incorporated in and made a part of the Franchise Agreement and shall be annexed thereto. All terms not defined herein shall have the meaning provided in the Franchise Agreement.

1. Acknowledgments. Guarantor acknowledges and agrees that Franchisor has entered into the Franchise Agreement with Franchisee solely on the condition that, and each Guarantor hereby agrees that, each Guarantor is personally obligated and jointly and severally liable with Franchisee (and with each other Guarantor) for the performance of each and every obligation, agreement, undertaking, covenant, liability and debt of Franchisee and the Guarantors, whether direct or indirect, absolute or contingent, now existing or hereafter arising (collectively, the "Obligations") under the Franchise Agreement, any amendments or modifications to the Franchise Agreement, any extensions of the Franchise Agreement, and under each and every agreement related thereto that has been or hereafter may be entered into by Franchisee with Franchisor (all such agreements are collectively referred to herein as the "Franchise Agreements").

2. Guaranty. In consideration of Franchisor's granting of a franchise, and as an inducement to Franchisor to grant a franchise, to Franchisee, Guarantor hereby personally, unconditionally, absolutely and irrevocably guarantees to Franchisor and its successors and assigns the prompt payment in full in cash and the prompt performance in full of the Obligations.

3. Representations, Warranties and Agreements.

a. Guarantor expressly agrees that the liability of the Guarantor for the payment and performance of the Obligations guaranteed hereby shall be primary and not secondary.

b. Guarantor represents and warrants to Franchisor that all equity interests in the Franchisee are held of record and beneficially by Guarantor;

c. Guarantor agrees to promptly notify Franchisor of any change in the ownership of any equity interests in Franchisee;

d. Guarantor agrees to be personally bound by, and personally liable for the breach of each and every provision in the Franchise Agreement and each and every provision in the other Franchise Agreements, as if Guarantor was the Franchisee thereunder; and

e. Guarantor represents and warrants that, if no signature appears below for such Guarantor's spouse, such Guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

4. Waivers by Guarantor. Guarantor hereby waives:

a. acceptance and notice of acceptance by Franchisee of the foregoing guaranties;

b. notice of demand for payment of any indebtedness or nonperformance by Franchisee of any obligations guaranteed by Guarantor;

c. protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations of Franchisee guaranteed by Guarantor;

d. any right Guarantor may have to require that an action be brought against Franchisee or any other person as a condition of liability;

e. any right Guarantor may have to assert the bankruptcy or insolvency of Franchisee or any other person as a defense hereunder or as the basis for rescission hereof and any defense arising because of Franchisor's election, in any proceeding instituted under the Federal Bankruptcy Code, of the application of Section 1111(b)(2) of the Federal Bankruptcy Code;

f. any defense based on an election of remedies by Franchisor which destroys or otherwise impairs the subrogation rights of Guarantor, the right of Guarantor to proceed against Franchisee or another person for reimbursement or both;

g. any and all other notices and legal or equitable defenses to which Guarantor may be entitled to the extent such notices and defenses may be waived pursuant to applicable law; and

h. if Guarantor is a resident of California, in accordance with Section 2856 of the California Civil Code, Guarantor waives any and all rights and defenses available to Guarantor by reason of Sections 2787 to 2855, inclusive, 2899 and 3433 of the California Civil Code.

5. Further Agreements and Understandings. Guarantor hereby consents and agrees that:

a. Guarantor's direct and immediate liability under this Guaranty is joint and several with Franchisee and each other Guarantor;

b. Guarantor agrees to render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so;

c. Guarantor's liability hereunder is not contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person;

d. this Guaranty will continue in full force and effect for and as to any extension of or modification or amendment to the Franchise Agreement or any Franchise Agreements and notwithstanding the transfer of any interest in the Franchise Agreement or Franchisee, and Guarantor waives notice of any and all such extensions, modifications, amendments, or transfers;

e. Guarantor's liability hereunder is not diminished, relieved or otherwise affected by any extension of time, credit or other indulgence, or any waiver which Franchisor may from time to time grant to Franchisee or to any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims (including the release of other Guarantors), or the taking of any action by Franchisor which may have the effect of increasing the obligations of Guarantor, none of which in any way modifies or amends this Guaranty, which will be absolute, unconditional, continuing and irrevocable during the term of the Franchise Agreements and so long as any performance is or may be owed under any of the Franchise Agreements by Franchisee or its Guarantors and so long as Franchisor may have any cause of action against Franchisee or its Guarantors;

f. Guarantor agrees that no invalidity, irregularity or unenforceability of the Obligations or invalidity, irregularity, unenforceability or non-perfection of any collateral therefor, will affect, impair or be a defense to this Guaranty, which is a primary obligation of Guarantor;

g. Guarantor expressly waives any claim or other right which Guarantor (or any of them) may now have or hereafter acquire against Franchisee, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution, indemnification or any right to participate in any claim or remedy of Franchisor against Franchisee, whether or not such claim, right or remedy arises in equity or under contract, statute or common law;

h. The obligations of Guarantor under this Guaranty will not be altered, limited or affected by any proceeding, voluntary or involuntary, involving the bankruptcy, reorganization, insolvency, receivership or liquidation of Franchisee or any affiliate, or by any defense which Guarantor may have by reason of any order, decree or decision of any court or administrative body resulting from any such proceeding; and

i. Guarantor agrees that this Guaranty and the obligations of Guarantor hereunder will continue to be effective or automatically reinstated, as the case may be, if and to the extent that for any reason any payment by or on behalf of Guarantor in respect of the Obligations is rescinded or otherwise restored to the Guarantor or Franchisee, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, all as if such payment had not been made, and Guarantor agrees to indemnify Franchisor on demand for all costs and expenses (including fees of counsel) incurred by Franchisor in connection with any such rescission or restoration.

j. Guarantor represents to Franchisor that each Guarantor has had the opportunity to review the matters discussed and contemplated by the Franchise Agreement and any Franchise Agreements, including the remedies Franchisor may pursue against Franchisee in the event of a default under the Franchise Agreement and any Franchise Agreements and Franchisee's financial condition and ability to perform under the Franchise Agreement and any Franchise Agreements. Guarantors further agree to keep themselves fully informed on all aspects of Franchisee's financial condition and the performance of Franchisee's obligations to Franchisor and that Franchisor has no duty to disclose to Guarantors any information pertaining to Franchisee. If provided in the Franchise Agreement and any Franchise Agreements, Guarantors agree that their bankruptcy, insolvency and other actions set forth therein may be events of default under the Franchise Agreement and any Franchise Agreements.

k. Each of the Guarantors agrees to be personally bound by any and all non-competition provisions under Section 13 of the Franchise Agreement and the provisions relating to intellectual property and Confidential Information under Sections 8, 10 and 12 of the Franchise Agreement.

l. The prevailing party in any dispute resulting in arbitration, litigation or other proceedings between Guarantors and Franchisor shall be entitled to its costs and expenses for such proceedings, including reasonable attorneys' fees and costs.

m. Guarantors agree to take all actions necessary to enable Franchisee to observe and perform, and to refrain from taking any action which would prevent Franchisee from performing the Obligations.

n. Franchisor may assign this Guaranty with the Franchise Agreement or one or more of the Franchise Agreements, without in any way affecting Guarantors' liability under it or them. This Guaranty shall inure to the benefit of Franchisor and its successors and assigns and shall bind Guarantors and their respective heirs, executors, administrators, successors and assigns.

o. In the event of the death of any or all of the Guarantors hereunder, the obligation of Guarantors under this Guaranty shall continue in full force and effect against said deceased Guarantor's estate as to all of such obligations which shall have been created or incurred by Franchisee prior to the time when Franchisor shall have received written notice of such death.

p. Guarantors shall hold harmless, defend, protect and indemnify Franchisor from any actions, causes of action, liabilities, damages, losses and fees (including attorneys' fees and costs) and all other claims of every nature which may arise as a result of any dispute between or among Guarantors and any other persons or entities.

q. All notices, requests and demands to be made hereunder shall be in writing at the address set forth below by any of the following means: (i) personal service (including service by overnight courier service); (ii) electronic communication, whether by email or other means (if confirmed in writing sent by personal service or by registered or certified, first class mail, return receipt requested); or (iii) shall be deemed received five (5) days following deposit in the mail.

r. Guarantor acknowledges and agrees that Guarantor has had adequate opportunity to have this Guaranty reviewed by counsel of its own choosing and that Guarantor has not relied on Franchisor or any of its counsel in any respect.

s. GUARANTOR HEREBY WAIVES THE RIGHT TO TRIAL BY JURY.

t. This is a continuing Guaranty and all obligations to which it applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon. In the event that, notwithstanding the provisions of this paragraph, this Guaranty shall be deemed revocable in accordance with applicable law, then any such revocation shall become effective only upon receipt by Franchisor of written notice of revocation signed by Guarantor. To the extent permitted by applicable law, no revocation or termination hereof shall affect, in any manner, rights arising under this Guaranty with respect to Obligations arising prior to receipt by Franchisor of written notice of such revocation or termination.

u. No terms or provisions of this Guaranty may be changed, waived, revoked or amended without Franchisor's prior written consent. Should any provision of this Guaranty be determined by a court of competent jurisdiction to be unenforceable, all of the other provisions shall remain effective.

v. This Guaranty shall be enforced and interpreted according to the laws of the State of Utah, irrespective of its conflicts of laws rules.

IN WITNESS WHEREOF, each Guarantor hereby executes this Guaranty on the day and year first above written.

GUARANTORS:

_____

Print Name:_____

Address:

_____

_____

_____

_____

Print Name:_____

Address:

_____

_____

_____

Franchise Disclosure Document Exhibit C

PHONE NUMBER ACKNOWLEDGMENT AND CONDITIONAL ASSIGNMENT

_____ ("you") operate your franchise business in _____. You acknowledge and agree that **STRATIFY, LLC**, a Utah company ("we/us") owns and controls the following telephone number: _____(the "Franchise Telephone Number"). The Franchise Telephone Number relates to the **Painter1** franchise agreement between us and you dated _____.

In consideration of the granting of a franchise to you and other valuable consideration given by you, you assign to us all right, title, and interest in and to the Franchise Telephone Number and any other telephone numbers and listings you use in the operation of the franchise. We assume the performance of all of the terms, covenants and conditions of your agreement with the telephone company concerning the telephone numbers and telephone listings with the full force and effect as if we had been originally issued the telephone numbers and telephone listings.

DATED this _____.

("we/us"): **STRATIFY, LLC**

By: _____
Name: _____
Title: _____

(jointly and severally "you"):

By: _____
Name: _____
Title: _____

PHONE NUMBER ACKNOWLEDGEMENT

Franchise Disclosure Document Exhibit D
AUTHORIZATION FOR ELECTRONIC FUNDS TRANSFER

STRATIFY, LLC dba PAINTER1
105 N Main St.
Spanish Fork, UT 84660
(801)919-8522

I (we) hereby authorize STRATIFY, LLC dba PAINTER1 (the "Company") to initiate Electronic Funds Transfer charges to my (our) bank account (indicated below) for payment of my (our) monthly Royalty Fees and other fees owed by me (us) to the Company on or near the 5th day of each month. This Authorization will remain in full force and effect until Company receives written confirmation of termination of this Authorization via certified letter.

Financial Institution Name: _____

Account Number: _____

Routing Number: _____

Branch Name: _____

Address: _____

City: _____ State: _____ ZIP: _____

I further certify that I have received a copy of the Authorization for my files.

Individual Name: _____

Corporate Name: _____

PAINTER1 Franchise Territory: _____

By: _____

Print Name: _____

Title: _____

Effective Date: _____

Please attach a voided blank check for verification purposes.

[VOIDED CHECK]

Franchise Disclosure Document Exhibit E
SBA ADDENDUM

ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on _____, 20____, by and between _____ ("Franchisor"), located at _____, and _____ ("Franchisee"), located at _____.

Franchisor and Franchisee entered into a Franchise Agreement on _____, 20__, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for a loan ("Loan") from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining the SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement:

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

COVENANTS

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor may not record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees.

This Addendum automatically terminates on the earlier to occur of the following: (i) the Loan is paid in full; or (ii) SBA no longer has any interest in the Loan.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

FRANCHISOR:	**FRANCHISEE:**
By: _____	By: _____
Print Name: _____	Print Name: _____

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.

Franchise Disclosure Document Exhibit F

MULTI-STATE ADDENDUM TO THE FDD AND FRANCHISE AGREEMENT

The following modifications and additions are part of the PAINTER1 Franchise Disclosure Document ("FDD") and Franchise Agreement ("FA") as required by relevant state laws.

These states have statutes which may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of the Franchise:

ARKANSAS (Stat. Section 70-807)
CALIFORNIA (Bus. & Prof. Code Sections 20000-20043)
CONNECTICUT (Gen. Stat. Section 42-133e et seq.)
DELAWARE (Code, tit.)
HAWAII (Rev. Stat. Section 482-E1)
ILLINOIS (815 ILCS 705/1-44)
INDIANA (Stat. Section 23-2-2.7)
MICHIGAN (Stat. Section 19.854(27))
MINNESOTA (Stat. Section 80C.14)
MISSISSIPPI (Code Section 75-24-51)
MISSOURI (Stat. Section 407.400)
NEBRASKA (Rev. Stat. Section 8-401)
NEW JERSEY (Stat. Section 56:10-1)
SOUTH DAKOTA (Codified Laws Section 37-5A-51)
VIRGINIA (Code 13.1-557-574, 13.1-564)
WASHINGTON (Code Section 19.100.180)
WISCONSIN (Stat. section 135.03)

These and other states may have court decisions which may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of the Franchise.

Connecticut

FDD Cover Sheet

DISCLOSURES REQUIRED BY CONNECTICUT LAW

The State of Connecticut does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

FDD Item 3

The disclosures in Item 3 include information on pending and completed actions related to:

Securities Laws;
Business Opportunity Laws;
Actions Brought by Present or Former Purchaser-Investors Involving Franchise or Business Opportunity Relationships.

FDD Items 7 and 8, FA Sections 5, 6, 7, 9

If the seller fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within **45** days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be canceled.

Georgia

DISCLOSURES REQUIRED BY GEORGIA LAW

The State of Georgia has not reviewed and does not approve, recommend, endorse, or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

Idaho

FDD Item 17, FA Section 9

Any condition in a franchise agreement executed by a resident of Idaho or a business entity organized under the laws of Idaho is void to the extent it purports to waive venue or jurisdiction of the Idaho court system. Venue and jurisdiction will be in Idaho if the franchisee is an Idaho resident or a business entity organized under the laws of Idaho.

Illinois

Illinois Law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void. However, a franchise agreement may provide for arbitration in a forum outside of Illinois.

Your rights upon Termination and Non-Renewal of an agreement are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

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 any provision of The Illinois Franchise Disclosure Act or any other law of the state of Illinois is void.

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.

FDD Item 5, FA Section 2.1

The Initial Franchise Fee is deferred until franchisor has satisfied its pre-opening obligations to franchisee and the franchisee has commenced business operations. The Illinois Attorney

General's Office imposed this deferral requirement due to Franchisor's financial condition.

Maryland

If you are a resident of Maryland or you are a resident of another state and you intend for the franchise to be operational in Maryland, the following provisions will apply and will supersede any provision in Franchise Agreement to the contrary:

FDD Item 5, FA Section 2.1

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

FA

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.

FDD Item 17, FA

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

FDD Item 17, FA

Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, assignment or transfer of the franchise will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

FDD Item 17, FA

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

FDD Item 17, FA

Any provision that provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

FDD Item 17, FA

Franchise Agreement Sections 9.14(A), (B), (D), (E), (F), and (N) are deleted in their entirety.

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.

Each provision of this Section will be effective only to the extent that, with respect to the provision, the jurisdictional requirement of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Section.

See the last page of this Exhibit F Multi-State Addendum for your required signature.

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:

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

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

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the 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 thirty (30) days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishing not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (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 six (6) months advance notice of franchisor's intent not to renew the franchise.

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

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

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

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

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, franchisee has the right to request an escrow arrangement.

Any questions regarding the notice of this Offering should be directed to:

CONSUMER PROTECTION DIVISION
ATTN: Marilyn McEwen
670 Law Building
Lansing, Michigan 48913
(517) 373-7117

Minnesota

Minnesota law prohibits requiring a franchisee to waive his or her rights to a trial or to consent to liquidated damages, termination penalties, or judgment notes. (Minn. Rules 2860.4400(J)).

FDD Item 17; FA Sections 15(b), 15c), 3(b), 14(b) and 14(c)

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subds. 3, 4, and 5, which require (except in certain specified cases) that a franchisee be given **90** days notice of termination (with **60** days to cure) and **180** days notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

FDD Item 17; FA Section 20

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

FDD Item 13; FA Section 8

Minnesota Statutes Section 80C.20, Subdivision 1(g) allows the Minnesota Commissioner of the Department of Commerce to issue a cease and dismiss order or issue an order denying, suspending or revoking any registration, amendment or exception on finding any of the following . . . that the method of sale or proposed method of sale of franchises or the operation of the business of the franchisor or any term or condition of the franchise agreement or any practice of the franchisor is or would be unfair or inequitable to franchisees. Pursuant to this section, the Commissioner requires all franchisors registering in the state of Minnesota to state that the franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logo types or other commercial symbols or indemnify the franchisee from any loss, cost or expenses arising out of any claim, suit or demand regarding the use of the name. We intend to comply with the Minnesota statute and to protect the franchisee's rights and indemnify the franchisee for any losses to the full extent required by relevant state law.

FDD Item 17, FA Sections FA Sections 3, 14 and 15

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release. The general release provisions in the Franchise Agreement are void and unenforceable in the state of Minnesota.

FA Section 9.8

Any limitations of claims must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

FA Section 20

Pursuant to Minnesota Statutes Section 80.C.21, this section will not in any way abrogate or reduce any rights of the franchisee as provided for in Minnesota Statutes, Chapter 80.C, including, but not limited to, the right to submit matters to the jurisdiction of the courts in Minnesota.

FDD; FA

Minnesota Rule 2860.4400(K) prohibits a franchisor from requiring a security deposit except for the purpose of securing against damage to property, equipment, inventory, or leaseholds.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT.REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDINGBY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETEAND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANYFRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRSTPROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THEEXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHERAGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BYTHE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERINGSTATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TOTHE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OFCERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT ORAGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS ANDOBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

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

FDD Item 9

In Virginia, notice of approval or disapproval of a proposed supplier will be issued by us within **45** days after the franchisee has delivered all required materials.

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 do 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.

The franchisee acknowledges receipt of this Addendum.

WASHINGTON Addendum to the Franchise Disclosure Document, Franchise Agreement, and 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.

Franchise Agreement Sections 9.14(E) and 9.14(N) are deleted in their entirety.

The undersigned parties do hereby acknowledge receipt of this Addendum.

[Signature Page Immediately Follows]

It is agreed that the applicable foregoing state law addendum for the state of _____, if any, supersedes any inconsistent portion of the Franchise Agreement (to which this addendum is attached) of this same date, and of the Franchise Disclosure Document. All terms of the Franchise Agreement, including these Multi-State Addendum provisions for the relevant state, have been agreed to at the time the Franchise Agreement was signed. However, this addendum will have effect only if the Franchise Agreement or our relationship with you satisfies all of the jurisdictional requirements of the relevant state's franchise laws, without considering this addendum.

DATED this _____.

("we/us"): **STRATIFY, LLC**

By: _____
Name: _____
Title: _____

(jointly and severally "you"):

By:_____
Name: _____
Title: _____

By:_____
Name: _____
Title: _____

FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

Franchise Disclosure Document Exhibit G

The Following Table Reflects Our Agents for Service of Process and the Relevant State Franchise Authorities:

NAMES AND ADDRESSES OF STATE REGULATORY AUTHORITIES AND REGISTERED AGENTS IN STATES

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
CALIFORNIA	California Commissioner of Financial Protection & Innovation Los Angeles: 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7505 Sacramento: 1515 K Street, Suite 200 Sacramento, CA 95814-4052 (916) 445-7205 San Diego: 1350 Front Street San Diego, CA 92101-3697 (619) 525-4233 San Francisco: One Sansome Street, Suite 600 San Francisco, CA 94104	Commissioner Department of Financial Protection & Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-1105 (213) 576-7505
CONNECTICUT	The Banking Commissioner Department of Banking Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8299	The Department of Banking Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8299
FLORIDA	[Not Applicable]	Senior Consumer Complaint Analyst Department of Agriculture and Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, Florida 32399-0800 (850) 922-2770
HAWAII	Commissioner of Securities of the Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813-2921 (808) 586-2722	Commissioner of Securities of the Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813-2921 (808) 586-2722
ILLINOIS	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
INDIANA	Secretary of State Administrative Offices of the Secretary of State 201 State House Indianapolis, IN 46204 (317) 232-6681	Securities Commissioner Securities Division Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681
IOWA	[Not Applicable]	Director of Regulated Industries Unit Iowa Securities Bureau 340 East Maple Des Moines, Iowa 50319-0066 (515) 281-4441
MARYLAND	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Commerce, Corporations and Securities Bureau 525 W. Ottowa 670 Law Building Lansing, MI 48913 (517) 373-7117	Franchise Administrator Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 670 Law Building Lansing, MI 48913 (517) 373-7117
MINNESOTA	Minnesota Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600	Deputy Commissioner Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600
NEBRASKA	[Not Applicable]	Staff Attorney Department of Banking and Finance 1200 N Street Suite 311 P.O. Box 95006 Lincoln, Nebraska 68509 (402) 471-3445
NEW YORK	Secretary of State 99 Washington Avenue Albany, NY 12231	New York State Department of Law Investor Protection Bureau 28 Liberty Street New York, NY 10005 (212) 416-8211
NORTH DAKOTA	North Dakota Insurance Commissioner 600 East Boulevard Dept. 401 Bismarck, ND 58505 (701)328-2910	North Dakota Insurance & Securities Department 600 East Boulevard Dept 401 Bismarck, ND 58505 (701)328-2910
OREGON	Director of Oregon Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	Department of Consumer and Franchise Services Division of Finance and Corporate Securities Labor and Industries Building Salem, OR 97310 (503) 378-4387

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
RHODE ISLAND	Director of Rhode Island Department of Franchise Regulation Division of Securities Suite 232 Providence, RI 02903 (401) 222-3048	Associate Director and Superintendent of Securities Division of Securities 233 Richmond Street, Suite 232 Providence, RI 02903-4232 (401) 222-3048
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563
TEXAS	[Not Applicable]	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769
UTAH	[Not Applicable]	Division of Consumer Protection Utah Department of Commerce 160 East Three Hundred South P.O. Box 45804 Salt Lake City, Utah 84145-0804 (801) 530-6601
VIRGINIA	Clerk of the State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733	Chief Examiner/Investigator State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051
WASHINGTON	Securities Administrator Washington State Dept. of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760	Washington State Dept. of Financial Institutions, Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760
WISCONSIN	Wisconsin Commissioner of Securities P.O. Box 1768 345 W. Washington Avenue, 4th Floor Madison, WI 53703 (608) 261-9555	Franchise Administrator Securities and Franchise Registration Wisconsin Securities Commission 345 W. Washington Avenue, 4th Floor Madison, WI 53703 (608) 261-9555
FEDERAL TRADE COMMISSION		Franchise Rule Coordinator Division of Marketing Practices Bureau of Consumer Protection Pennsylvania Avenue at 6th Street, NW Washington, D.C. 20580 (202) 326-3128

Franchise Disclosure Document Exhibit H
LIST OF CURRENT AND FORMER FRANCHISEES

Franchisees – Units Opened as of December 31, 2025

Territory	Name	Business Address	Phone
Mobile, Alabama	John Inman, Dionne Inman Inman Business Solutions	120 Kingswood Drive Daphne, AL 36526	(251)501-7400
Highlands Ranch, Colorado	James Dallas Marley and Andrea Marley	3450 Bucknell Place, Highlands Ranch, CO 80129	(720)379-0295
Westminster, Colorado	Michael Carlson	1677 W. 115th Cir. Westminster, CO 80234	(303)475-3006
Boca Raton, Florida	Lisa Peterford Lisa's Painting, LLC	5353 Oakmont Village Cir. Lake Worth, FL 33463	(561)400-5114
Orlando, Florida	Maria Fuentealba	14013 Shoreside Way Apt 5301, Orlando, FL 34787	(407)708-9933
Orlando, Florida	Errol Bozel	800 Vineyard Ridge Rd, Minneola, FL 34715	(407)760-9511
Orlando and Lakeland, Florida	Michael Mahmoud	497 Buchannan Dr Davenport, FL 33837	(407)385-9917
Pompano Beach, Florida	Sezin Yildiz	6503 N military Trail, Apt. 406, Boca Raton, FL 33496	(561)634-5817
Atlanta, Georgia	Patrick Ragsdale	7430 Newstead Drive Cumming, GA 30041	(404)996-8363
Atlanta, Georgia	Jose Negron	291 Harris Rd Concord, GA 30206	(678)800-6952
Marrietta, Georgia	Ronnie Goodnow Goodnow Group, LLC	172 Royal Ct Dallas, Georgia 30157	(678)764-2804
Indianapolis, Indiana	Gene Harris The Sirrah Companies, Inc.	437 Cobbleston Road Avon, IN 46123	(317)520-8866
Largo, Maryland & District of Columbia	Luis Munoz Grand Solutions, LLC	910 Carriage House Ln Upper Marlboro, MD 20774	(301)257-1780
Mid-Michigan	Adam Martin	311 South Magnolia Lansing, MI 48912	(517)583-4731
North Las Vegas, Nevada	Hasan Yilmaz (Chris Walker manager)	930 S 4th St., Suite 209 Las Vegas, NV 89101	661-583-3231
New England (Rockingham, Hillsborough, Stafford counties, New Hampshire; York County, Maine; Essex County, Massachusetts)	Paul Lanzoni	411 South St., Portsmouth, NH 03801	(860)604-8286
Charlotte, North Carolina	Gilpatrick Urban Analytics, LLC	156 Martingale Drive Holly Springs, NC 27540	(704)318-2414

Territory	**Name**	**Business Address**	**Phone**
Charlotte, North Carolina	Patrick O'Connor PARC Holdings, LLC	7303 Albermarle Dr. Denver, NC 28037-6533	(703)244-4600
Fayetteville, North Carolina	Gilpatrick Urban Analytics, LLC	156 Martingale Drive Holly Springs, NC 27540	(704)318-2414
Raleigh, North Carolina	Tin Dinh, Thi Thu Hong Le; Megana, LLC	102 Presidents Walk Ln Cary, NC 27519	(984)292-9558
Wilmington, North Carolina	David Franklin	302 Bluffton Court Wilmington, NC 28411	(910)782-5583
Cincinnati, Ohio	Gene Harris The Sirrah Companies, Inc.	437 Cobbleston Road Avon, IN 46123	(317)520-8866
Franklin County, Ohio	James P. Dial MWI, Inc.		(614)482-2337
Tulsa, Oklahoma	RDUB, LLC and Robert Wilson	6011 S 155th W Ave Sand Springs, OK 74063	(918)633-6056
Portland, Oregon	Bryce Peddicord	1011 W. 21st Vancouver, WA	(503)536-2244
Delaware and Philadelphia Counties, Pennsylvania	Aaron Hall	409 Quarry Point Road, Malvern, PA 19355	(484)880-6061
Greenville County, South Carolina	Savannah and Nate Forrester	512 Old Mill Road Mauldin, SC	(803)760-5261
The Lowcountry, South Carolina	Thomas Marin Sea Coast Prime, LLC	2202 Beach Blvd. Point Pleasant, NJ 08742	(843)940-7600
Chattanooga, Tennessee	Eray Tavukcu Eray Enterprises Corporation	1372 Chase Meadows Cir. Hixson, TN 37343-3691	(423)471-8684
Knoxville, Tennessee	Keith Lane	946 Andover Blvd, Alcoa, TN 37701	(865)951-6564
Memphis, Tennessee	Kevin Barker	9553 Gotten Way Germantown, TN 38139	(901)460-3443
Austin-Round Rock, Texas	Leonard and Elda Vazquez	417 Middle Brook Dr Leander, TX 78641	(512)716-9302
Austin-Round Rock Metro, Texas	Michael and Adriana Boyer M&A Services, LLC	8440 Fern Bluff Ave. Round Rock, TX 78681	(410)960-4774 (410)507-3157
Bayou City, TX	Matthew Dwyer Barker Services Group, LLC	15914 Bennet Chase Dr Cypress, TX 77429	(713)591-9434
Dallas, Texas	Emma and Dave Cranston	5912 Lindell Ave., #103, Dallas, TX 75706	(972)472-2777
Dallas, Texas	Lakshmi Ramanath Thoorigai Ventures, LLC	1832 Houghton Dr. McKinney, TX 75072	(469)243-0376
Houston, Texas	Timothy and Krystal Williams	16506 Edgefield Ln, Conroe, TX 77302	(936)777-4291
Northern Utah	Helman Coraza Luna Roku Painting, LLC	7329 S Highland DR. Apt B Salt Lake City, UT 84121	(385)519-0554

Territory	**Name**	**Business Address**	**Phone**
Ogden, Utah	Todd and Karen Smith Smith Painting 1, LLC	3379 W. Springday Lane South Jordan, UT 84095	
Park City & Summit County, Utah	Daniel Mason	9980 S 300 W Sandy, Utah 84070	(801)850-7500
Salt Lake City, Utah	Daniel Mason	9980 S 300 W Sandy, Utah 84070	(801)850-7500
Salt Lake City, Utah	Davidson Oliveira	3617 W. Big Horn Lehi, UT 84043	(801)205-6915
Saint George, Utah	Corina Crandell	195 S 1200 E Lindon, UT 84043	(801)473-7436
Utah and Juab counties, Utah	Todd Smith	3379 W. Day Lane South Jordan, UT 84095	(801)477-0767
Spokane, Washington	Thomas Suwanmaneedang ,Butch Jumalon, P1 Inland Northwest, LLC	6323 E 14th Ave. Spokane Valley, WA 99212	

Franchisees – Franchise Agreement Signed but not yet opened as of December 31, 2025

Territory	**Name**	**Business Address**	**Phone**
Miami Beach, Florida	Eduardo Luis Vionnet	7051 SW 162nd Ct., Miami, FL 33193	(561)590-9949

Franchisees that had an Outlet Terminated, Canceled, Not Renewed, or Otherwise Left the System – Between January 1,2025 and December 31, 2025

Territory	Name	Address	Phone Number
Martin and St. Lucie, Florida* (Inactive)	Lisa Peterford Lisa's Painting, LLC	5353 Oakmont Village Cir. Lake Worth, FL 33463	(561)400-5114
Atlanta, Georgia (Inactive)	Vehano Joseph and Nicholas Contessa Dreamstone P1, LLC	1123 Zonolite Road, Suite 23, Atlanta, GA 30306	(954)296-0539 (239)470-3182
Boise, Idaho (Left the System)	Funk Unlimited, LLC (Jeff Funk)	493 W. State St. Eagle, ID 83616	(208)994-9215
Charlotte, North Carolina (Transfer)	Cristiam Oviedo	4028 Windy Fields Dr., Fayetteville, NC 28306	(954)461-3959
Durham/Chapel Hill, North Carolina (Never Opened)	Leonard Kemp Exterior Wall Design, LLC	7319 Matthews Mint Rd, Suite I #3707 Mint Hill, NC 28227	(809)862-6971
Fayetteville, North Carolina (Transfer)	Cristiam Oviedo	4028 Windy Fields Dr Fayetteville, NC 28306	(954)461-3959
Cincinnati, Ohio (Inactive)	Dustin Chambers	750 Weeping Willow Ln Maineville, OH 45039	(513)295-1377
Nashville, Tennessee* (Inactive)	Keith Lane	946 Andover Blvd, Alcoa, TN 37701	(865)951-6564
Salt Lake City, Utah (Transfer)	Uriel Quintero	35 W Wasatch St Midvale, UT 84047	(801)212-9945

***** Franchisee opened and suspended operations during the 2024 calendar year.

Franchise Disclosure Document Exhibit I
Confirmation of Additional Terms and Representations Addendum

STRATIFY, LLC dba PAINTER1
a Utah limited liability company
105 N Main St.
Spanish Fork, UT 84660

This Addendum may not be signed or used if the franchisee resides within, or if the franchised business will be located within the State of Maryland or Washington.

STRATIFY, LLC dba PAINTER1 ("Stratify" and "we/us"), through the use of this Addendum, desires to verify certain information about the sales process and to confirm any additional commitment or terms beyond those contained in the standard Painter1 franchise agreement (the "Franchise Agreement') and contained in our current "Franchise Disclosure Document," including any oral statement, representation, promise or assurance made during the negotiations for the purchase of a Painter1 franchise by any director, officer, employee, agent or representative of Stratify (each, a "Representative"). Please review each of the following questions carefully and provide honest responses to each questions. For the purpose of this Addendum "you" includes the franchisee and all owners.

I. FRANCHISE

A. Description of Representations.

1. Describe any promises, oral or written agreements, contracts, commitments, representations, understandings, "side deals" or otherwise have been made to or with me with respect to any matter not expressly contained in the Franchise Agreement. This includes, but is not limited to, any representations or promises regarding advertising, marketing, training, site location, operational assistance or other services or write "None."

_____
_____
_____

2. Describe any oral, written, visual or other claim or representation, promise, agreement, commitment, understanding, or otherwise which contradicts or is inconsistent with the Franchise Disclosure Document or Franchise Agreement that has been made to you by us or our Representatives or write "None."

_____
_____
_____

3. Describe any oral, written, visual, or other claim or representation that has been made to you by any person or entity, which states or suggests any actual, average, projected or forecasted sales, gross receipts, operating costs, revenues, income, profits, expenses, cash flow, tax effects, earnings, or otherwise, that is different from or in addition to what is contained in the Franchise Disclosure Document- including Item 19 or write "None."

_____
_____
_____

4. Describe any statement, promise or assurance made by us or our Representatives concerning the likelihood of success that you should or might expect to achieve from developing and operating a Painter1™ franchise or write "None":

_____
_____
_____

5. Describe any statement, promise or assurance concerning the advertising, marketing, training, support services or assistance that we will furnish you that is contrary to, or different from, the information contained in the Franchise Disclosure Document. If you believe that one of these statements, promises or assurances has been made, please describe the statement or promise in the space provided below or write "None".

_____
_____
_____

6. Describe any other statement, promise or assurance concerning any other matter related to a Painter1™ franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document. If you believe that one of these statements, promises or assurances has been made, please describe the statement, promise or assurance in the space provided below or write "None".

_____
_____
_____

II. YOUR PARTICIPATION

A. You will personally participate in the management of the Painter1™ Franchise as set forth in the Franchise Agreement. You will faithfully and fully perform all duties required of you under the Franchise Agreement.

B. Your purchase of the Franchise is for your own account and is not made with a view to or for resale.

ACKNOWLEDGEMENT

1. **Did we or our Representatives advise you to fill in and complete this form except as based upon your personal knowledge and experience? If not, please describe what you were instructed or write "None":**

_____
_____
_____

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.

PROSPECTIVE FRANCHISEE: (Individual)

_____

Name

_____

Signature

Date:_____

PROSPECTIVE FRANCHISEE:

(Corporation, Partnership or Limited Liability Company)

a/an _____ corporation

a/an _____ partnership

a/an _____ limited liability company

_____

By: _____

Its: _____

Date:_____

("we/us"): **STRATIFY, LLC**

By: _____
Print Name: _____
Title: _____

Franchise Disclosure Document Exhibit J

Hoosier Admin Services Agreement

REMOTE CSR SERVICE AGREEMENT

THIS GENERAL SERVICE AGREEMENT (the "Agreement") dated this

_____

BETWEEN:

_____

(the "Client")

- AND -

Hoosier Admin
(the "Contractor").

BACKGROUND:

A. The Client thinks that the Contractor has the necessary qualifications, experience, and abilities to provide services to the Client.

B. The Contractor is agreeable to providing such services to the Client on the terms and conditions set out in this Agreement.

IN CONSIDERATION OF the matters described above and of the mutual benefits and obligations outlined in this Agreement, the receipt and sufficiency of which consideration is hereby acknowledged, the Client and the Contractor (individually the "Party" and collectively the "Parties" to this Agreement) agree as follows:

Services Provided

1. The Client hereby agrees to engage the Contractor to provide the Client with services (the "Services") consisting of:

- Manage all incoming CT leads
- Create, Maintain, and Manage all Lead Source Connection Plans
- Contact and work the Connection Plan with all leads to set an appointment for an estimate
- Work with Owner's/Manager's calendar to set up future appointments
- Work the follow-up plan for all Pending Estimates
- Create, Maintain, and Manage all Pending Conversion Plans
- Facilitate the booking of projects
- Assist with requesting reviews from Good Retention Clients as needed when directed by Owner/Manager
- Work with the location's job calendar and assist with the scheduling of the projects

- Meet bi-weekly with Owner/Manager to review location performance
- Training Bryce Peddicord to “Client Tether Best Practices” (See Training Addendum)
- Ancillary Responsibilities
    - Assist in the maintenance of Lead Sources
    - Submit for refunds of bad leads if necessary
    - Forward current client calls to Owner/Manager
    - Assist in communicating the need for quote changes to the Estimator and/or Project Manager.

2. The Services will also include any other tasks which the Parties may agree on. The Contractor hereby agrees to provide such Services to the Client.

Term of Agreement

3. The term of this Agreement (the "Term") will begin on the date of this Agreement and will remain in full force for a period of 12 consecutive months. The Term and all Conditions of this Agreement will automatically extend on an annual basis unless terminated in writing by either party at the end of the then-current term.

Termination Clause

4. The client agrees **NOT** to terminate this agreement before the expiration of the current term. If the client terminates the agreement before the end of the term, **ALL** of the remaining monthly payments for the duration of the agreement shall be accelerated and deemed due upon termination.

CLIENT MUST INITIAL ACCEPTANCE

_____

5. The accelerated payment amount shall be calculated by multiplying the number of remaining months in the agreement by the average monthly payment amount of the previous months.

6. The client agrees and hereby approves the entire remaining balance to be automatically deducted without notice from their account via the then-current payment method and holds harmless Hoosier Admin and its employees and shareholders for any damages resulting from the auto payment.

7. Failure to make the accelerated payment within the specified timeframe shall entitle the party not in breach to seek legal remedies, including but not limited to, recovering the accelerated payment amount, as well as any additional costs incurred including all attorney and court fees.

8. This termination clause shall survive the termination or expiration of this agreement and remain binding upon the client.

9. In the event of Non-Payment, NSF, or Declined Credit Card Transaction the services will immediately cease and the Termination Clause (5) shall be enforced.

Performance

10. The Parties agree to do everything necessary to ensure that the terms of this Agreement take effect.

Currency

11. Except as otherwise provided in this Agreement, all monetary amounts referred to in this Agreement are in US Dollars.

Compensation

12. For the services rendered by the Contractor as required by this Agreement, the Client will provide minimum compensation (the "Compensation") to the Contractor which will be determined by the attached Fee Schedule, based on the previous month's total leads as calculated in the location's CRM (Client Tether), which will be calculated on the first of the following month and due and payable and automatically charged on the 1st of that month for the duration of the contract.

13. The Compensation will be payable at the beginning of the next month and may be split into two payments. The fee is due and payable on the 1st day of every month according to the attached Fee Addendum, while this Agreement is in force.

14. The Compensation as stated in this Agreement does not include sales tax, or other applicable duties as may be required by law. Any sales tax and duties required by law will be charged to the Client in addition to the Compensation.

Confidentiality

15. Confidential information (the "Confidential Information") refers to any data or information relating to the business of the Client which would reasonably be considered to be proprietary to the Client including, but not limited to, accounting records, business processes, and client

records and that is not generally known in the industry of the Client and where the release of that Confidential Information could reasonably be expected to cause harm to the Client.

16. The Contractor agrees that it will not disclose, divulge, reveal, report or use, for any purpose, any Confidential Information which the Contractor has obtained, except as authorized by the Client. This obligation will end on the expiration or termination of this Agreement.

17. All written and oral information and materials disclosed or provided by the Client to the Contractor under this Agreement is Confidential Information regardless of whether it was provided before or after the date of this Agreement or how it was provided to the Contractor.

Ownership of Materials and Intellectual Property

18. All intellectual property and related materials (the "Intellectual Property") including any related work in progress that is developed or produced under this Agreement, will be the property of the Contractor. The Client is granted a non-exclusive limited-use license of this Intellectual Property.

19. Title, copyright, intellectual property rights and distribution rights of the Intellectual Property remain exclusively with the Contractor.

Return of Property

20. Upon the expiry or termination of this Agreement, the Contractor will return to the Client any property, documentation, records, or Confidential Information that is the property of the Client.

Capacity/Independent Contractor

21. In providing the Services under this Agreement it is expressly agreed that the Contractor is acting as an independent contractor and not as an employee. The Contractor and the Client acknowledge that this Agreement does not create a partnership or joint venture between them, and is exclusively a service contract.

Notice

22. All notices, requests, demands, or other communications required or permitted by the terms of this Agreement will be given in writing and delivered to the Parties of this Agreement as follows:

a. _____

b. Hoosier Admin

23. The Parties herewith explicitly agree and affirm their understanding that, due to the time and money expended by The Contractor, to recruit, hire, train, develop, and maintain its employees, the Client shall under no circumstance solicit to hire current or past employees of Sirrah Multifamily Service to provide services to the client either volunteer or compensation for a period of (2) two years after this agreement has ended. Any communication by the Client with The Contractor employees pursuant to directions from The Contractor shall be strictly limited to the scope and purpose of this agreement. The Parties agree that any violation of this paragraph shall be grounds for immediate termination of the contract. Also, because Parties agree that the damages the non-breaching party will sustain if the other party violates the agreements contained in this paragraph are difficult to calculate, Parties agree that the non-breaching party shall have the right to liquidated damages in the amount of $10,000.00 for each time the other party engaged in communications in violation of this paragraph, plus the costs of enforcing this Agreement including court costs and attorney's fees, said amount being an amount Parties agree to be the best approximation of the damages the non-breaching party will sustain as a breach of this paragraph by the other party. Further, Service Provider agrees that it will not compete with The Contractor, by rendering Provider Services that are the subject of this Agreement for any of Painter1 Franchise for a period of two (2) two years after the termination, for any reason whatsoever, of Service Provider's engagement under this Agreement. In the event of Client's violation of this paragraph, The Contractor shall be entitled to terminate this Agreement, to both temporary and permanent injunctions and, at The Contractor's option, because Parties agree that the damages The Contractor will sustain as a breach of this paragraph by Service Provider.

Indemnification

24. Except to the extent paid in settlement from any applicable insurance policies, and to the extent permitted by applicable law, each Party agrees to indemnify and hold

harmless the other Party, and its respective affiliates, officers, agents, employees, and permitted successors and assigns against any and all claims, losses, damages, liabilities, penalties, punitive damages, expenses, reasonable legal fees and costs of any kind or amount whatsoever, which result from or arise out of any act or omission of the indemnifying party, its respective affiliates, officers, agents, employees, and permitted successors and assigns that occurs in connection with this Agreement. This indemnification will survive the termination of this Agreement.

Legal Expenses

25. In the event that legal action is brought to enforce or interpret any term of this Agreement, the prevailing Party will be entitled to recover, in addition to any other damages or award, all reasonable legal costs and fees associated with the action.

Modification of Agreement

26. Any amendment or modification of this Agreement or additional obligation assumed by either Party in connection with this Agreement will only be binding if evidenced in writing signed by each Party or an authorized representative of each Party.

Time of the Essence

27. Time is of the essence in this Agreement. No extension or variation of this Agreement will operate as a waiver of this provision.

Assignment

28. The Contractor will not voluntarily, or by operation of law, assign or otherwise transfer its obligations under this Agreement without the prior written consent of the Client.

Entire Agreement

29. It is agreed that there is no representation, warranty, collateral agreement or condition affecting this Agreement except as expressly provided in this Agreement.

Inurement

30. This Agreement will inure to the benefit of and be binding on the Parties and their respective heirs, executors, administrators, successors and permitted assigns.

Titles/Headings

31. Headings are inserted for the convenience of the Parties only and are not to be considered when interpreting this Agreement.

Governing Law

32. It is the intention of the Parties to this Agreement that this Agreement and the performance under this Agreement, and all suits and special proceedings under this Agreement, be construed in accordance with and governed, to the exclusion of the law of any other forum, by the laws of Indiana, without regard to the jurisdiction in which any action or special proceeding may be instituted.

Severability

33. In the event that any of the provisions of this Agreement are held to be invalid or unenforceable in whole or in part, all other provisions will nevertheless continue to be valid and enforceable with the invalid or unenforceable parts severed from the remainder of this Agreement.

Waiver

34. The waiver by either Party of a breach, default, delay, or omission of any of the provisions of this Agreement by the other Party will not be construed as a waiver of any subsequent breach of the same or other provisions.

IN WITNESS WHEREOF the Parties have duly affixed their signatures under hand and seal on this _____**.**

_____

Per:_____

(Seal)

Hoosier Admin

Per:_____

(Seal)

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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
Illinois	
Indiana	May 1, 2026
Maryland	
Michigan	May 6, 2026
Minnesota	
North Dakota	
South Dakota	April 29, 2026
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.

Exhibit K
RECEIPT

This franchise disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If **Stratify, LLC** offers you a franchise, it must provide this franchise disclosure document to you by 14 calendar days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale (10 business days if you are in Michigan, New York).

New York requires you to receive this 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 **Stratify, LLC** does not deliver this franchise disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and State law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed in Exhibit F.

The name, principal business address, and telephone number of each franchise seller offering the franchise are:

Conrad Kolba, Jason Leber, 105 N Main St., Spanish Fork, UT 84660, (801)919-8522
Other:

Our authorized agents for service of process are identified on Exhibit F to this Franchise Disclosure Document.

Date of Issuance: April 24, 2026, as amended August 21, 2026

I have received a disclosure document dated as indicated above that included the following Exhibits:

A. Financial Statements
B. Standard Franchise Agreement
C. Conditional Assignment of Phone Number
D. EFT Authorization
E. SBA Addendum
F. State Specific Addenda
G. List of State Agents for Service of Process and State Administrators
H. List of Current and Former Franchisees
I. Confirmation of Additional Terms and Representations Addendum
J. Hoosier Admin Services Agreement
K. Receipt

DATED this _____.

Signatures of All Prospective Franchisees:

Individuals: _____ _____

_____ _____

Name of Corporation/LLC/Partnership: _____

By: _____ Title: _____

KEEP THIS COPY FOR YOUR RECORDS.

Exhibit K
RECEIPT

This franchise disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If **Stratify, LLC** offers you a franchise, it must provide this franchise disclosure document to you by 14 calendar days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale (10 business days if you are in Michigan, New York).

New York requires you to receive this 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 **Stratify, LLC** does not deliver this franchise disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and State law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed in Exhibit F.

The name, principal business address, and telephone number of each franchise seller offering the franchise are:

Conrad Kolba, Jason Leber, 105 N Main St., Spanish Fork, UT 84660, (801)919-8522
Other:

Our authorized agents for service of process are identified on Exhibit F to this Franchise Disclosure Document.

Date of Issuance: April 24, 2026, as amended August 21, 2026

I have received a disclosure document dated as indicated above that included the following Exhibits:

A.	Financial Statements
B.	Standard Franchise Agreement
C.	Conditional Assignment of Phone Number
D.	EFT Authorization
E.	SBA Addendum
F.	State Specific Addenda
G.	List of State Agents for Service of Process and State Administrators
H.	List of Current and Former Franchisees
I.	Confirmation of Additional Terms and Representations Addendum
J.	Hoosier Admin Services Agreement
K.	Receipt

DATED this _____.

Signatures of All Prospective Franchisees:

Individuals: _____ _____

_____ _____

Name of Corporation/LLC/Partnership: _____

By: _____ Title: _____

PLEASE SIGN THIS COPY OF THE RECEIPT, DATE YOUR SIGNATURE, AND RETURN IT TO STRATIFY, LLC BY EMAIL ATTACHMENT TO INFO@PAINTER1.COM OR BY MAIL TO: 105 N Main St., Spanish Fork, UT 84660, (801)919-8522