

**FRANCHISE DISCLOSURE DOCUMENT  
SOUTHWEST GREENS INTERNATIONAL, LLC**

A Georgia limited liability company

185 S. Industrial Blvd.

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The franchise offered by Southwest Greens International, LLC ("SWG") is a retail business that designs, sells, installs and maintains artificial turf surfaces for such uses as (by way of example and not limitation) putting greens, tee lines, golf practice facilities, golf driving ranges, lawn turf and other sports and non-sports surfaces and modular tile flooring for such uses as (by way of example and not limitation) tennis, basketball and volleyball courts, roller hockey arenas and gymnasiums.

The total investment necessary to begin operation of a Southwest Greens business ranges from \$83,000 to \$341,500. This includes \$11,000 to \$55,000 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosure in different formats, contact Robert Hambrick at SWGI, 185 S. Industrial Blvd., Mail Drop 0DY-01, Calhoun, Georgia 30701 (877) 260-7888; [bob.hambrick@shawswg.com](mailto:bob.hambrick@shawswg.com).

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 (the "FTC"). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

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## How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

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

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

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

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

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

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

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

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

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

## **Some States Require Registration**

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

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

## Special Risks to Consider About *This* Franchise

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

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 Georgia. 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 Georgia than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement, even if your spouse has no ownership interest in the franchise. This Guarantee will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.
3. **Mandatory Minimum Payments.** You must make mandatory minimum royalty payments regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.
4. **Supplier Control.** You must purchase all or nearly all of the inventory & supplies necessary to operate your business from Franchisor, its affiliates or from suppliers that Franchisor designates at prices that the Franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.

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

**THE 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 franchisees.

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

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

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

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

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

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

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

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

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

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

(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 ENDORSEMENT BY THE ATTORNEY GENERAL.**

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## **ITEM 1**

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

Southwest Greens International, LLC, a Georgia limited liability company, is in the business of granting franchises to operate retail businesses that design, sell, install and maintain artificial turf surfaces for such uses as (by way of example and not limitation) putting greens, tee lines, golf practice facilities, golf driving ranges, lawn turf and other sports and non-sports surfaces and modular tile flooring for such uses as (by way of example and not limitation) tennis, basketball and volleyball courts, roller hockey arenas and gymnasiums under the Southwest Greens® service marks (a “Southwest Greens Business” or the “Franchised Business”).

To simplify the language in this Franchise Disclosure Document, Southwest Greens International, LLC is referred to as “SWGI,” “we,” “us” or “our” and “you,” “your” or “the Franchisee” means the individual, corporation, limited liability company, partnership or other entity that buys the franchise.

We have written this Disclosure Document in “plain English” in order to comply with legal requirements. Any differences between the language in this Disclosure Document describing the terms, conditions or obligations under the Franchise Agreement or any other agreement and the actual agreement is not intended to alter in any way your or our rights or obligations under the particular agreement.

As a franchisee, you will operate a Southwest Greens Business under the Trademarks (as defined below) within your Territory (as defined below). There are certain limitations on your ability to resell artificial turf. See Item 16.

The market for the products and services offered by Southwest Greens Businesses is comprised of medium-to-high end homeowners, businesses, hotels, resorts, condominium projects, schools and colleges. The market is generally a developing market. Sales and installations are seasonal: they are significantly greater during the warmer months of the year. In addition, geographic areas that experience shorter colder seasons generally experience more business than geographic areas with longer colder seasons.

Your competitors will be other artificial turf and/or modular tile flooring installation companies and, to a lesser extent, landscaping companies. We believe that we are competitive in the marketplace because of our in-depth product knowledge, design and installation experience, our superior product quality and design and installation expertise, our experienced staff and our dedication to customer service.

You may be required to obtain a general contractors or other license in connection with the conduct of your Southwest Greens Business. In addition, you must comply with any laws or regulations applicable to the design, sale, installation and/or maintenance of artificial turf and/or modular tile flooring surfaces in your state or locality, as well as other applicable laws. We suggest that you consult your attorney with respect to whether your state or locality has any licensing requirements or other laws or regulations applicable to your Southwest Greens Business.

SWGI began offering franchises for Southwest Greens Businesses in March 2008. SWGI does not operate businesses similar to the Franchised Business. However, SWGI designs, sells, installs and maintains artificial turf and modular tile flooring in areas in which its franchisees are not located, for Corporate Accounts (as defined below) and, if franchisees request, for franchisees’ clients in their territories. In addition, although SWGI does not presently do so, SWGI

may, in its discretion, perform large-scale projects that franchisees typically cannot perform or are beyond the scope of their typical work. SWGI does not engage in any other business activities. SWGI has not offered franchises in any other line of business. The only name under which SWGI does, or intends to do, business is "Southwest Greens International, LLC." SWGI's website is located at [www.southwestgreens.com](http://www.southwestgreens.com). The principal business address of SWGI is 185 S. Industrial Blvd., Mail Drop ODY-01, Calhoun, Georgia 30701. SWGI's agents for service of process, and their addresses, are identified in Exhibit A.

Our immediate parent is Shaw Contract Flooring Services, Inc. ("SCFS"). The principal business address of SCFS is 616 E. Walnut Avenue, Dalton, Georgia 30722-2128. SCFS's parent is Shaw Industries Group, Inc. ("SIG") and its principal business address is 616 E. Walnut Avenue, Dalton, Georgia, 30722-2128. SIG's parent is Berkshire Hathaway, Inc. and its principal business address is 3555 Farnam Street, Suite 1440, Omaha, Nebraska 68131. Shaw Industries, Inc. ("SII"), Shaw Transport, Inc. ("Transport"), and Shaw Diversified Services, Inc. ("SDS") are affiliates of SWGI and SII may sell certain turf and other products and services to you. The principal business address of SII, Transport and SDS is the same as SIG. SIG and SDS manufacture certain turf products that are sold to SII that you are required to offer and sell. None of our parents or affiliates conduct the type of business you will operate or offer franchises in any line of business.

SWGI's predecessor is Westco, Incorporated (formerly known as Southwest Putting Green Technologies, Inc.) ("SPGT"). The principal business address of SPGT is 9715 E. Cochise Drive, Scottsdale, Arizona 85258. To our knowledge, SPGT conducted a business similar to the Franchised Business between 1998 and 2008 and offered franchises for Southwest Greens Businesses between December 2001 and February 2008. To our knowledge, SPGT has not offered franchises in any other line of business.

Except as described in this Item, SWGI does not have any affiliates that offer franchises in any line of business or provide products or services to SWGI's franchisees.

## **ITEM 2 BUSINESS EXPERIENCE**

### **James Lester Kirkpatrick, Vice President**

James Kirkpatrick has been the Vice President of SWGI since April 1, 2014. Prior to that, from January 2011 to March 2014, he was the Assistant Controller for our Parent, Shaw Industries Group, a manufacturing company in Dalton, Georgia.

### **Robert J. Hambrick, Operations Manager**

Robert J. Hambrick has been our Operations Manager since April, 2019. Prior to that, he held various positions with us including Marketing Specialist, Executive Assistant and Territory Manager between June 2007 and April, 2019 in Calhoun, Georgia.

### **Frederick L. Hooper, III, Manager and Assistant Secretary**

Frederick L. Hooper has been our Manager and Assistant Secretary since June 2011. Mr. Hooper has also been the Chief Legal & Advocacy Officer and Assistant Secretary of SCFS and SIG

since 1993. Mr. Hooper has also served as Director of Zickgraf Hardwood Flooring Company, LLC in Franklin, North Carolina, since July, 2008.

Garren Palmer, Director

Garren Palmer has been our director since April, 2019. Prior to that Mr. Palmer held various positions with Shaw Industries Group from January, 2015 to June, 2018 (Operations Management Trainee from January, 2015 to June, 2015; Process Engineer from June, 2015 to January, 2017; Assistant Manager from January, 2017 to May, 2017; and Finishing Manager from May, 2017 to June, 2018). From June, 2018 until April, 2019, he was our Business Development Manager.

Courtney Brock, Vice President

Courtney Brock has been our Vice President since April 30, 2023. Prior to that, from 2017 until April 2023, Ms. Brock was the Director of Tax for SIG.

**ITEM 3  
LITIGATION**

*In the Matter of Southwest Putting Green Technologies, Inc.* (FR2403050/DPK). In an administrative matter before the Department of Commerce of the State of Minnesota, the State of Minnesota claimed that SPGT sold franchises prior to registration with the Department of Commerce. On May 6, 2004, SPGT entered into a Consent Cease and Desist Order with the Commissioner of Commerce for the State of Minnesota. The terms and conditions of the Consent Cease and Desist Order required SPGT to pay a civil penalty of \$1,500 related to an allegation that it sold unregistered, non-exempt franchises in Minnesota.

Other than this action, no litigation is required to be disclosed in this Item.

**ITEM 4  
BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**ITEM 5  
INITIAL FEES**

The initial franchise fee payable to SWGI for your Southwest Greens Business will range from \$10,000 to \$50,000, depending upon the population and the average daily temperature within your Territory, and will be determined as follows:

Population*	Climate**	Franchise Fee
Less than 1 million	Cold	\$10,000
	Moderate	\$15,000
	Warm	\$20,000
At least 1 million, but less than 2 million	Cold	\$15,000
	Moderate	\$20,000
	Warm	\$25,000
At least 2 million, but less than 3 million	Cold	\$20,000
	Moderate	\$25,000

<b>Population*</b>	<b>Climate**</b>	<b>Franchise Fee</b>
	Warm	\$30,000
At least 3 million, but less than 4 million	Cold	\$25,000
	Moderate	\$30,000
	Warm	\$35,000
At least 4 million, but less than 5 million	Cold	\$30,000
	Moderate	\$35,000
	Warm	\$40,000
At least 5 million, but less than 6 million	Cold	\$35,000
	Moderate	\$40,000
	Warm	\$45,000
6 million or more	Cold	\$40,000
	Moderate	\$45,000
	Warm	\$50,000

\* Based upon the United States Census 2015 published by the U.S. Census Bureau, or such other resource as SWGI may determine.

\*\* Based upon The Weather Channel®, or such other resource as SWGI may determine. Cold climates have an average daily temperature of 50 degrees or less for four or more months per year; moderate climates have an average daily temperature of 50 degrees or less for two or three months per year; warm climates have an average daily temperature of 50 degrees or less for one month or less per year.

The initial franchise fee is payable by electronic funds transfer and is due in full upon your signing the Franchise Agreement. The initial franchise fee is not a deposit and is not refundable under any circumstances. The initial franchise fee will be used for SWGI's general purposes. Except as described above, the initial franchise fee is uniform for franchises currently being offered in this state.

You must also spend between \$1,000 - \$2,000 per year on Advertising starting 60 days after the effective date of Franchise Agreement. Advertising payments are not refundable under any circumstances.

You may also be required to pay us affiliate from \$0.000 to \$3,000 as a Special Marketing Program Payment. Special Marketing Payments are used for strategic relationships with golf companies for the development of marketing programs with a national or international scope.

**ITEM 6  
OTHER FEES**

<b>Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Turf Royalties <sup>1</sup>	\$.50 per square foot of artificial turf shipped (whether or not installed, without set-off for waste or cut-off turf)	Presently, payable to artificial turf supplier (which may include our affiliates) upon purchase	Subject to Minimum Royalty Amount
Modular Tile Flooring Royalties <sup>1</sup>	\$.25 per square foot of modular tile flooring shipped (whether or not installed, without set-off for waste or cut-off flooring)	Payable to modular tile flooring supplier (which may include our affiliates) upon purchase	
Resale Line Turf Royalties <sup>1</sup>	\$.15 per square foot of Resale Line Turf shipped (without set-off for waste or cut-off turf); for purchases in excess of 75,000 square feet per calendar year, \$.08 per square foot; however, if you design, install or maintain Resale Line Turf, the royalty rate will be \$.50 per square foot	Payable to artificial turf supplier (which may include our affiliates) upon purchase	Resale Line Turf will only be available to you if you entered into the Resale Line Turf Agreement. See Item 16
Advertising Payments <sup>2</sup>	\$1,000 - \$2,000 per year based on population	30 days after beginning of each Contract Year; first year payable 60 days after effective date of Franchise Agreement	Population is based upon the United States Census 2015 published by the U.S. Census Bureau, or such other resource as SWGI may determine.  If the population within your Territory increases, your advertising payments may be increased to the next level.

<b>Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Special Marketing Program Payments	To be determined by SWGI, but not to exceed \$3,000 per year	Within 15 days of invoice	To be used for things such as strategic relationships with golf companies for the development of marketing programs with a national or international scope
Fees for Nicklaus Design Customized Designs <sup>3</sup>	Will vary and will depend upon, among other things, the time required to design the custom design (which will vary based upon the size of the area to be custom designed and the complexity of the custom design)	Within 10 days of invoice	Only payable if you desire to advertise, promote, sell, design, install and/or maintain the Nicklaus Design Product Line and you request that we or Nicklaus Designs design custom design putting greens exceeding 5,000 square feet for you
Transfer by Franchisee	\$5,000	Upon request for transfer	You must pay a transfer fee if you wish to transfer your franchise agreement.
Additional Training Program	\$2,500* per person per Training Program (or part), plus attendees' expenses**	Prior to attending training	Payable only if you desire more than three people to attend the Training Program
On-site Training	To be determined by SWGI (presently \$275/day), plus SWGI's expenses**	Prior to on-site training	Payable only if this training is provided at your request
Additional Training, Retraining & Refresher Training	To be determined by SWGI (presently \$250-\$500/day), plus attendees' expenses**	Prior to attending training	Payable only if this training is provided and you are required to attend or voluntarily attend
Telephone Consultation	\$50* per hour	Within 15 days of invoice	Payable only to the extent that telephone consultation exceeds 10 hours per calendar month
On-site Consultation	To be determined by SWGI (presently \$500/person/day), plus SWGI's expenses**	Within 15 days of invoice	May be provided at your request
Periodic and Other Meetings and Conference Calls	To be determined by SWGI, plus attendees' expenses**	Prior to attending meetings or conference calls	If those meetings or calls are held and you are required to attend or voluntarily attend
Late Charge	\$100 or 5% of the unpaid or delinquent	Immediately	Payable with respect to all amounts that have not been paid when due

<b>Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
	amount, whichever is greater		
Interest	The lesser of 18% per annum or the maximum allowed by law	Immediately	Payable with respect to all amounts that have not been paid when due
Inspection of Business Premises / Installation	Costs and expenses of the inspection of Franchisee's business premises and/or product installation	Promptly after the inspection	Payable only if the inspection reveals a breach of the Franchise Agreement
Audit	Costs and expenses of the audit plus 18% per annum interest on the underpayment	Promptly after the audit	Payable only if the audit reveals an underpayment
Attorneys' Fees and Costs	Actual costs	As incurred	
SWG's expenses in connection with examination and/or testing	Reasonable costs	As incurred	Payable if you request us to add a vendor, supplier or contractor to our list of approved or designated vendors, suppliers and contractors
SWG's expenses in connection with correcting, replacing the materials and/or reinstalling any project that you do not correct, replace and/or reinstall	Actual costs	As incurred	Payable if you fail or refuse to correct, replace the materials and/or reinstall any project within the time period designated by SWG (or if a customer refuses to permit you to do so)
Fee for SWG's operation of your Southwest Greens Business	Actual costs	As incurred	Payable if you abandon or otherwise fail to operate your Southwest Greens Business properly, in SWG's discretion

<b>Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Taxes and Exchange, Transfer and Collection Charges	Actual Costs	Within 15 days of invoice	Sales, use, gross receipts, exchange, transfer and collection charges and similar taxes; exchange, transfer and collection charges assessed against, or payable by, SWGI and calculated on the initial franchise fee, Royalties, Modular Tile Flooring Royalties, Resale Line Turf Royalties, advertising payments, special marketing program payments and other payments required to be paid pursuant to the Franchise Agreement (other than income taxes)
Indemnification	Reasonable costs	As incurred	For damages suffered or incurred by SWGI as a result of your acts or omissions
Liquidated Damages	Reasonable costs	Within 5 days of notice	Payable if you hire or engage a prohibited person, solicit a prohibited client or breach the restrictive covenant (See Sections 14, 15 and 16 of the Franchise Agreement)
Currency	Costs of conversion to U.S. dollars	As incurred	

\* May be increased by SWGI from time-to-time

\*\* Expenses include such things as visas, travel, lodging and meal expenditures

Except as set forth in the above table, all fees in the above table are payable to SWGI and except as individually negotiated between SWGI and a franchisee, all fees described in this Item 6 are imposed on a uniform basis in this state. All fees in the above table, other than the transfer fee, are not refundable. If the proposed transferee is disapproved by SWGI, 50% of the transfer fee, less all out-of-pocket expenses incurred by SWGI relating to the proposed transfer, will be refunded to you. All fees in the above table, other than Advertising Payments and Special Marketing Program Payments, are presently uniformly imposed in this state. Franchisees who signed earlier franchise and related agreements may not be required to make Advertising Payments and/or Special Marketing Program Payments, or their Advertising Payments and/or Special Marketing Program Payments may be lower than those contained in the Franchise Agreement.

If you are a married individual, your spouse must sign the Spousal Consent to the Franchise Agreement.



## Footnotes

<sup>1</sup> With limited exceptions, the artificial turf that you will design, sell, install and maintain will be subject to Turf Royalties. However, we have designated certain lines of artificial turf (the “Resale Line Turf”) that you may only sell (generally intended for resellers or do-it-yourselfers), but may not design, install or maintain, if you entered into the Resale Line Turf Agreement. You may not sell Resale Line Turf to any person located outside of your Territory (including a client of SWGI or any of its other franchisees, licensees or dealers) or for installation by any individual or entity outside of your Territory, other than into areas in which neither we nor our franchisees operate and we approve your sale into those areas. You will pay Resale Line Turf Royalties (not Turf Royalties) with respect to Resale Line Turf that you purchase.

If the Turf Royalties paid during any Contract Year are less than the Minimum Royalty Amount with respect to that Contract Year, you must pay to SWGI additional royalties in an amount equal to the amount by which the Minimum Royalty Amount exceeds the Turf Royalties (“Additional Royalties”). (Turf Royalties and Additional Royalties are referred to together as “Royalties.”) In addition, if the Turf Royalties paid by you during any Contract Year are less than the Minimum Royalty Amount with respect to that Contract Year (regardless of whether Additional Royalties have been paid) or if more than 50% of the Turf Royalties paid by you during any Contract Year are paid during the last month of the Contract Year, we can terminate the Franchise Agreement. Resale Line Turf Royalties and Modular Tile Flooring Royalties will not be counted in calculating Turf Royalties, Additional Royalties or Royalties.

Population in Your Territory*	Climate in Your Territory**	Minimum Royalty Amount				
		Year 1	Year 2	Year 3	Year 4	Year 5
Less than 1 million	Cold	\$6,000	\$6,600	\$7,590	\$8,728	\$10,474
	Moderate	\$6,500	\$7,150	\$8,222	\$9,455	\$11,347
	Warm	\$7,000	\$7,700	\$8,855	\$10,183	\$12,220
At least 1 million, but less than 2 million	Cold	\$7,500	\$8,250	\$9,488	\$10,911	\$13,093
	Moderate	\$8,000	\$8,800	\$10,120	\$11,638	\$13,966
	Warm	\$8,500	\$9,350	\$10,752	\$12,365	\$14,838
At least 2 million, but less than 3 million	Cold	\$9,000	\$9,900	\$11,385	\$13,093	\$15,711
	Moderate	\$9,500	\$10,450	\$12,018	\$13,820	\$16,584
	Warm	\$10,000	\$11,000	\$12,650	\$14,548	\$17,457
At least 3 million, but less than 4 million	Cold	\$10,500	\$11,550	\$13,282	\$15,275	\$18,330
	Moderate	\$11,000	\$12,100	\$13,915	\$16,002	\$19,202
	Warm	\$11,500	\$12,650	\$14,548	\$16,730	\$20,076
At least 4 million, but less than 5 million	Cold	\$12,000	\$13,200	\$15,180	\$17,457	\$20,948
	Moderate	\$12,500	\$13,750	\$15,813	\$18,184	\$21,821
	Warm	\$13,000	\$14,300	\$16,445	\$18,912	\$22,694
At least 5 million, but less than 6 million	Cold	\$13,500	\$14,850	\$17,077	\$19,639	\$23,567
	Moderate	\$14,000	\$15,400	\$17,710	\$20,366	\$24,439
	Warm	\$14,500	\$15,950	\$18,342	\$21,094	\$25,313
6 million or more	Cold	\$15,000	\$16,500	\$18,975	\$21,821	\$26,186
	Moderate	\$15,500	\$17,050	\$19,607	\$22,548	\$27,058
	Warm	\$16,000	\$17,600	\$20,240	\$23,276	\$27,931

Nothing in this chart is intended to be or is a statement of possible sales. This chart represents solely the minimum royalty due to us.

\* Based upon the United States Census 2015 published by the U.S. Census Bureau, or such other resource as SWGI may determine.

\*\* Based upon The Weather Channel®, or such other resource as SWGI may determine. Cold climates have an average daily temperature of 50 degrees or less for four or more months per year; moderate climates have an average daily temperature of 50 degrees or less for two or three months per year; warm climates have an average daily temperature of 50 degrees or less for one month or less per year.

The term “Contract Year” means the period beginning on January 1<sup>st</sup> and ending on December 31<sup>st</sup>. If your Franchise Agreement does not begin on January 1<sup>st</sup>, your first and last Contract Years will be prorated, and the interim Contract Years will be adjusted, based upon the above formula.

Turf Royalties, Modular Tile Flooring Royalties and Resale Line Turf Royalties will be collected by the vendors on SWGI’s approved list simultaneously with the payment for the artificial turf or modular tile flooring shipped, and paid by the vendors to SWGI. If you pay any royalties to SWGI’s vendors, but the vendors do not forward those amounts to SWGI, you will not be responsible or liable to SWGI for the amount so paid to the vendors. SWGI may, in its discretion, collect royalties directly from you or in any other manner that SWGI may, in its discretion, determine. Additional Royalties will be calculated on an annual basis and paid to SWGI within 30 days after the end of each Contract Year.

<sup>2</sup> Advertising payments will be calculated as follows:

<b>Population within Your Territory*</b>	<b>Annual Advertising Payment</b>
Less than 2 million	\$1,000
2 million or more, but less than 4 million	\$1,500
4 million or more	\$2,000

\* Based upon the United States Census 2015 published by the U.S. Census Bureau, or such other resource as SWGI may determine. If the population within your Territory increases, your advertising payments may be increased to the next level.

If you request, we will provide you, at your expense, copies of promotional, marketing, advertising and related reference and assistance in generating those materials for use in your Territory.

If SWGI establishes cooperative advertising association, you must participate in the cooperative advertising association in your marketing area, as designated by SWGI. That cooperative advertising association may assess a fee, in an amount to be determined by the members of each cooperative advertising association, for administration or advertising. Owners of Southwest Greens Businesses, including us and our affiliates, within each marketing area will determine that amount of the fee and will otherwise administer the cooperative advertising association. We or our affiliates will contribute to the fund on the same basis as franchisees and will be entitled to one vote per Southwest Greens Business owned by us or our affiliates that is operational in a particular marketing area. We anticipate that we and our affiliates will not have controlling voting power of any cooperative advertising association. Alternatively, if we elect, we and/or our affiliates may participate in one or more of the cooperative advertising associations as a non-voting member. See Item 11.

<sup>3</sup> If you desire to advertise, promote, sell, design, install and/or maintain the Nicklaus Design line of artificial turf surfaces, and products and services in connection with the Nicklaus Design line of artificial turf surfaces (collectively, the “Nicklaus Design Product Line”) within your Territory, the Nicklaus Design Additional Terms, attached as Exhibit D to the Franchise Agreement, will apply. Note that our and your rights with respect to the Nicklaus Design Product Line may be discontinued by us or the owner or holder of the Nicklaus Design intellectual property at any time, provided however that termination by us or such holder of Nicklaus Design intellectual property shall not terminate the Franchise Agreement or otherwise affect Franchisee’s rights under Franchisee’s Franchise Agreement.

In addition,

1. All expenses (such as visas, travel, lodging and meal expenditures) in connection with your attendance at the Training Program and SWGI’s providing on-site consultation will be your responsibility.
2. The Franchise Agreement requires you to carry commercial general liability insurance with combined single limit of no less than \$2,000,000 (U.S.) per occurrence, \$2,000,000 (U.S.) in the aggregate, for injury to persons or property, \$2,000,000 (U.S.) for products completed operations in the aggregate, \$1,000,000 (U.S.) combined single limit automobile liability insurance, \$1,000,000 (U.S.) combined single limit excess umbrella policy and workers’ compensation insurance as required by your state law with employers liability limits of \$500,000 (U.S.), \$500 (U.S.) and \$500,000 (U.S.). SWGI may, in the exercise of its reasonable judgment, modify or increase your insurance requirements from time to time. See Item 7. (In addition, in connection with large commercial projects, your customer may require that you obtain a bond. The cost of the bond, estimated to be between \$500 and \$1,000 per project, would typically be built into the price for the project.)

We design, install, sell and maintain artificial turf and modular tile flooring in areas in which our franchisees are not located, for Corporate Accounts and, if you request, for your clients in your Territory. If you request us to provide those services to your customers, you will be required to pay us the fee designated by us for those services. In addition, although we do not presently do so, we may perform large-scale projects that franchisees typically cannot perform or are beyond the scope of their typical work.

## ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee <sup>1</sup>	\$10,000	\$50,000	Lump sum; electronic funds transfer	Upon signing Franchise Agreement	SWGI

YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Travel and Living Expenses While Training	\$800	\$2,000	As incurred	Before opening	Airlines, hotels, restaurants, etc.
Real Estate, Architectural, Leasehold Improvements, Signage, Utilities & Deposits <sup>2</sup>	\$0	\$57,000	Lump sum	Before opening & monthly	Landlord, architect, contractors, vendors, utility companies, etc.
Employee Compensation <sup>3</sup>	\$12,000	\$65,000	Lump sum	Weekly or semi-monthly	Employees
Inventory <sup>4</sup>	\$0	\$0	Lump sum	Before receipt (unless credit is extended to you)	Vendors & Suppliers (which may include us and or affiliates)
Truck and flat-bed or enclosed trailer <sup>5</sup>	\$31,000	\$56,000	Lump sum	Before opening	Vendors & suppliers
Tools and equipment <sup>6</sup>	\$10,000	\$30,000	Lump sum	Before opening	Vendors & suppliers
Insurance <sup>7</sup>	\$4,000	\$15,000	Lump sum; may be payable in installments	Before opening	Insurance carriers
Licenses and Permits	\$200	\$500	Lump sum	Before opening	Governmental entities
Telephone (including deposits)	\$1,000	\$3,000	Lump sum	Before opening and monthly	Telephone carrier
Advertising Payments <sup>8</sup>	\$1,000	\$2,000	Lump sum	60 days after effective date of Franchise Agreement	SWG1
Special Marketing Program Payments <sup>8</sup>	\$0	\$3,000	Lump sum	Within 15 days of invoice	SWG1
Miscellaneous <sup>9</sup>	\$3,000	\$8,000	As incurred	As incurred	Vendors, etc.
Additional Funds (3 months) <sup>10</sup>	\$10,000	\$50,000	As incurred	As incurred	Employees, suppliers, utilities, etc.
Total <sup>11</sup>	\$83,000	\$341,500			

The amounts of all of the non-fixed expenditures, other than the licenses and permits, will be determined when you contact and negotiate with the respective vendor, etc. The costs of permits and licenses will be determined by contacting the appropriate governmental entity.

None of these expenditures, other than the deposits and the insurance premiums, is refundable. The deposits will be refunded in accordance with the terms fixed by the party requiring them. The

insurance premiums may be refundable for future periods in accordance with the terms fixed by the insurance carriers. No part of your initial investment in the franchise will be financed by SWGI.

#### Footnotes

<sup>1</sup> The initial franchise fee payable to SWGI for your Southwest Greens Business will range from \$10,000 to \$50,000, depending upon the population and the average daily temperature within your Territory. See Item 5.

<sup>2</sup> You are not required to purchase or lease an office from which to operate your Southwest Greens Business. Several franchisees operate their Southwest Greens Businesses out of home offices and lease a storage space in which to keep equipment and inventory. If you do lease storage space or lease office space, the expenses associated with the leases will vary, depending upon size, location and various market factors in various locations. If you lease office space with a showroom, additional expenses may include rent, security and utility deposits, architectural and contractor fees, leasehold improvements, signage and utilities, which may total up to \$57,000 for the initial period. All of those expenses would be in addition to the total initial investment reflected in the above table.

<sup>3</sup> Employee salaries will vary depending upon the level of sales that you realize during the initial period and the role that you will play. These figures do not include any compensation payable to you.

<sup>4</sup> You are not required to maintain a stock of inventory of turf or related products and typically, franchisees do not obtain or maintain a stock of inventory. Depending upon the level of sales that you realize during the initial period, you must pay your vendors and suppliers for the artificial turf, modular tile flooring and related items that you purchase. Those payments will include Turf Royalties, Modular Tile Flooring Royalties and Resale Line Turf Royalties that will be paid by your vendors to SWGI. See Items 6 and 8.

<sup>5</sup> The low end of the range of initial investment assumes that the truck and the flat-bed or enclosed trailer that you purchase are used equipment and the high end of the range of initial investment assumes that the truck and the flat-bed or enclosed trailer that you purchase are new. If you lease or finance the truck and the flat-bed or enclosed trailer, your total payments will be higher, but your initial investment will be lower.

<sup>6</sup> The low end of the range of initial investment assumes that you purchase used tools and equipment and the high end of the range of initial investment assumes that you purchase new tools and equipment.

<sup>7</sup> The Franchise Agreement requires you to carry commercial general liability insurance with combined single limit of no less than \$2,000,000 (U.S.) per occurrence, \$2,000,000 (U.S.) in the aggregate, for injury to persons or property, \$2,000,000 (U.S.) for products completed operations in the aggregate, \$1,000,000 (U.S.) combined single limit automobile liability insurance, \$1,000,000 (U.S.) combined single limit excess umbrella policy and workers' compensation insurance as required by your state law with employers liability limits of \$500,000 (U.S.), \$500 (U.S.) and \$500,000 (U.S.). SWGI may, in the exercise of its reasonable judgment, modify or increase your insurance requirements from time to time. These insurance policies must name SWGI and its affiliates as additional insureds.

The insurance policies must insure you, SWGI and its affiliates against any liability that you may incur in connection with the operation of your Southwest Greens Business. The insurance must

be placed with an insurance carrier or carriers satisfactory to SWGI and may not be subject to cancellation or any material change except after 30 days' prior written notice to SWGI. The insurance policies must provide that your failure to comply with any term, condition or provision of the contract, and any other conduct by you, will not void or otherwise affect the protection afforded to SWGI or its affiliates under the policies. Certificates of insurance with respect to the insurance policies must be provided to SWGI for all insurance policies in effect during the term of the Franchise Agreement.

If you sustain a loss by reason of fire, flood or other casualty of a type typically covered by insurance, and that casualty is caused wholly or partially by SWGI's acts or omissions, you must look solely to the proceeds of your insurance policy for reimbursement of the loss, and neither you nor any insurance carrier may recover damages against SWGI by way of direct action, subrogation, assignment of claims or otherwise. A waiver of subrogation is required in connection with all casualty policies referenced above. All carriers must have an A.M. Best Rating of at least A-. You will waive all rights of recovery by you, any insurance carrier or other person, and must notify each insurance carrier of that waiver.

In addition, in connection with large commercial projects, your customer may require that you obtain a bond. The cost of the bond, estimated to be between \$500 and \$1,000 per project, would typically be built into the price for the project.

<sup>8</sup> In addition, you may be required to pay us special marketing program payments in an amount that we will determine, in our reasonable discretion; however, special marketing program payments will not exceed \$3,000 per year during the term of this Agreement. Special marketing program payments will be used by us, in our discretion, for special marketing programs (for example, strategic relationships with golf companies for the development of marketing programs with a national or international scope).

<sup>9</sup> Includes costs for legal fees, accounting fees, a computer, internet service provider, office furniture, office supplies, a copier and other miscellaneous equipment and supplies

<sup>10</sup> Includes costs for utilities, gasoline and other miscellaneous operating expenses. SWGI makes no representation or warranty regarding the period within which your business will break even and/or have positive cash flow, which may exceed three months. See Item 19.

<sup>11</sup> The estimated total does not include any compensation payable to you, inventory or real estate-related costs (rent, architectural fees, leasehold improvements, signage, utilities and deposits). In addition, the estimated total does not take into account your personal living expenses, any debt service needs, accounts receivable financing or other costs. All costs (other than Royalties, Modular Tile Flooring Royalties, Resale Line Turf Royalties and advertising payments) may be up to 50% higher in Alaska and Hawaii.

These figures are based upon SWGI's and its predecessor's franchisees' and licensees' experience in conducting Southwest Greens Businesses, as well as SWGI's predecessor's and its predecessor's affiliates' experience. You should review these figures carefully with a business advisor before making any decision to purchase a franchise.

Your actual costs will depend upon such factors as your approach to your Southwest Greens Business; how much you follow SWGI's methods and procedures, your management skill, experience and business acumen; whether you personally manage your Southwest Greens Business; the climate in which your Territory is located; the demographics of your Territory;

whether you operate from a business office; whether your business office includes a showroom; local economic conditions; the local market for SWGI's products and services; the prevailing wage rate in your Territory; competition and the sales levels reached during the initial period.

## **ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

In order to maintain the high standards of product and service quality and consistency associated with the Trademarks, and the uniformity of the franchise:

- You must purchase all artificial turf surfaces, padding and other turf-related products and all modular tile flooring sold or otherwise used by you in connection with your Southwest Greens Business from SWGI, its affiliates or designated vendors and suppliers on our list of approved vendors and suppliers (as it may exist from time-to-time). We may require you to purchase some or all of the products and services used in your business from us or our affiliates. We and our affiliates may be the sole supplier of goods and services. Presently, you must purchase all of your requirements for turf (and related products) from our affiliate (though we may require you to purchase turf from us, other affiliates or designated vendors and suppliers on our list of approved vendors and suppliers (as it may exist from time-to-time)). If in our reasonable determination, our affiliate cannot supply your requirements for turf from time to time, we will designate another supplier that meets our specifications, as we deem necessary. We receive the Turf Royalties and Resale Line Turf Royalties through remittances from our current vendor of artificial turf surfaces and the Modular Tile Flooring Royalties through remittances from our current vendor of modular tile flooring (see Item 6). In addition, we may receive remittances other than the Turf Royalties, Resale Line Turf Royalties and Modular Tile Flooring Royalties from those vendors and suppliers. During 2023, SWGI received no revenue from vendors and suppliers of artificial turf surfaces (and padding and other turf-related products), which represents 0% of our gross revenues for 2023. In addition, during 2023, SWGI received \$10,652,259 revenue from franchisees on account of required purchases, which represents 100% of our total revenue of \$10,652,259. In 2023 our affiliate's total revenue generated by required purchases by our franchisees was \$0 and its total revenue for 2023 was \$0.

We reserve the right to require you to purchase products (other than artificial turf surfaces, padding and other turf-related products and modular tile flooring) and services used in connection with your Southwest Greens Business from our list of approved vendors, suppliers or contractors (as it may exist from time-to-time). We may receive remittances from those vendors, suppliers and contractors. During 2023, SWGI did not receive any revenue in connection with those products and services. Other than an interest in our ultimate parent, Berkshire Hathaway, which owns certain suppliers, our officers do not presently own an interest in any supplier, however, they may own an interest at some time in the future. Certain officers also receive compensation based upon the stock value (phantom stock) of our affiliates which may also be suppliers.

You must purchase all tools, equipment, sand, gravel, top dressing, cups, flags and certain other items sold or otherwise used by you in connection with your Southwest Greens Business in accordance with our specifications (as they may exist from time-to-time). We reserve the right to require you to purchase products (in addition to those stated) used in connection with your Southwest Greens Business in accordance with our specifications (as they may exist from time-to-time). Our specifications and modifications thereof will be communicated to you through the manual(s), bulletins, electronic communications and/or other directives.

Although you are not required to operate your Southwest Greens Business at a location that is open to the public for business, if you do so, the location that you select must be within your Territory and will be subject to our approval. (The location at which you operate your Southwest Greens Business is referred to as the "Business Premises.") Within 30 days after we receive notice of your selection of your site, together with information regarding the site and the lease, we will review and approve, or deny approval of, the site and the lease. We may require the lease to contain certain provisions, including, without limitation, provisions requiring the landlord to provide us 30 days' notice of any default or breach under the lease, permitting us to cure your breach or default and unconditionally and irrevocably permitting us to assume your obligations under the lease, without the landlord's consent, in the event of your breach or default under the lease or the Franchise Agreement or upon the termination of the Franchise Agreement. We will not unreasonably withhold our approval of the site or the lease; however, we may refuse to approve the lease because it does not contain certain provisions that we require. Any relocation of the Franchised Business must be within your Territory, for a legitimate business reason and approved by us; however, we will not unreasonably withhold our approval.

The Business Premises must be constructed, equipped and decorated in compliance with our requirements. You must submit to us for our review and approval the plans for the construction, equipment and decoration of the Business Premises, engage licensed contractors and architects approved by us, obtain appropriate construction documents and comply with all applicable laws, regulations and ordinances of your Territory in connection with that construction. If we request, you must, at your expense, remodel and update the Business Premises to our standards, as they may exist from time-to-time. You must submit the plans for the construction (including prior adaptation), equipment and decoration of the Business Premises to us prior to beginning remodeling and/or updating.

You may request that we add a vendor, supplier or contractor to our list of approved vendors, suppliers and contractors, or that we approve different specifications, by notifying us. Specifications are formulated based upon, among other things, quality, weight, size, shape, delivery, performance, consistency, warranties, design, appearance, atmosphere, price and fitness for intended purpose. We may require you to submit samples or specifications for examination or testing, at your expense, to determine if the supplies or products meet our specifications. Vendors, suppliers and contractors are evaluated based upon, among other things, the products and services they offer, as well as the timeliness and quality of their service. We may approve or disapprove of those vendors, suppliers and contractors for any reason, including, without limitation, the vendors', suppliers' or contractors' refusal to agree to remit to us an amount equivalent to the remittance that we are receiving from our other vendors, suppliers and contractors. We will advise you of our approval or denial of approval within 90 days after we receive all applicable information. We may revoke our approval upon notice to you.

We design, sell, install and maintain artificial turf and modular tile flooring in areas in which our franchisees are not located, for Corporate Accounts and, if you request, for your clients in your Territory. You will not be obligated to use our services, but may do so. In addition, although we presently do not do so, we may perform large-scale projects that franchisees typically cannot perform or are beyond the scope of their typical work.

At this time, there are no purchasing or distribution cooperatives. We do not provide any material benefits to you based upon your use of designated or approved sources.

We estimate that substantially all of your expenditures for leases and purchases in establishing your Southwest Greens Business and on an ongoing basis during the operation of your Southwest



Greens Business will be for goods and services which are subject to sourcing restrictions (that is, which must meet our standards and specifications, or which must be purchased from suppliers which we designate or approve).

## ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement*	Disclosure Document Item
a. Site selection and acquisition/lease	3	7, 8, 11, 12
b. Pre-opening purchases/leases	7	7, 8, 11
c. Site development and other pre-opening requirements	3, 7	5, 6, 7, 8, 11, 12, 15
d. Initial and ongoing training	4, 7(g), 18(g), 20(e), 21(p); Exhibit D to Franchise Agreement	6, 7, 11, 15, 17
e. Opening	7(f), 21(n)	1, 6, 7, 8, 11, 12, 15, 16
f. Fees	4, 7, 9, 10(c), 14(b), 15(b), 34, 39; Exhibit D to Franchise Agreement	5, 6, 7, 8, 11, 13, 14, 17
g. Compliance with standards and policies/operating Manual	3(c), 7, 10(e), 13, 21, 22(c), 29; Exhibit D to Franchise Agreement	1, 6, 8, 11, 14, 15, 16, 17
h. Trademarks and proprietary information	1, 2, 3, 6, 7, 8, 13, 21, 22; Exhibits A, B and D to Franchise Agreement	1, 8, 13, 14
i. Restrictions on products/services offered	3, 7, 8	1, 6, 8, 11, 12, 15, 16
j. Warranty and customer service requirements	7	8, 11
k. Territorial development and sales quotas	3, 7(b), 9(b), 20	6, 12
l. Ongoing product/service purchases	7	7, 8, 11
m. Maintenance, appearance and remodeling requirements	7	8, 11, 17
n. Insurance	7(m)	6, 7
o. Advertising	3, 7(a), 7(h), 8, 9	6, 7, 11, 12, 13, 14, 16
p. Indemnification	8(g), 12; Exhibits A and D to Franchise Agreement	6
q. Owner's participation/management/staffing	4(b), 7(b)(i), 7(g)	11, 15
r. Records and reports	10	Not Applicable
s. Inspections and audits	7(i), 10	6
t. Transfer	18, 19, 21(o), 28	6, 17
u. Renewal	20	17

Obligation	Section in Agreement*	Disclosure Document Item
v. Post-termination obligations	12, 13, 14, 15, 16, 17, 22, 23; Exhibits A, B and D to Franchise Agreement	17
w. Non-competition covenants	14, 15, 16, 17	17
x. Dispute resolution	32; Exhibits A and B to Franchise Agreement	17
y. Other		
z. Spousal Consent	11, 17, Spousal Consent; Exhibits A and B to Franchise Agreement	6, 15
aa. Principals' Guarantee	N/A	N/A

\* Section reference is to Franchise Agreement, unless stated otherwise.

## ITEM 10 FINANCING

Neither we nor any agent or affiliate offers direct or indirect financing to you, guarantees any note, lease or obligation of yours, or has any practice or intent to sell, assign or discount to a third party all or any part of any financing arrangement of yours.

We are listed on the SBA Franchise Directory located at: <https://www.sba.gov/document/support-sba-franchise-directory>. If you obtain financing through the SBA, you must sign the SBA Addendum to Franchise Agreement, attached as Exhibit F-1.

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

### Assistance of SWGI

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

#### Before Your Southwest Greens Business Opens

1. Site and Lease Approval. Although you are not required to operate your Southwest Greens Business at a location that is open to the public for business, if you do so, it is your responsibility to locate and evaluate the site for your Southwest Greens Business within your Territory. The decision to establish and operate your Southwest Greens Business at that site under the lease will be made solely by you, without any reliance upon any information provided (if any), recommendation made (if any) or approval given (if any) by SWGI. However, before you open your Southwest Greens Business, we will review and approve, or deny approval of, the site and the lease. See Item 8. We will consider, among other things, whether there is the physical space available for office and warehousing needs and a demo putting green and the terms of the lease. Within 30 days after we receive notice of your selection of your site, together with information regarding the site and the lease, we will review and approve, or deny approval of, the site and the lease. We may require the lease to contain certain provisions, including, without limitation, provisions requiring the landlord to provide us 30 days' notice of any default or breach under the

lease, permitting us to cure your breach or default and unconditionally and irrevocably permitting us to assume your obligations under the lease, without the landlord's consent, in the event of your breach or default under the lease or the Franchise Agreement or upon the termination of the Franchise Agreement. We do not generally own the sites upon which our franchisees' Southwest Greens Businesses are operated and lease them to our franchisees. We will not unreasonably withhold our approval of the site or the lease; however, we may refuse to approve the lease because it does not contain certain provisions that we require. (Section 3 of the Franchise Agreement)

If your Southwest Greens Business is not open to the public for business within 150 days after the effective date of the Franchise Agreement, we may terminate the Franchise Agreement. (Section 22(n) of the Franchise Agreement)

You will be responsible for conforming the premises to local ordinances and building codes and in compliance with our requirements and applicable laws, regulations and ordinances, obtaining all required permits and licenses and constructing, remodeling and decorating the premises for your Southwest Greens Business. You must submit the construction, equipment and decoration plans to us for our approval and engage licensed contractors and architects approved by us. (Sections 7(f) and 7(k) of the Franchise Agreement)

2. Training. The training program (the "Training Program") is comprised of pre-opening training (the "Pre-opening Training Program") and opening training (the "Opening Training Program"). Your attendees must complete the Training Program to our satisfaction.

The Pre-opening Training Program, which will be conducted over a period of approximately five days on an as-needed basis, will consist of the following:

<b>PRE-OPENING TRAINING PROGRAM</b>			
<b>Subject</b>	<b>Hours of Classroom Training*</b>	<b>Hours of On-the-job Training*</b>	<b>Location**</b>
Site Layout		3	Marietta, Georgia, the metro Atlanta, Georgia area and/or other locations that we may select
Utilities Considerations		1	
Drainage		2	
Setbacks		.5	
Access		1.5	
Verification of Grade		3	
Preparation of Sub-base		7.5	
Cup Placement		3	
Installation of Cushion and Turf		8	
In-filling		9	
Top Dressing		3	
Rolling the Green		3	
Design		2	
Installation of Lawn/Play Turf		2	
Turf Manufacturing Plant Visit	3		Calhoun and Dalton, Georgia
Review of Products	1		Calhoun, Georgia
Customer Service	2		

<b>PRE-OPENING TRAINING PROGRAM</b>			
<b>Subject</b>	<b>Hours of Classroom Training*</b>	<b>Hours of On-the-job Training*</b>	<b>Location**</b>
Marketing & Advertising	2		and/or other locations that we may select
<b>Total</b>	<b>8</b>	<b>48.5</b>	

\* The number of hours may vary, depending upon your attendees' backgrounds and their ability to comprehend the information.

\*\* If you request, we may provide all or part of the Pre-opening Training Program at a location that you select for a fee to be agreed upon between the parties. Our expenses (such as visas, travel, lodging and meal expenditures) in connection with our providing the Pre-opening Training Program at your location will be borne by you. (Section 4 of the Franchise Agreement)

The Opening Training Program, which will be conducted over a four- to seven-day period on an as-needed basis, will consist of the following:

<b>OPENING TRAINING PROGRAM</b>			
<b>Subject</b>	<b>Hours of Classroom Training*</b>	<b>Hours of On-the-job Training*</b>	<b>Location</b>
Design and Installation		32-40	The Business Premises and/or at your customer's installation location
Sales and Marketing	4	4	
<b>Total</b>	<b>4</b>	<b>36-44</b>	

Each of your installation crews must be supervised by a lead installer (who may be the Franchisee or a Principal) who has satisfactorily completed the Training Program. If at least one of your lead installers does not satisfactorily complete the Pre-opening Training Program within 90 days after the effective date of the Franchise Agreement, we may terminate the Franchise Agreement. If at least one of your lead installers does not satisfactorily complete the Opening Training Program within 60 days after you open your Southwest Greens Business to the public, we may terminate the Franchise Agreement. You must, at all times, have an adequate number of lead installers who meet these requirements; otherwise, we may terminate the Franchise Agreement.

We will train up to three lead installers or other people to operate a Southwest Greens Business by attending the Training Program, at our expense (excluding attendees' expenses, such as visas, travel, lodging and meal expenditures and compensation for your employees, in connection with attending the Training Program, which will be borne by you). If you desire more than three people to attend the Training Program, or you desire more than one Training Program session, you will be required to pay us an additional training fee in the amount of \$2,500 per person per Training Program (or part of the Training Program), plus attendees' expenses. Upon your request, we will conduct all or part of an additional Opening Training Program for you at the Business Premises

and/or at your customer's installation location at the rate of \$250 per day, plus our employees' travel, lodging and meal expenditures. (We may increase that amount from time-to-time.)

Training will be provided under the supervision of Robert Hambrick (who has been with SWGI for approximately ten years) and other qualified personnel, designated by us. Other SWGI personnel will also be involved in training from time-to-time. The instructional materials for the Training Program consist of the Operating Manual, the Sales Consultant Handbook and slide presentations. Your attendees at the Training Program will not be deemed to be our employees, but will be deemed to be your employees. Except for attendance at the Training Program, we will not hire or train your employees, which will be your responsibility.

In addition, upon your request, we will provide additional business-related training (including job costing and bidding and identifying and securing appropriate materials) at the Business Premises for no additional fee (however, you must pay our employees' travel, lodging and meal expenditures).

All of your employees (as well as your Principals, directors, officers, representatives and agents) must sign and deliver to us an agreement, in the form attached to the Franchise Agreement, in which he agrees to maintain the confidentiality of our confidential and proprietary information, be bound by a restrictive covenant similar to the one by which you will be bound and be subject to certain other provisions contained in the Franchise Agreement. See Item 17. (Section 18 of the Franchise Agreement)

3. Consultation. We will consult with you by telephone, Monday through Friday, 8:00 a.m. to 5:00 p.m. (Atlanta, Georgia time), with respect to all aspects of starting and operating your Southwest Greens Business. There will be no additional charge for that telephone consultation, unless that consultation exceeds 10 hours during any one calendar month, in which case you will be required to pay us an hourly fee of \$50 for any hour in excess of 10 hours during any calendar month. (We may increase that amount from time-to-time.)

In addition, if you request, we may, depending upon the geographic proximity, if our time permits, provide on-site consultation at a rate of \$500 per person per day (plus expenses, such as visas, travel, lodging and meal expenditures). (We may increase that amount from time-to-time.) (Section 5 of the Franchise Agreement)

4. Advertising and Promotional, Marketing, Advertising and Related Reference Materials. If you request, we will provide you, at your expense, copies of promotional, marketing, advertising and related reference and assistance in generating those materials for use in your Territory. Also, see the section below entitled "Advertising." (Section 8(b) of the Franchise Agreement)

5. SWGI's Operating Manual. Before you open your Southwest Greens Business, we will provide you access to an electronic copy of SWGI's Operating Manual, which contains standards of operations and SWGI's policies and procedures. SWGI's Operating Manual presently contains approximately 461 pages. The table of contents of SWGI's Operating Manual is contained in Exhibit C to this Disclosure Document.

You must operate your Southwest Greens Business strictly in accordance with the standards of operations and SWGI's policies and procedures, as contained in SWGI's Operating Manual, as it may be amended from time to time. SWGI's Operating Manual is **strictly confidential** and must be returned promptly to SWGI upon the termination of the franchise. (Section 7(a) of the Franchise Agreement)

6. List of Approved Vendors, Suppliers and Contractors. Before you open your Southwest Greens Business, we will provide you with a copy of our list of approved vendors, suppliers and contractors, which is included in SWGI's Operating Manual. See Item 8. (Section 7(e) of the Franchise Agreement)

At any time that you or any of your affiliates is in breach of the obligations under the Franchise Agreement, or any other agreement between us or our affiliates and you or your affiliates, we and our affiliates may defer the performance of our/its obligations, or defer the opening of your Southwest Greens Business, until your (or your affiliate's) breach has been cured. Our (or our affiliate's) exercise of that right will not constitute a waiver of our/its rights under the Franchise Agreement or such other agreement, including, without limitation, our (or our affiliate's) right to terminate the Franchise Agreement or such other agreement. (Section 30(d) of the Franchise Agreement)

You will be responsible for conforming the premises to local ordinances and building codes and in compliance with our requirements and applicable laws, regulations and ordinances, obtaining all required permits and licenses and constructing, remodeling and decorating the premises for your Southwest Greens Business. You must submit the construction, equipment and decoration plans to us for our approval and engage licensed contractors and architects approved by us. (Sections 7(f) and 7(k) of the Franchise Agreement)

You will be responsible for purchasing all items needed in connection with establishing and operating your Southwest Greens Business from our approved vendors and suppliers and, if and when developed, in accordance with our specifications. See Item 8. We do not deliver or install any of these items.

#### During the Operation of Your Southwest Greens Business

Nicklaus Design Product Line Support. If you desire to advertise, promote, sell, design, install and/or maintain the Nicklaus Design Product Line within your Territory, we will provide training and sales and customer service support as stated above. In addition, we will provide you with certain Nicklaus Design design templates for putting greens of varying sizes ranging from 500 square feet to 5,000 square feet (the "Design Templates") and will request that Nicklaus Designs or Nicklaus Brands LLC have its representatives provide reasonable custom modifications to the Design Templates for putting greens exceeding 2,500 square feet. Upon your request, we will request that Nicklaus Designs or Nicklaus Brands LLC have its representatives custom design putting greens exceeding 5,000 square feet (the "Customized Designs") for a fee that will vary depending upon, among other things, the time and effort expended. Our and your rights with respect to the Nicklaus Design Product Line may be discontinued by us or the owner or holder of the Nicklaus Design intellectual property at any time.

We may, but are not required to, establish additional training programs, retraining programs (for example, if you have not performed particular installations within a specified period of time) or refresher courses that you and those people supervising your Southwest Greens Business must attend, at your expense. We may charge a fee in connection with those programs and courses. See Item 6. (Section 4(e) of the Franchise Agreement)

We may, but are not required to, establish periodic and other meetings and conference calls of franchisees that we may require you to attend. We may charge a fee in connection with those programs and courses. (Section 7(o) of the Franchise Agreement)

## **Time Between Franchise Agreement Signing and the Opening of Your Southwest Greens Business**

The typical length of time between signing the Franchise Agreement and the opening of a Southwest Greens Business is between one and five months. The factors that will affect the length of time for your Southwest Greens Business to open include, among other things, weather in your locality, whether you operate your Southwest Greens Business at a site that is open to the public for business (and if so, whether the site is built or needs to be completed, the difficulty of obtaining and negotiating a lease for the site, the amount and nature of leasehold improvements and compliance with local ordinances and building codes, among other things), delivery and installation of equipment and signage, obtaining required permits and licenses, scheduling and completion of the Training Program and your own time commitments.

## **Advertising**

You are required to pay to us advertising payments, calculated as follows:

<b>Population within Your Territory*</b>	<b>Annual Advertising Payment</b>
Less than 2 million	\$1,000
2 million or more, but less than 4 million	\$1,500
4 million or more	\$2,000

\* Based upon the United States Census 2015 published by the U.S. Census Bureau, or such other resource as SWGI may determine. If the population within your Territory increases, your advertising payments may be increased to the next level. Advertising payments will be used by us, in our discretion, for promotional, marketing, public relations and advertising expenses for Southwest Greens Businesses generally, the Southwest Greens brand name and the Southwest Greens system, including, among other things, hiring marketing, public relations and advertising agencies and personnel to assist in developing the Southwest Greens brand name, travel expenses in connection with promotions, marketing meetings, training, promoting the Southwest Greens brand name, developing and optimizing the website for the Southwest Greens system, development and registration of the Trademarks and developing and printing promotional and advertising materials, circulars and media advertisements. If you request, we will provide you, at your expense, copies of promotional, marketing, advertising and related reference and assistance in generating those materials for use in your Territory.

In addition, you may be required to pay us special marketing program payments in an amount that we will determine, in our reasonable discretion; however, special marketing program payments will not exceed \$3,000 per year during the term of this Agreement. Special marketing program payments will be used by us, in our discretion, for special marketing programs (for example, strategic relationships with golf companies for the development of marketing programs with a national or international scope).

Other franchisees and licensees may not pay advertising payments or special marketing program payments, or their payments may be calculated at a different rate or on a different basis. We and our affiliates are not required to make those payments, but may do so if we operate Southwest Greens Businesses. No part of the advertising payments or special marketing program payments will be used for advertising that is principally for soliciting new franchisees.

We will administer the advertising payment fund and the special marketing program payment fund. We will have no fiduciary or other duty to you with respect to the use of advertising payments or the special marketing program payments. We are not required to spend any particular amount of the advertising payment fund and the special marketing program payment fund in, or for the benefit of, any area or territory. We are not required to prepare audited or other financial statements for those funds, or to provide an accounting of how those funds were spent; however, if financial statements are prepared, we will make them available to you within a reasonable period of time after your request. An annual summary of how those funds were spent will be made available to you within a reasonable period of time after your request. It is expected that special marketing program payments will be spent within a reasonable period of time after their payment. Any amounts in the advertising payments fund not spent during the fiscal year during which they accrued will be used for expenses during prior or subsequent fiscal years. We may receive monies from those funds in connection with providing goods and services for marketing, promotions or advertising.

During 2023, 100% of advertising payments paid by franchisees were used for media placement.

During 2023, 100% of special advertising fees paid by franchisees were used for Marketing materials.

Print, radio, television and other advertising media (such as sponsorships) may be used, depending upon the total volume of advertising payments generated by franchisees.

Advertising coverage may be local, regional, national or international. Advertising generated by us or by advertising agencies will be used.

You are encouraged, but not required, to spend additional funds for your own advertising.

You may use your own advertising and promotional materials, provided that your use of the Trademarks is in accordance with the Franchise Agreement, our Operating Manual and our rules, regulations, instructions, policies and procedures. In addition, all advertising and promotional materials generated by or for you will be subject to our prior approval, must be completely factual and must conform to the highest standards of ethical advertising. (If any of those materials are in a language other than English, prior to obtaining our approval, you must submit a certified English translation to us.) You may not engage in any advertising practice that may be injurious to your Southwest Greens Business, us or the goodwill associated with the Trademarks. All testimonials and endorsements used by you in your advertising must be accurate. You may not alter or modify those testimonials and endorsements. If you use any of our advertising and promotional materials, you must make sure that each item bears a copyright notice in the form specified by us. You may not maintain a website with respect to your Southwest Greens Business without our consent. If we consent to your maintaining a website, the website, and all revisions to the website, will be subject to our approval.

All advertising and promotional materials generated by or for you for your Southwest Greens Business will be deemed a work-made-for-hire, and all ownership rights, including any copyrights, in such advertising and promotional materials will be deemed to be assigned to us by you. See Item 14.

Although no local or regional cooperative advertising associations presently exist, if we establish a cooperative advertising association in your marketing area, you must participate in that cooperative advertising association. We will determine the geographic scope and membership



of each cooperative advertising association. We may change, dissolve or merge any of the cooperative advertising associations. The owners of Southwest Greens Businesses within each marketing area, including us and/or our affiliates, will administer the cooperative advertising associations, which may assess a fee, in an amount to be determined by the members of each cooperative advertising association, for administration or advertising purposes. All Southwest Greens Businesses (including those owned by us and our affiliates) will contribute to the fund on the same basis as franchisees and will be entitled to one vote per unit that is then operational. Alternatively, if we so elect, we and/or our affiliates may participate in one or more of the cooperative advertising associations as a non-voting member. Cooperative advertising associations are not required to operate from written governing documents; if a franchisee's cooperative advertising association operates from written governing documents, a prospective franchisee can review those documents once that prospective franchisee becomes a franchisee. We will not require cooperative advertising associations to prepare periodic financial statements, but the cooperative advertising associations may elect to do so.

See Items 6, 8 and 9.

We do not presently have an advertising council comprised of franchisees that advises us on advertising policies.

### **Computer**

You must obtain and maintain an e-mail address and internet access for purposes of communicating with SWGI and other persons and for other reasons that we may determine, and must review and respond to your e-mail on a timely basis. You must obtain and maintain access to our website in a manner that will enable you to download required information (without regard to size) and to otherwise interact with us and other persons, in the manner that we may specify from time-to-time.

You will need access to a computer, hand-held device or cell phone with an internet connection for those purposes. However, we don't require you to purchase or lease any of these devices, or specify the hardware or software programs that you use. The cost of purchasing a computer, hand held device or cell phone can range from \$50 to \$3,500, depending upon the type of device that you purchase or lease, plus any access charges. We are not required to provide you, or assist you in obtaining, a computer. We are not required to provide ongoing maintenance, repairs, upgrades or updates. Provided that you are able to access your e-mail and the internet and obtain and maintain access to our website in a manner that will enable you to download required information (without regard to size) and to otherwise interact with us and other persons, in the manner that we may specify from time-to-time, you will not be required to upgrade or update any system during the term of the Franchise Agreement; if you are required to so upgrade or update, there are no limitations on the frequency or cost of that obligation. We will not have independent access to the information or data on your computer. (Section 7(o) of the Franchise Agreement)

## **ITEM 12 TERRITORY**

Subject to the following, you will receive a territory agreed to between us within which you will conduct your Southwest Greens Business (the "Territory"). We may not modify or alter the Territory. The Territory will be determined based upon population and climate. We do not specify a minimum size Territory. Your franchise fee, your Minimum Royalty Amount and your advertising payment will be based upon the population and climate within the Territory. See Items 5 and 6.

If you operate your Southwest Greens Business at a location that is open to the public for business, the location must be within the Territory and must be approved by us, which approval will not be unreasonably withheld. Any relocation of your Southwest Greens Business must be within your Territory, for a legitimate business reason and approved by us; however, we will not unreasonably withhold our approval.

You may not conduct any business outside of the Territory (including marketing, advertising, promoting, selling, designing, installing or maintaining artificial turf surfaces, modular tile flooring or any other product or service with respect to property located outside of the Territory).

You may not sell any artificial turf or other products or services to any person located outside of the Territory (including clients of ours and clients of our other franchisees, licensees or dealers). In addition, you may not sell any artificial turf or other products or services for installation by any person outside of the Territory.

With our consent and subject to any policies we may prescribe from time to time, we may permit you to advertise outside of your Territory. We may also temporarily permit you to operate your business in areas contiguous to your Territory that have not been assigned to another franchisee or reserved to us (a "Temporary Area"). If we allow you to do so, we may impose certain restrictions and terms (including signing a separate written agreement) and the right may be exclusive or non-exclusive.

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.

We and our affiliates may, directly or indirectly (through franchisees, licensees or otherwise):

- Market, advertise, promote, sell, design, install and/or maintain artificial turf surfaces and/or modular tile flooring under the Trademarks to Corporate Accounts within the Territory. However, we may request you to provide certain services in connection with a Corporate Account within the Territory. If we so request, you must provide those services. We will share the revenue we receive with respect to the services provided (excluding any amounts received with respect to artificial turf surfaces, modular tile flooring or other goods) in proportion to the work performed by you and us. The term "Corporate Accounts" means persons and entities that request us or our affiliates to design, sell, install and/or maintain artificial turf surfaces or modular tile flooring at multiple (more than one) locations, or that we believe will request us or our affiliates to design, sell, install or maintain artificial turf surfaces or modular tile flooring at multiple (more than one) locations and persons and entities that require us or our affiliates (and not our franchisees) to design, sell, install and/or maintain artificial turf surfaces or modular tile flooring.
- Market, advertise, promote, sell, design, install and/or maintain the Nicklaus Design Product Line within the Territory at any time that you are not a current Nicklaus Design Product Line Seller. We presently, directly and indirectly, market, advertise, promote, sell, design, install and/or maintain the Nicklaus Design Product Line in franchisees' territories, and will continue to do so at times that you are not a current Nicklaus Design Product Line Seller.
- Market, advertise, promote, sell, design, install and/or maintain the Resale Line Turf within the Territory if you or we have not signed a Resale line Turf Agreement or at any time that your right to resell Resale Line Turf under that agreement is suspended.







- Market, advertise, promote, sell, design, install and/or maintain products and/or services (other than artificial turf surfaces under the Trademarks) within the Territory
- Market, advertise, promote, sell, design, install and/or maintain artificial turf surfaces under trademarks other than the Trademarks within the Territory
- Market, advertise, promote, sell, design, install and/or maintain any products and/or services outside of the Territory, under the Trademarks or otherwise.
- Market, advertise, promote, sell, design, install and/or maintain artificial turf surfaces under the Trademarks within the Territory if, at the time that we commence that activity, you or your affiliates are not in full compliance with your obligations under the Franchise Agreement and all other agreements with us and our affiliates.
- Market, advertise, promote, sell and/or design any and all products and/or services under the Trademarks (or under other trademarks) or otherwise on the internet and sell products and services requested in connection with those products and/or services, regardless of location; however, as long as you and your affiliates are in full compliance with your obligations under the Franchise Agreement and all other agreements with us and our affiliates, all leads for installations and/or maintenance of artificial turf surfaces within the Territory generated through our website (other than with respect to Corporate Accounts) will be referred to you. You may not maintain a website with respect to your Southwest Greens Business without our consent. If we consent to your maintaining a website, the website, and all revisions to the website, will be subject to our approval. You may not use alternative distribution channels. You may not use methods or channels of distribution other than those that we authorize. In addition, you may only sell products and services approved for sale in connection with your Southwest Greens Business and within the Territory.

We design, sell, install and maintain artificial turf and modular tile flooring in areas in which our franchisees are not located, for Corporate Accounts and, if franchisees request, for franchisees' clients in their territories. In addition, although we presently do not do so, we may, in our discretion, perform large-scale projects that franchisees typically cannot perform or are beyond the scope of their typical work. Except as stated above with respect to the Nicklaus Design Product Line and in the prior sentence, we do not presently, and do not presently plan to, operate a business in franchisees' territories that sells goods or services similar to those that franchisees offer under the Trademarks or under different trademarks.

Your rights with respect to the Territory are not dependent upon your achievement of a certain sales volume or market penetration. However, if we do not receive the Minimum Royalty Amount through Turf Royalties, you will be required to pay the difference between the amount that we have so received and the Minimum Royalty Amount on an annual basis and we will be entitled to terminate the Franchise Agreement. See Item 6. In addition, as stated above, your exclusive rights with respect to the Territory are dependent upon your (and your affiliates') full compliance with your (and their) obligations under the Franchise Agreement and all other agreements with us and our affiliates.

### **ITEM 13 TRADEMARKS**

The following principal Trademarks are registered to in the United States Patent and Trademark Office ("USPTO") on the principal register.

Mark	Registration Number	Registration Date
SOUTHWEST GREENS (words only)	2,661,327	12/17/02
	2,922,237	2/1/05
THE PROS KNOW (words only)	3,301,288	10/2/07
	3,792,434	5/25/10
	3,802,165	6/15/10
	3,802,166	6/15/10
	4,009,157	8/9/11
	4,208,720	9/18/12

We will grant you the nonexclusive right to operate a Southwest Greens Business within your Territory under the principal service marks, as well as our other current or future service marks, trademarks, trade names, logotypes, trade dress, product and service identifiers, selections and/or designations that we may license you to use in connection with your Southwest Greens Business (collectively, the “Trademarks”). However, the term “Trademarks” excludes all service marks, trademarks, trade names, logotypes, trade dress product and service identifiers, selections and/or designations, including all registrations and applications, relating to the Nicklaus Design Product Line. We may modify or discontinue use of any of the Trademarks and/or use one or more additional or substitute Trademarks. If we decide to do so, you must do so also, at your expense.

You must use the Trademarks in connection with the operation of your Southwest Greens Business. You may not use the Trademarks (or any substantially similar name) in your corporate (or other entity) name. Use of the Trademarks must be accompanied by the registration(®), service mark(<sup>SM</sup>), trademark(<sup>TM</sup>) or other symbol, as designated by us, in close proximity to the

Trademarks. You must use the Trademarks only in the manner required by us and in no other manner.

You will not have the exclusive right to use Trademarks, nor will you acquire, by use or otherwise, any right, title or interest in or to the Trademarks, other than as expressly contained in, and limited by, the Franchise Agreement. Your right to use the Trademarks is limited and temporary. Upon expiration or termination of the Franchise Agreement, you may not, directly or indirectly, use the Trademarks in any manner or for any purpose whatsoever, and we may require you to renovate the Business Premises to eliminate the Trademarks and de-identify those premises, at your expense.

You must immediately notify us of any conduct that could constitute infringement of or challenge to the Trademarks. We will decide, in our discretion, whether to institute any action in connection with infringement of or challenge to the Trademarks, and will control all proceedings and litigation. We are not required to protect your right to use the Trademarks or protect you against claims of infringement or unfair competition. However, we will indemnify you for all damages for which you are held liable in any lawsuit arising out of your use of the Trademarks in compliance with the Franchise Agreement, provided that you notify us immediately when you learn about any related claim, proceeding or lawsuit, we have had the opportunity to defend such lawsuit and you have cooperated with us in connection with such defense. We have the right to defend any such claim, proceeding or lawsuit on your behalf, but are not required to do so.

All affidavits required to be filed for the principal service marks have been filed. No registration has been renewed. There are no (a) presently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, (b) pending infringement, opposition or cancellation proceedings or (c) pending material litigation involving the principal service marks.

There are no superior prior rights or infringing uses of the principal service marks actually known to us, which rights or uses could materially affect your use of the principal service marks in any state. There are no agreements currently in effect that significantly limit our right to use or license the use of the principal service marks.

#### **ITEM 14**

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

We own proprietary information and rights in numerous items, such as advertising designs, processes, techniques, testimonials and endorsements and information contained in SWGI's Operating Manual. Some of those items are suitable for copyright protection and/or are protectable as trade secrets. To date, we have not registered any items for copyright protection. However, their copyright protection will extend for 120 years from the date of each item's creation or 95 years from the date of each item's publication, whichever is shorter.

All advertising and promotional materials generated by or for you for your Southwest Greens Business will be deemed a work-made-for-hire, and all ownership rights, including any copyrights, in such advertising and promotional materials will be deemed to be assigned to use by you. If you reproduce any items or materials suitable for copyright protection, you must make sure that each item bears a copyright notice in the form specified by us.

If you or your Principals, directors, officers, employees, representatives or agents conceive, invent, create, design and/or develop any ideas, techniques, methods, processes or procedures,

formulae, products, packaging or other concepts and features relating to your Southwest Greens Business (collectively, "Innovations"), you (or they) will be deemed to have assigned all of your (or their) rights, title and interest in the Innovations, including any intellectual property rights, to us. You and your Principals, directors, officers, employees, representatives and agents also must cooperate with us in connection with protecting the Innovations.

You must use our proprietary information only in the manner designated by us and in no other manner. This information is **strictly confidential** and you may not disclose to any person, or use, any of that information for any purpose, except disclosure to a person who has signed and delivered to us a confidentiality agreement and use as necessary in connection with the operation of your Southwest Greens Business. In addition, you must fully and strictly comply with all security measures designated by us for maintaining the confidentiality of all information designated by us as proprietary.

You will not have the exclusive right to use the Innovations or any of our copyrights or proprietary information, nor will you acquire, by use or otherwise, any right, title or interest in or to the Innovations, the copyrights or the proprietary information, other than as expressly contained in, and limited by, the Franchise Agreement. We may modify or discontinue use of the Innovations, the copyrights and the proprietary information and/or use other information and/or rights in their place. If we decide to do so, you must do so also, at your expense. Your right to use the Innovations, the copyrights and the proprietary information is limited and temporary. Upon expiration or termination of the Franchise Agreement, you may not, directly or indirectly, use the Innovations, the copyrights or the proprietary information in any manner or for any purpose whatsoever.

You must immediately notify us of any conduct that could constitute infringement of or challenge to the Innovations, the copyrights and the proprietary information. We will decide, in our discretion, whether to institute any action in connection with infringement of or challenge to the Innovations, the copyrights and the proprietary information, and will control all proceedings and litigation. We are not required to protect your right to use the Innovations, the copyrights or the proprietary information or to defend you against claims arising from your use of the Innovations, the copyrights or the proprietary information. However, we will indemnify you for all damages for which you are held liable in any lawsuit arising out of your use of the Innovations, copyrights and proprietary information in compliance with the Franchise Agreement, provided that you notify us immediately when you learn about any related claim, proceeding or lawsuit, we have had the opportunity to defend such lawsuit and you have cooperated with us in connection with such defense. We have the right to defend any such claim, proceeding or lawsuit on your behalf, but are not required to do so.

You and your Principals, directors, officers, employees, representatives and agents must sign and deliver to us an agreement, in the form attached to the Franchise Agreement, in which he agrees that advertising and promotional materials generated by them for you will be deemed a work-made-for hire, assigns his ownership rights in those items to us, assigns his Innovations to us, to maintain the confidentiality of our confidential and proprietary information and to be bound by a restrictive covenant similar to the one by which you will be bound.

No patents or pending patent applications are material to the franchise.

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

Your Southwest Greens Business must be supervised by you (if the Franchisee is an individual or, if the Franchisee is an entity, a Principal who has been approved by us) or an individual selected by you and approved by us. You (or that Principal) or that supervising individual must you or his best efforts to operate your Southwest Greens Business and to sell products and provide services in connection therewith. Although you (or that Principal) are not required to supervise your Southwest Greens Business, you (or that Principal) must expend adequate time to operate your Southwest Greens Business as necessary to increase sales and to comply with his obligations under the Franchise Agreement.

We strongly recommend that you supervise your Southwest Greens Business. Franchisees who do not supervise their Southwest Greens Businesses may have lower gross sales, higher operating costs and lesser name recognition in their territories than franchisees who do supervise their Southwest Greens Business.

Each of your installation crews must be supervised by a lead installer (who may be the Franchisee or a Principal) who has satisfactorily completed the Training Program. Your lead installers do not need to have an equity interest in your Southwest Greens Business. If at least one of your lead installers does not satisfactorily complete the Pre-opening Training Program within 90 days after the effective date of the Franchise Agreement, we may terminate the Franchise Agreement. If at least one of your lead installers does not satisfactorily complete the Opening Training Program within 60 days after you open your Southwest Greens Business to the public, we may terminate the Franchise Agreement. You must, at all times, have lead installers who meet these requirements; otherwise, we may terminate the Franchise Agreement. See Item 11.

You must hire and maintain as employees your own installation crew adequate in number and competent in training and skill in installations. You may not hire independent contractors or subcontract any installations, unless that hiring or subcontracting is to SWGI or one of its other franchisees and SWGI approves that hiring or subcontracting.

Your lead installers (as well as your directors, officers, employees, representatives, consultants and agents) must sign and deliver to us an agreement, in the form attached to the Franchise Agreement, in which he agrees to maintain the confidentiality of our confidential and proprietary information, be bound by a restrictive covenant similar to the one by which you will be bound and be subject to certain other provisions contained in the Franchise Agreement. See Item 17.

In addition, your Principals (and their spouses), must sign agreements, in the form attached to the Franchise Agreement, in which they agree to perform, all of the Franchisee's obligations to SWGI and its affiliates, maintain the confidentiality of our confidential and proprietary information, be bound by a restrictive covenant similar to the one by which you will be bound and be subject to certain other provisions contained in the Franchise Agreement.

If you are a married individual, your spouse must sign the Spousal Consent to the Franchise Agreement. The purpose and effect of the Spousal Consent is to bind your spouse to the terms of the Franchise Agreement, even though your spouse may not be involved in your Southwest Greens Business. This requirement places your spouse's personal assets at risk.

**ITEM 16**  
**RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer and sell at the Business Premises, and within your Territory, all products and services that we designate, consistent with our standards and requirements. See Item 8.

You may not offer or sell any products or services that we designate in any configuration, form or manner other than that specifically approved by us. You have no right to market, advertise, promote, sell, design, install and/or maintain any Nicklaus Design products, or provide services in connection with Nicklaus Design products, unless you notify us that you desire to advertise, promote, sell, design, install and/or maintain the Nicklaus Design Product Line within the Territory, and we agree that you may do so. See Item 12.

You must incorporate into your Southwest Greens Business all new products and services designated by us and must discontinue offering and selling products and services designated by us to be discontinued. There are no limits on our right to change the products and services in connection with your Southwest Greens Business.

We may designate which franchisees may, or must, participate in new product or service tests, new or modified product or service offerings and other programs, initiatives and campaigns that we develop. If we select you to participate in any test, offering, program, initiative or campaign, you must participate.

You may not offer or sell any products or services that we have not specifically approved, or conduct any other business, in connection with the Franchised Business, within the Territory or at the Business Premises. However, we may approve your operation of your Southwest Greens Business at business premises at which a business other than your Southwest Greens Business is conducted. If we do so, you must clearly and conspicuously identify the products and services offered, sold and provided as part of your Southwest Greens Business with the Trademarks and must conspicuously indicate that other products or services are not identified with the Trademarks.

You may not resell any artificial turf or other products or services to any person located outside of the Territory, including a client of ours or any of our other franchisees, licensees or dealers. You may not resell any artificial turf or other products or services to any person for installation by any person outside of the Territory.

You may not, directly or indirectly, sell certain artificial turf designated from time to time by us for installation by any person other than you.

If you and we both elect to sign a Resale Line Turf Agreement, you may sell (but may not design, install or maintain) Resale Line Turf.

**ITEM 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.**



<b>Provision</b>	<b>Section in Agreement*</b>	<b>Summary</b>
a. Length of the franchise term	19	5 years (however, if the Franchise Agreement is entered into in connection with a transfer, the term will be the transferor's remaining term)
b. Renewal or extension of the term	20	5 years (unless the Franchise Agreement is entered into as a renewal)
c. Requirements for franchisee to renew or extend	20; Exhibit H	You must have fully and diligently complied with the Franchise Agreement; you and we must agree upon Minimum Royalty Amounts for the renewal term; you must be in good standing; you must provide timely notice of intent to renew; you must sign the then-current form of franchise agreement; you must sign a general release (subject to state law) of us and our affiliates; you must attend, at your expense, additional training programs or refresher courses -- franchisees may be asked to sign a renewal franchise agreement materially different terms and conditions from the Franchise Agreement
d. Termination by franchisee	Not applicable	You may terminate the Franchise Agreement on any grounds available by law
e. Termination by the franchisor without cause	None	Not Applicable
f. Termination by the franchisor with cause	21	We can terminate if you default under your Franchise Agreement; if you default under any other agreement with us or our affiliates and that agreement is terminated as a result of your default.

Provision	Section in Agreement*	Summary
g. "Cause" defined—curable defaults	21(a), (b), (e), (g), (l), (m), (p) and (t)	Failure to pay Royalties or other monies owed to us or our affiliates (30-day cure period); Failure to perform any obligation (other than the payment of monies to us or our affiliates), if curable (30-day cure period); Failure to pay approved vendor, supplier or contractor (30-day cure period); Breach of any material agreement with any third party (cure period contained in that agreement); The placement of any involuntary lien exceeding \$10,000 on your business assets (must cure promptly, not longer than 30 days); If any installation crew is not supervised by a person who has satisfactorily completed the Training Program (5-day cure period; if you have more installation crews than lead installers who have satisfactorily completed the Training Program (5-day cure period); Conduct of business in a manner that may adversely affect our goodwill, reputation, products or services or the Trademarks, if curable (15-day cure period); Violation of any safety law, rule, regulation or ordinance (must cure promptly); Franchise's operation of his Southwest Greens Business otherwise poses a threat to the safety of any person
h. "Cause" defined—non-curable defaults	4(b), 4(c), 7(c)(v), 21(b), (c), (d), (f), (h), (i), (j), (k), (m), (n), (o), (p), (q), (r), (s), (u), (v) and (w); Resale Line Turf Agreement 7	Failure to perform any obligation (other than the payment of monies to us or our affiliates), if non-curable; Repeated (twice) breach of the Franchise Agreement; Repeated (twice) failure to pay approved vendor, supplier or contractor; Relocation of your business; Loss, or failure to obtain or maintain, any necessary permit or license; Underpayment of any amount payable to us, or for our benefit by 2% or more during any calendar year; Inability to pay your debts as they become due in the ordinary course of business; The filing of a petition for bankruptcy, liquidation, reorganization, readjustment, arrangement, composition or similar relief by you or a Principal; The filing of an involuntary bankruptcy petition filed against you or a Principal; The making of a general assignment for the benefit of creditors by you or a Principal; The consent to the appointment of a receiver, trustee or

Provision	Section in Agreement*	Summary
		<p>liquidator by you or a Principal; Conduct of business in a manner that may adversely affect our goodwill, reputation, products or services or the Trademarks, if non-curable; Failure to open your business to the public within 150 days after the effective date of the Franchise Agreement; Subfranchise, transfer or assignment (or attempt to do so) of the franchise, the Franchised Business or any rights under the Franchise Agreement; Failure to have at least one of your lead installers satisfactorily complete the pre-opening portion of the Training Program within 90 days after the effective date of the Franchise Agreement and the opening portion of the Training Program within 60 days after you open your Southwest Greens Business to the public; Termination of any other franchise or other agreement between you or an affiliate and us or an affiliate; Misrepresentation, or commission of fraud in connection with, any information contained in your application for a franchise, or in any other oral or written information communicated to us; Ceasing to operate, or otherwise abandoning, your business; Conviction of you or a Principal of, or pleading guilty or no contest to, a felony or other crime or offense that may adversely affect our goodwill, reputation, products or services or the Trademarks; Engaging by you or a Principal in conduct that may adversely affect our goodwill, reputation, products or services or the Trademarks; If your customers complain with respect to your work and, as a result of our investigation, we determine that you failed to perform your obligations to three or more of your customers, failed to comply with our installation procedures and/or failed to perform your obligations; If the Turf Royalties paid by you during any Contract Year are less than the Minimum Royalty Amount with respect to that Contract Year (regardless of whether Additional Royalties have been paid, or if more than 50% of the Turf Royalties paid by you during any Contract Year are paid during the last month of the Contract Year; Resale Line</p>

Provision	Section in Agreement*	Summary
		Turf Agreement will be terminated upon the sale of any Resale Line Turf in breach of the Resale Line Turf Agreement, the breach of any obligation under the Franchise Agreement or the termination of the Franchise Agreement
i. Franchisee's obligations on termination/nonrenewal	8(e), 12, 13, 14, 15, 16, 17, 22	Pay us all amounts owed by you or an affiliate to us or an affiliate; Cease operating the Franchised Business and using the Trademarks, the Copyrights, the Innovations and the Proprietary Information; Cancel assumed name registrations; Transfer telephone number; Forfeit all fees paid; Assign to us all incomplete contracts and pay to us all deposits and other payments received by you with respect to such contracts; All goodwill associated with the Franchised Business and your use of the Trademarks will be our property; Return Operating Manual, training materials and our other property to us (we may enter the Business Premises to obtain same); Cease identifying yourself with us and the Trademarks; If requested, renovate the Business Premises to de-identify (If you fail to take any of those actions, we may do so, at your expense); We may purchase your signage, equipment, inventory and other tangible assets for a purchase price determined by a stated formula; We may acquire the Business Premises; Confidentiality, non-hiring, non-solicitation and non-compete obligations; Indemnification
j. Assignment of contract by franchisor	28	No restrictions
k. "Transfer" by franchisee-defined	18, 28	Subfranchising; Transfers of the Franchised Business' assets (other than in the ordinary course of business); Assignment of rights under the Franchise Agreement; Mergers; Stock transfers; Transfers by operation or law or otherwise
l. Franchisor approval of transfer by franchisee	18, 28	With respect to subfranchising, our approval is required and may be withheld within our discretion; With respect to other transfers, our approval is required, but may not be unreasonably withheld

Provision	Section in Agreement*	Summary
m. Conditions for franchisor approval of transfer	18; Exhibit H	The prospective transferee must satisfy our qualifications for franchisees; The financial and other terms of the transfer must not have an adverse impact upon the transferee's operation of the Franchised Business and may not grant you a security interest in the Franchised Business; You and your affiliates and Principals must not be in breach of any obligation under the Franchise Agreement or any other agreement with us or our affiliates; The purchase price must be payable in cash; If the transferee is an existing franchisee, he must be in good standing; You must provide us written notice of the transfer and all relevant information; You must pay the transfer fee (see Item 6); The transferee must sign the then-current franchise agreement and his Principals and associates must sign the documents then being signed by Principals and associates; The transferee must attend the Training Program; You must execute a release (subject to state law) of us and our affiliates; You must remodel and update your premises, if we request; You must pay all amounts outstanding from you or your affiliates to us or our affiliates, vendors, suppliers and contractors; You must cure all breaches; The transfer must occur within a 60-day period; You will remain secondarily liable
n. Franchisor's right of first refusal to acquire franchisee's business	18	In connection with any transfer, we will have a right of first refusal (except in connection with a transfer to a majority-owned transferee or upon your death, disability or divorce)
o. Franchisor's option to purchase franchisee's business	3(b), 22(g)	We may, upon termination or expiration of the Franchise Agreement, purchase your signage, equipment, inventory and other tangible assets for a purchase price determined by a stated formula; We may acquire the Business Premises
p. Death or disability of franchisee	4(b), 7(g), 18(i)	Any transfer will be subject to our approval, which will not be unreasonably withheld; We will not have a right of first refusal in connection with that transfer

Provision	Section in Agreement*	Summary
q. Non-competition covenants during the term of the franchise	15, 16, 17; Exhibits A and B to Franchise Agreement	You and your Principals, directors, officers, employees, representatives and agents may not, directly or indirectly, (as an owner, shareholder, partner, member, director, officer, employee, manager, consultant, representative, agent, lender or otherwise), be engaged in a business that markets, advertises, promotes, sells, designs, installs and/or maintains (i) artificial turf surfaces, (ii) modular tile flooring, (iii) putting greens, (iv) tee lines, (v) golf practice facilities, (vi) golf driving ranges, (vii) lawn turf, (viii) other sports or non-sports surfaces and/or (ix) other products and/or services sold by you at any time during the term of the Franchise Agreement within, or for installation or maintenance within the Territory
r. Non-competition covenants after the franchise is terminated or expires	14, 15, 16, 17; Exhibits A and B to Franchise Agreement	Same as (q); In addition, you and your Principals, directors, officers, employees, representatives and agents may not, directly or indirectly, solicit for business of any kind any client of ours or yours
s. Modification of the agreement	4(c), 5(a), 29; Exhibits A and B to Franchise Agreement	We may modify the Operating Manual without your approval; Certain fees payable to us may be modified without your approval; Otherwise, no modifications may be made without both parties' approval
t. Integration/merger clause	2, 31; Exhibits A and B to Franchise Agreement	Only the terms of the franchise agreement and disclosure document are binding (subject to state law). Any promises or representations made outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Not applicable	Not applicable
v. Choice of forum	32(b); Exhibits A and B to Franchise Agreement	Subject to applicable state law, Atlanta, Fulton County, Georgia (except for certain actions that we may bring in a court in the county in which your Southwest Greens Business is located)
w. Choice of law	32(a); Exhibits A and B to Franchise Agreement	Subject to applicable state law, Georgia law (except for certain provisions that will be governed by the law of the state in which your Southwest Greens Business is located) - The foregoing choice of law should not be considered a waiver of any right conferred upon you or us by the law of any state

\*Section reference is to Franchise Agreement, unless stated otherwise.

The Franchise Agreement provides for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101, et seq.).

## **ITEM 18 PUBLIC FIGURES**

We do not compensate or give other benefits to any public figure arising from our use of that public figure in the franchise name or symbol or the endorsement or recommendation of the franchise to prospective franchisees. No public figure is involved in the actual management or control of SWGI. No public figure has an investment in SWGI. Several public figures do, however, endorse and/or recommend our products to prospective customers.

John Andrew Smoltz, a former professional baseball player, provides consulting services to us for the development and sale of artificial baseball turf and golf greens. Smoltz is not involved in the management of SWGI and does not own an interest in SWGI.

## **ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS**

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Robert Hambrick, 185 S. Industrial Blvd., Mail Drop ODY-01, Calhoun, Georgia 30701, (877) 260-7888, the Federal Trade Commission, and the appropriate state regulatory agencies.

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

**Table No. 1**  
**Systemwide Outlet Summary**  
**(For Calendar Years 2021 through 2023)**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
<b>Franchised</b>	<b>2021</b>	55	54	1
	<b>2022</b>	56	53	3
	<b>2023</b>	54	53	1
<b>Company-owned*</b>	<b>2021</b>	0	0	0
	<b>2022</b>	0	0	0
	<b>2023</b>	0	0	0
<b>Total Outlets</b>	<b>2021</b>	55	54	1
	<b>2022</b>	56	53	3
	<b>2023</b>	54	53	1

\* Although SWGI does not operate any businesses similar to the Franchised Business, SWGI designs, sells, installs and maintains artificial turf and modular tile flooring in areas in which its franchisees are not located, for Corporate Accounts and, if franchisees request, in their territories. In addition, although we do not presently do so, we may, in our discretion, perform large-scale projects that franchisees typically cannot perform or are beyond the scope of their typical work.

\*\* These figures represent the number of locations.

**Table No. 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**(For Calendar Years 2021 through 2023)**

State	Year	Number of Transfers
<b>Colorado</b>	2021	1
	2022	0
	2023	0
<b>Texas</b>	2021	1
	2022	0
	2023	0
<b>Total</b>	2021	2
	2022	0
	2023	0



**Table No. 3**  
**Status of Franchised Outlets**  
**(For Calendar Years 2021 through 2023)**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of the Year
Alabama	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Arizona	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
California	2021	8	0	0	0	0	0	8
	2022	8	0	0	0	0	0	8
	2023	8	0	0	0	0	0	8
Colorado	2021	1	1	0	0	0	0	2
	2022	2	0	1	0	0	0	1
	2023	1	0	0	0	0	0	1
Connecticut	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Florida	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Georgia	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Hawaii	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Illinois	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Indiana	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of the Year
Iowa	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Louisiana	2021	1	0	0	1	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Maine	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Massachusetts	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	1	0	0	1
Michigan	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Mississippi	2021	1	0	0	1	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Nebraska	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Nevada	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New Jersey	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
New Mexico	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New York	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of the Year
North Carolina	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
Ohio	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Oklahoma	2021	1	0	1	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Oregon	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Pennsylvania	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Rhode Island	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	1	0	0	0
South Carolina	2021	3	0	0	0	0	0	4
	2022	3	0	0	0	0	1	3
	2023	2	1	0	0	0	1	3
Tennessee	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Texas	2021	4	2	0	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	0	0	1	0	0	5
Utah	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Virginia	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of the Year
Washington	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Total	2021	55	2	1	2	0	0	54
	2022	56	1	1	2	0	1	53
	2023	54	2	0	2	0	1	53

Certain franchisees' territories extend into more than one state.

**Status of Company-Owned Outlets  
(For Calendar Years 2021 through 2023)**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Colorado	2021	0	1	0	0	0	1
	2022	2	0	0	1	0	1
	2023	1	0	0	0	0	1
Georgia	2021	1	1	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
South Carolina	2021	3	0	0	0	0	3
	2022	3	0	0	1	0	2
	2023	2	0	0	0	0	2
Texas	2021	4	2	0	0	0	6
	2022	6	0	0	0	0	6
	2023	6	0	0	1	0	5
Total	2021	7	4	0	0	0	6
	2022	13	0	0	2	0	11
	2023	11	0	0	1	0	10

**Projected Openings as of December 31, 2023**

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets	Projected New Company-owned Outlets
Alabama	0	1	1
Arizona	0	0	0
Illinois	0	0	0
Mississippi	0	0	0
Total	0	1	1

SWGf's franchisees/licensees and their addresses and telephone numbers are listed in Exhibit D.

The name, the city and state and the current business 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 a franchise agreement during the most recently-completed calendar year, or who has not communicated with us within 10 weeks of this Disclosure Document, are as follows:

### Former Franchisees

Name/Contact Person	Address	Telephone Number
Nick George	6676 SW Canyon Dr. Portland, OR 97225	503-309-8434
Kem Meehan	833 Zimmer Road Fort Mill, SC 29707	980-297-1667

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

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

To our knowledge, there are no trademark-specific franchisee organizations associated with the Southwest Greens franchise system.

### ITEM 21 FINANCIAL STATEMENTS

The audited financial statements of SWGI as of, and for the fiscal years ended January 1, 2024, January 2, 2023, and January 1, 2022, are attached to this Disclosure Document as Exhibit B. Our fiscal year end is the Saturday closest to December 31. Also attached as Exhibit B are unaudited financial statements as of March 30, 2024.

### ITEM 22 CONTRACTS

Attached to this Disclosure Document as Exhibits E, F, G and H, respectively, are the Application for Franchise, the form of Franchise Agreement, the form of Resale Line Turf Agreement and a specimen of the General Release. In addition, attached as Exhibits A, B, C D and 1, respectively to the Franchise Agreement are the form of Agreement to be Bound and to Guarantee, the form of Agreement of Directors, Officers, Employees, Representatives, Consultants and Agents, the form of Financing Statement and the form of SBA Addendum.

**EXHIBIT A**  
**State Administrators**

<b>State</b>	<b>Name of Administrator</b>	<b>Address</b>
California	Commissioner of Department of Financial Protection and Innovation	320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 (866) 275-2677 Toll Free Ask.DFPI@dfpi.ca.gov
Hawaii	Hawaii Commissioner of Securities Department of Commerce & Consumer Affairs	335 Merchant Street, Room 205 Honolulu, Hawaii 96813 (808) 586-2744
Illinois	Chief Franchise Bureau Office of Attorney General	500 South Second Street Springfield, Illinois 62701 (217) 782-1090
Indiana	Franchise Section Indiana Securities Division	302 West Washington Street Room E-111 Indianapolis, Indiana 46204 (317) 232-6681
Maryland	Office of the Attorney General Securities Division	200 St. Paul Place Baltimore, Maryland 21202 (410) 576-6360
Michigan	Franchise Administrator Consumer Protection Division Antitrust and Franchise Unit Michigan Dept. of Attorney General	670 Law Building 525 W. Ottawa Street Lansing, Michigan 48913 (517) 373-7117
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7th Place East, Suite 280 Saint Paul, Minnesota 55101 (651) 539-1600
Nebraska	Department of Banking and Finance	1200 N Street, P.O. Box 95006 Lincoln NE 68509-5006
New York	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8000
North Dakota	Franchise Examiner North Dakota Securities Department	600 East Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-2929
Oregon	Director, Department of Consumer and Business Services, Corporate Securities Section	Labor and Industries Building Salem OR 97310
Rhode Island	Director of the Rhode Island Department of Business Regulation	1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9500
South Dakota	Registration Specialist, Securities Regulation Department of Labor and Regulation Division of Insurance	124 S. Euclid Avenue 2 <sup>nd</sup> Floor Pierre, South Dakota 57501-3185 (605) 773-3563
Texas	Secretary of State	P.O. Box 12887 Austin TX 78711
Virginia	State Corporation Commission Division of Securities and Retail Franchising	1300 E. Main Street, Ninth Floor Richmond, Virginia 23219 (804) 371-9051

Washington	Administrator Department of Financial Institutions Securities Division	150 Israel Rd. SW Tumwater, Washington 98501 (360) 902-8760
Wisconsin	Franchise Administrator Securities and Franchise Registration Wisconsin Securities Commission	4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 261-9555
All other states	Frederick L. Hooper, III (agent for service)	616 East Walnut Avenue Dalton GA 30722-2128



### Agents For Service Of Process

State	Name of Agent	Address
California	Commissioner of the Department of Financial Protection and Innovation	1515 K Street, Suite 200 Sacramento, California 95814
Hawaii	Hawaii Commissioner of Securities Business Registration Division	335 Merchant Street, Room 205 Honolulu, Hawaii 96813
Illinois	Illinois Attorney General Office	500 South Second Street Springfield, Illinois 62701
Indiana	Indiana Securities Division	302 West Washington Street Room E-111 Indianapolis, Indiana 46204
Maryland	Maryland Securities Commissioner	200 Saint Paul Place Baltimore, Maryland 21202
Minnesota	Commissioner of Commerce State of Minnesota Department of Commerce Registration Division	85 7th Place East Suite 280 Saint Paul, Minnesota 55101
New York	New York Secretary of State New York Department of State	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231
North Dakota	North Dakota Securities Department	600 East Boulevard Avenue State Capitol, 5th Floor, Dept. 414 Bismarck, North Dakota 58505-0510
Rhode Island	Director of Business Regulation	1511 Pontiac Avenue Cranston, Rhode Island 02920
South Dakota	Director of the Division of Insurance Securities Regulation Department of Labor and Regulation	124 South Euclid Avenue, 2nd Floor Pierre, South Dakota 57501
Virginia	Clerk, State Corporation Commission	1300 East Main Street, First Floor Richmond, Virginia 23219
Washington	Administrator of Securities Department of Financial Institutions	150 Israel Rd. SW, Tumwater, WA 98501
Wisconsin	Commissioner of Securities Office of the Commissioner of Securities	4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 261-9555
In all other states:	Frederick L. Hooper, III (agent for service)	616 East Walnut Avenue Dalton GA 30722-2128

**EXHIBIT B**  
**FINANCIAL STATEMENTS**

**SOUTHWEST GREENS INTERNATIONAL LLC**

**FINANCIAL STATEMENTS**

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

**SHAW INDUSTRIES GROUP, INC.**  
**COMPARATIVE OPERATIONAL STATEMENTS**  
**FOR THIRTEEN WEEKS ENDED MARCH 30, 2024 (Actual to Budget)**  
**AND THE THIRTEEN WEEKS ENDED APRIL 01, 2023**  
**(000's OMITTED)**

	SOUTHWEST GREENS							
	2024	%	2024	%	OVER	2023	%	OVER
	ACTUAL	OF NET	BUDGET	OF NET	(UNDER)	ACTUAL	OF NET	(UNDER)
NET SALES	2,209	100.00	2,033	100.00	176	2,140	100.00	69
PERCENT INC/(DEC) OVER PRIOR YEAR	3.22%		-5.00%					
TOTAL COST OF SALES	1,613	73.02	1,513	74.42	100	1,634	76.36	(21)
GROSS MARGIN	596	26.98	520	25.58	76	506	23.64	90
TOTAL SELLING EXPENSE	422	19.10	431	21.20	(9)	438	20.47	(16)
PERCENT INC/(DEC) OVER PRIOR YEAR								
NET DIVISIONAL CONTRIBUTION	174	7.88	89	4.38	85	68	3.18	106
TOTAL GENERAL AND ADMIN EXPENSE	0	0.00	0	0.00	0	0	0.00	0
OPERATING INCOME	174	7.88	89	4.38	85	68	3.18	106

**SOUTHWEST GREENS**  
**BALANCE SHEET**  
**March 30, 2024**  
(Amounts in 000s)

**ASSETS**

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**CURRENT ASSETS:**

Cash and cash equivalents (outstanding checks in ZBA account funded by Shaw)	(\$13)
Accounts and notes receivable-	
Notes	0
Other	0
Total	0
Less - Allowance for doubtful accounts	0
Allowance for cash discounts	0
Total	0
Inventories -	
Items for resale (Merchandise at Fulfillment Warehouse & Corporate Inventory)	45
Less: Merchandise Inventory Reserve	(30)
Inventory Deposits	0
Raw Materials and Purchased Goods	0
Total	15
Reserve- LIFO	0
Total	15
Other current assets	
Prepaid Expenses (See Prepaid Expenses Tab)	0
Deposits (see notes)	0
Suspense (See Notes)	0
Total	0

**TOTAL CURRENT ASSETS**

2

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**PROPERTY, PLANT AND EQUIPMENT, at cost:**

Land and improvements	0
Building and leasehold improvements	0
Machinery and equipment	158
Construction in progress	0
Total fixed assets	158
Less - Accumulated depreciation	(147)
	11

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**OTHER ASSETS:**

Goodwill, net of accumulated amortization	1,548
Investment in subsidiaries	0
Franchise Intangible	0
Noncompete Agreement	0
Total	1,548

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**TOTAL ASSETS**

\$1,561

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**SOUTHWEST GREENS****BALANCE SHEET****March 30, 2024**

(Amounts in 000s)

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**LIABILITIES AND SHAREHOLDER'S INVESTMENT**

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**CURRENT LIABILITIES:**

Notes payable	\$0
Current maturities of long-term debt	0
Accounts payable	0
Accrued liabilities -	
Accrued salaries and wages	4
(Includes Accrued Bonus and Commissions)	
Accrued payroll taxes	0
Accrued Promotional Funds	74
Other accrued liabilities	39
(Audit Fee \$6, Royalty \$14, Meeting Expense \$(16), Aged Turf Inv. Reserve \$35)	
Accrued income taxes	0
	<hr/>
<b>TOTAL CURRENT LIABILITIES</b>	<b>117</b>

<b>LONG-TERM DEBT, less current maturities</b> (Intercompany due to/from Shaw)	<b>(4,063)</b>
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**DEFERRED INCOME TAXES AND OTHER LIABILITIES:**

Income taxes	0
Other liabilities	0
Total	0

**SHAREHOLDER'S INVESTMENT:**

Common stock	0
Paid-in capital	3,351
Foreign currency translation adjustment	0
Retained earnings	2,156
	<hr/>
Total shareholder's investment	5,507

<b>TOTAL LIABILITIES AND SHAREHOLDER'S INVESTMENT</b>	<b>\$1,561</b>
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**SOUTHWEST GREENS INTERNATIONAL, LLC**

**Financial Statements and Supplemental Information**

**December 30, 2023 and December 31, 2022**

**(With Independent Auditors' Report Thereon)**

The logo for LBMC, consisting of the letters "LBMC" in white, sans-serif font, centered within a solid blue rectangular background.

# **SOUTHWEST GREENS INTERNATIONAL, LLC**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Managers of  
Southwest Greens International, LLC  
Calhoun, Georgia

### **Opinion**

We have audited the accompanying financial statements of Southwest Greens International, LLC (the "Company"), which comprise the balance sheets as of December 30, 2023 and December 31, 2022, the related statements of operations, changes in member's equity, and cash flows for the fifty-two week periods ended December 30, 2023 and December 31, 2022, 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 the Company as of December 30, 2023 and December 31, 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' 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.

## Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 matters that we identified during the audit.

## Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of operating expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*LBMC, PC*

Chattanooga, Tennessee  
March 22, 2024

SOUTHWEST GREENS INTERNATIONAL, LLC  
BALANCE SHEETS

DECEMBER 30, 2023 AND DECEMBER 31, 2022

<u>ASSETS</u>		
	<u>December 30, 2023</u>	<u>December 31, 2022</u>
Current assets:		
Accounts receivable	\$ 660,827	\$ 954,275
Prepaid expenses and other assets	5,000	7,200
Due from parent company	3,285,425	1,291,281
Merchandise inventory, net	<u>9,101</u>	<u>8,022</u>
Total current assets	<u>3,960,353</u>	<u>2,260,778</u>
Property and equipment, at cost:		
Property and equipment	157,982	157,982
Less accumulated depreciation	<u>(142,594)</u>	<u>(122,075)</u>
Property and equipment, net	<u>15,388</u>	<u>35,907</u>
Other asset:		
Goodwill	<u>1,547,760</u>	<u>1,547,760</u>
Total assets	<u>\$ 5,523,501</u>	<u>\$ 3,844,445</u>

<u>LIABILITIES AND MEMBER'S EQUITY</u>		
	<u>December 30, 2023</u>	<u>December 31, 2022</u>
Current liabilities:		
Accrued liabilities	\$ 155,676	\$ 118,603
Customer deposits	<u>35,720</u>	<u>77,780</u>
Total current liabilities	191,396	196,383
Member's equity	<u>5,332,105</u>	<u>3,648,062</u>
Total liabilities and member's equity	<u>\$ 5,523,501</u>	<u>\$ 3,844,445</u>

See accompanying notes to the financial statements

SOUTHWEST GREENS INTERNATIONAL, LLC  
STATEMENTS OF OPERATIONS  
FOR THE FIFTY-TWO WEEK PERIODS ENDING DECEMBER 30, 2023 AND DECEMBER 31, 2022

	Period Ending December 30, 2023	Period Ending December 31, 2022
Sales	\$ 10,652,259	\$ 12,242,090
Cost of sales	<u>7,451,607</u>	<u>8,496,728</u>
Gross profit	3,200,652	3,745,362
Operating expenses	<u>1,516,609</u>	<u>1,523,517</u>
Net income	<u><u>\$ 1,684,043</u></u>	<u><u>\$ 2,221,845</u></u>

See accompanying notes to the financial statements

SOUTHWEST GREENS INTERNATIONAL, LLC  
STATEMENTS OF CHANGES IN MEMBER'S EQUITY  
FOR THE FIFTY-TWO WEEK PERIODS ENDING DECEMBER 30, 2023 AND DECEMBER 31, 2022

	<u>Additional Paid-in-Capital</u>	<u>Retained Earnings</u>	<u>Member's Equity</u>
Balance at January 1, 2022	\$ 3,350,741	\$ 3,663,668	\$ 7,014,409
Noncash distribution to parent company	(1,833,322)	(3,754,870)	(5,588,192)
Net income	<u>-</u>	<u>2,221,845</u>	<u>2,221,845</u>
Balance at December 31, 2022	1,517,419	2,130,643	3,648,062
Net income	<u>-</u>	<u>1,684,043</u>	<u>1,684,043</u>
Balance at December 30, 2023	<u><u>\$ 1,517,419</u></u>	<u><u>\$ 3,814,686</u></u>	<u><u>\$ 5,332,105</u></u>

See accompanying notes to the financial statements

SOUTHWEST GREENS INTERNATIONAL, LLC  
STATEMENTS OF CASH FLOWS  
FOR THE FIFTY-TWO WEEK PERIODS ENDING DECEMBER 30, 2023 AND DECEMBER 31, 2022

	Period Ending December 30, 2023	Period Ending December 31, 2022
Cash flows from operating activities:		
Net income	\$ 1,684,043	\$ 2,221,845
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	20,518	20,518
Change in:		
Accounts receivable	293,448	(30)
Prepaid expenses and other assets	2,200	(544)
Due from parent company	(1,994,144)	(2,196,037)
Merchandise inventory	(1,079)	5,079
Accrued liabilities	37,074	(19,911)
Customer deposits	(42,060)	(30,920)
Total adjustments	(1,684,043)	(2,221,845)
Net cash provided by operating activities	-	-
Cash at beginning of year	-	-
Cash at end of year	\$ -	\$ -
Noncash transaction:		
Noncash distribution to parent company	\$ -	\$ 5,588,192

See accompanying notes to the financial statements

SOUTHWEST GREENS INTERNATIONAL, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 30, 2023 AND DECEMBER 31, 2022

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Business Activity

Southwest Greens International, LLC (the “Company”) was acquired by Shaw Contract Flooring Services, Inc. (SCFS) on June 3, 2011. In February 2022, SCFS formed a new wholly-owned subsidiary, Shaw Integrated and Turf Solutions, Inc. (SITS), and transferred 100% of its membership interest in the Company from SCFS to SITS. SCFS then adopted a plan of liquidation and distributed its interest in SITS to Shaw Industries Group, Inc. as a liquidating distribution. References herein to the Parent Company refer to SCFS for the period up to February 2022 and to SITS for the period thereafter.

The Company grants licenses to domestic and international franchisees to market, promote, design, and sell synthetic turf surfaces that are purchased directly from the Company for uses such as putting greens, tee lines, golf practice facilities, golf driving ranges, lawn turf, and other synthetic grass applications. The Company receives fees from new franchisees as franchise agreements are executed or transferred.

Recently adopted accounting standard – In June 2016, the Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) issued guidance ("FASB ASC 326") which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Company that are subject to the guidance in FASB ASC 326 were trade accounts receivable.

The Company adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

Fiscal Year – The Company's fiscal year-end is the Saturday closest to December 31. Fiscal 2023 (January 1, 2023 through December 30, 2023) and Fiscal 2022 (January 2, 2022 through December 31, 2022) each consisted of 52 weeks.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition – Revenue from product sales is recognized upon change in control, which coincides with product shipment. Service revenues are generally recognized as the services are performed. The amount of revenue recognized also takes into account variable consideration, such as returns, and allowances based on estimated returns and claims. Sales and use taxes that are collected from customers and remitted to governmental authorities are excluded from net sales and are reflected in liability accounts until payments are made to the governmental authorities.

SOUTHWEST GREENS INTERNATIONAL, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 30, 2023 AND DECEMBER 31, 2022

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For the period ended December 30, 2023, the total net sales of \$10,652,259 include \$10,587,647 of material sales of synthetic turf products which are transferred to the customer at a point in time and \$64,612 of service related sales such as advertising support and franchise fees related to the performance obligations stated in the franchise agreements between the Company and franchisees. For the period ended December 31, 2022, the total net sales of \$12,242,090 include \$12,155,426 of material sales of synthetic turf products which are transferred to the customer at a point in time and \$86,664 of service-related sales such as advertising support and franchise fees related to the performance obligations stated in the franchise agreements between the Company and franchisees. The material sales of synthetic turf products and service-related sales are sold directly to franchisees.

The majority of the Company's contracts offer assurance-type warranties in connection with the sale of a product to a customer. Assurance-type warranties provide a customer with assurance that the related product will function as the parties intended because it complies with agreed-upon specifications. Such warranties do not represent a separate performance obligation.

Accounts Receivable – Accounts receivable are stated at unpaid balances. The Company provides for credit losses on accounts receivable at a rate determined by the Parent Company under a Shared Services Agreement (See footnote 2). The credit loss provision is transferred to the Parent Company each month. While the Parent Company will assume the risk of credit loss on the Company's receivables, the Parent Company reserves the right to require the Company to increase or decrease the credit loss provision rate based on actual bad debt experience. During the fifty-two weeks ending December 30, 2023 and December 31, 2022, the Company transferred \$50,001 and \$57,112, respectively, to the Parent Company related to credit loss provisions. Management has determined there is no need for an allowance for credit losses at December 30, 2023 and December 31, 2022.

Merchandise Inventory – Inventories are stated at lower of cost or market. The cost is determined using the first-in, first-out (FIFO) method.

Property and Equipment – Property and equipment are recorded at cost. Significant improvements are capitalized and maintenance and repairs are charged to expense as incurred. The cost and accumulated depreciation of property retired or otherwise disposed of are removed from the accounts, and any gains or losses thereon, are included in other income. For financial reporting purposes, depreciation is computed using the straight-line method over the estimated useful lives of the assets (three to ten years) dependent upon the classification of the asset. Depreciation expense for the fifty-two week periods ending December 30, 2023 and December 31, 2022, were \$20,518 and \$20,518, respectively.

Intangibles – Franchise network intangibles were valued as part of the acquisition-related transaction using the income appraisal methodology. The income appraisal methodology includes a determination of the future monetary benefits to be derived from the anticipated income from the franchises. The value of the franchise network includes the value expected to be realized from existing contracts as well as from expected renewals of such contracts and is calculated using undiscounted cash flows as part of the income appraisal methodology. The franchise network intangible is amortized over a period from six to ten years. A noncompete agreement was included as part of the acquisition on June 3, 2011. The life of the noncompete agreement is five years beginning on the date of acquisition. The franchise network intangibles and noncompete agreement were fully amortized as of January 1, 2022.



SOUTHWEST GREENS INTERNATIONAL, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 30, 2023 AND DECEMBER 31, 2022

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Impairment of Long-Lived Assets – The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Goodwill is required to be tested for impairment annually or more often as circumstances might require. An impairment loss for goodwill is recognized based on the estimated fair value of the related asset. During the fifty-two week periods ending December 30, 2023 and December 31, 2022, the Company recognized no impairment as a result of its annual impairment review.

Income Taxes – The Company is a limited liability company for federal and state income tax purposes. As such, federal and state taxable income and losses pass through to its members.

Advertising – Advertising expense is recorded as incurred and totaled \$249,701 and \$283,200 for the fifty-two week periods ending December 30, 2023, and December 31, 2022, respectively.

Subsequent Events – Management has evaluated subsequent events through March 22, 2024, which is the date the financial statements were available to be issued.

2. SHARED SERVICES AGREEMENT

The Company maintains an agreement with the Parent Company to provide certain services to the Company. Among the services provided are: legal, accounting, information systems, credit, billing, collection, accounts payable, tax, treasury, human resource, payroll, customer service, research and development, and other services. The shared services agreement is an annual agreement subject to automatic renewal. Under the terms of the agreement, the Company is charged \$10,000 per week for the services provided. During the fifty-two week periods ending December 30, 2023 and December 31, 2022, the Company recognized \$520,000 and \$520,000, respectively, of expense associated with this agreement.

3. RELATED PARTY TRANSACTIONS

The Company occupies office space in a facility owned by the Parent Company under an informal month to month lease agreement. The Parent Company allocates rent expense to the Company based on the ratio of the facility's total monthly occupancy expense times the percentage of square feet the Company occupies. Rent expense under this informal agreement was \$12,400 and \$12,400 for the fifty-two week periods ending December 30, 2023 and December 31, 2022, respectively.

The Company had sales to a related party of \$305,366 and \$142,344 for the fifty-two week periods ending December 30, 2023, and December 31, 2022, respectively.

The Company purchases 100% of synthetic turf and other materials for resale from the Parent Company. Total purchases from the Parent Company for the fifty-two week periods ending December 30, 2023, and December 31, 2022, were \$7,240,113 and \$8,210,296, respectively. The Company has Due from Parent Company of \$3,285,425 and \$1,291,281 as of December 30, 2023, and December 31, 2022, respectively. The Parent Company collects accounts receivable and processes certain accounts payable on behalf of the Company, as well as charges certain expenses to the Company. These transactions flow through and are accumulated in the Due from Parent Company balance.

SOUTHWEST GREENS INTERNATIONAL, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 30, 2023 AND DECEMBER 31, 2022

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The Due from Parent Company of \$3,285,425 and \$1,291,281 on December 30, 2023, and December 31, 2022, respectively, represents the Company's cash position, which is administered by the Parent Company. Funds are transferred back to the Company's account as needed to meet claims against cash.

See Note 1 for discussion of change in Parent Company during February 2022. As a result of this transaction, the Company made a noncash distribution to SCFS in the amount of \$5,588,192 during the fifty-two week period ending December 31, 2022. This is reflected as a reduction of the Due from Parent Company with a corresponding reduction in equity in the accompanying financial statements.

4. MAJOR CUSTOMERS

During the fifty-two week period ending December 30, 2023, the Company can attribute \$3,291,052 (30.9%) of its sales to five franchisees. During the fifty-two week period ending December 31, 2022, the Company attributed \$3,190,466 (28.3%) of its sales to four franchisees.

The Company had three customers that accounted for \$313,336 (47.4%) and four customers that accounted for \$469,909 (53.6%) of accounts receivable on December 30, 2023, and December 31, 2022, respectively.

SOUTHWEST GREENS INTERNATIONAL, LLC  
SCHEDULES OF OPERATING EXPENSES  
FOR THE FIFTY-TWO WEEK PERIODS ENDING DECEMBER 30, 2023 AND DECEMBER 31, 2022

	Period Ending December 30, 2023	Period Ending December 31, 2022
Advertising	\$ 249,701	\$ 283,200
Credit loss expense	50,001	57,112
Computer and internet expense	4,463	6,002
Contract labor	40,850	34,262
Courier expense	9,464	5,790
Depreciation	20,518	20,518
Dues and subscriptions	-	50
Employee benefits	41,241	60,673
Insurance	25,016	25,016
Meeting expense	77,461	78,666
Professional fees	14,000	13,005
Promotional expense	45,045	47,448
Rent - building	12,400	12,400
Salaries and wages	313,665	274,627
Samples	49,116	38,477
Shared services expense	520,000	520,000
Travel and entertainment	41,089	43,495
Other	2,579	2,776
	<hr/>	<hr/>
Total operating expenses	<u>\$ 1,516,609</u>	<u>\$ 1,523,517</u>

**SOUTHWEST GREENS INTERNATIONAL, LLC**

**Financial Statements and Supplemental Information**

**January 1, 2022 and January 2, 2021**

**(With Independent Auditors' Report Thereon)**



# **SOUTHWEST GREENS INTERNATIONAL, LLC**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Managers of  
Southwest Greens International, LLC  
Calhoun, Georgia

### **Opinion**

We have audited the accompanying financial statements of Southwest Greens International, LLC (the "Company"), which comprise the balance sheets as of January 1, 2022 and January 2, 2021, the related statements of operations, changes in member's equity, and cash flows for the fifty-two week period ended January 1, 2022, and the fifty-three week period ended January 2, 2021, 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 the Company as of January 1, 2022 and January 2, 2021, 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.

## Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 matters that we identified during the audit.

## Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of operating expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*LBMC, PC*

Chattanooga, Tennessee  
February 21, 2022

SOUTHWEST GREENS INTERNATIONAL, LLC  
BALANCE SHEETS

JANUARY 1, 2022 AND JANUARY 2, 2021

<u>ASSETS</u>		
	<u>January 1, 2022</u>	<u>January 2, 2021</u>
Current assets:		
Accounts receivable	\$ 954,245	\$ 960,878
Prepaid expenses and other assets	6,656	10,678
Due from parent company	4,683,438	2,917,849
Merchandise inventory, net	13,101	23,494
Total current assets	<u>5,657,440</u>	<u>3,912,899</u>
Property and equipment, at cost:		
Property and equipment	157,982	157,982
Less accumulated depreciation	<u>(101,558)</u>	<u>(80,917)</u>
Property and equipment, net	<u>56,424</u>	<u>77,065</u>
Other assets:		
Goodwill	1,547,760	1,547,760
Franchise network intangible, net of accumulated amortization of \$1,712,827 and \$1,708,668 at January 1, 2022 and January 2, 2021, respectively.	<u>-</u>	<u>4,159</u>
Total other assets	<u>1,547,760</u>	<u>1,551,919</u>
Total assets	<u><u>\$ 7,261,624</u></u>	<u><u>\$ 5,541,883</u></u>

<u>LIABILITIES AND MEMBER'S EQUITY</u>		
	<u>January 1, 2022</u>	<u>January 2, 2021</u>
Current liabilities:		
Accrued liabilities	\$ 138,515	\$ 119,488
Customer deposits	<u>108,700</u>	<u>14,828</u>
Total current liabilities	247,215	134,316
Member's equity	<u>7,014,409</u>	<u>5,407,567</u>
Total liabilities and member's equity	<u><u>\$ 7,261,624</u></u>	<u><u>\$ 5,541,883</u></u>

See accompanying notes to the financial statements



SOUTHWEST GREENS INTERNATIONAL, LLC  
STATEMENTS OF OPERATIONS  
FOR THE FIFTY-TWO WEEK PERIOD ENDING JANUARY 1, 2022 AND THE FIFTY-THREE WEEK  
PERIOD ENDING JANUARY 2, 2021

	<u>Period Ending January 1, 2022</u>	<u>Period Ending January 2, 2021</u>
Sales	\$ 11,068,987	\$ 9,601,108
Cost of sales	<u>7,946,601</u>	<u>6,889,216</u>
Gross profit	3,122,386	2,711,892
Operating expenses	<u>1,515,544</u>	<u>1,512,759</u>
Net income	<u>\$ 1,606,842</u>	<u>\$ 1,199,133</u>

See accompanying notes to the financial statements

SOUTHWEST GREENS INTERNATIONAL, LLC  
STATEMENTS OF CHANGES IN MEMBER'S EQUITY  
FOR THE FIFTY-TWO WEEK PERIOD ENDING JANUARY 1, 2022 AND THE FIFTY-THREE WEEK  
PERIOD ENDING JANUARY 2, 2021

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	<u>Additional Paid-in-Capital</u>	<u>(Accumulated Deficit) / Retained Earnings</u>	<u>Member's Equity</u>
Balance At December 28, 2019	\$ 3,350,741	\$ 857,693	\$ 4,208,434
Net income	<u>-</u>	<u>1,199,133</u>	<u>1,199,133</u>
Balance At January 2, 2021	3,350,741	2,056,826	5,407,567
Net income	<u>-</u>	<u>1,606,842</u>	<u>1,606,842</u>
Balance At January 1, 2022	<u><u>\$ 3,350,741</u></u>	<u><u>\$ 3,663,668</u></u>	<u><u>\$ 7,014,409</u></u>

See accompanying notes to the financial statements

SOUTHWEST GREENS INTERNATIONAL, LLC  
STATEMENTS OF CASH FLOWS  
FOR THE FIFTY-TWO WEEK PERIOD ENDING JANUARY 1, 2022 AND THE FIFTY-THREE WEEK PERIOD  
ENDING JANUARY 2, 2021

	Period Ending January 1, 2022	Period Ending January 2, 2021
Cash flows from operating activities:		
Net income	\$ 1,606,842	\$ 1,199,133
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	24,799	31,212
Change in:		
Accounts receivable	6,633	(96,279)
Prepaid expenses and other assets	4,022	-
Due from parent company	(1,765,589)	(1,164,614)
Merchandise inventory	10,394	14,313
Accrued liabilities	19,028	11,344
Customer deposits	93,871	4,891
Total adjustments	(1,606,842)	(1,199,133)
Net cash provided by operating activities	-	-
Net change in cash	-	-
Cash at beginning of year	-	-
Cash at end of year	\$ -	\$ -

See accompanying notes to the financial statements

SOUTHWEST GREENS INTERNATIONAL, LLC  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JANUARY 1, 2022 AND JANUARY 2, 2021

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Business Activity

Southwest Greens International, LLC (the “Company”) was acquired by Shaw Contract Flooring Services, Inc. (the “Parent Company”) on June 3, 2011. The Company grants licenses to domestic and international franchisees to market, promote, design, and sell synthetic turf surfaces that are purchased directly from the Company for uses such as putting greens, tee lines, golf practice facilities, golf driving ranges, lawn turf, and other synthetic grass applications. The Company receives fees from new franchisees as franchise agreements are executed or transferred.

Fiscal Year – The Company’s fiscal year-end is the Saturday closest to December 31. Fiscal 2021 (January 3, 2021 through January 1, 2022) consisted of 52 weeks and Fiscal 2020 (December 29, 2019 through January 2, 2021) consisted of 53 weeks.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition - Revenue from product sales is recognized upon change in control, which coincides with product shipment. Service revenues are generally recognized as the services are performed. The amount of revenue recognized also takes into account variable consideration, such as returns and allowances based on estimated returns and claims. Sales and use taxes that are collected from customers and remitted to governmental authorities are excluded from net sales and are reflected in liability accounts until payments are made to the governmental authorities.

For the period ended January 1, 2022, the total net sales of \$11,068,987 include \$10,996,997 of material sales of synthetic turf products which are transferred to the customer at a point in time and \$71,990 of service related sales such as advertising support and franchise fees related to the performance obligations stated in the franchise agreements between the Company and franchisees. For the period ended January 2, 2021 the total net sales of \$9,601,108 include \$9,525,183 of material sales of synthetic turf products which are transferred to the customer at a point in time and \$75,925 of service related sales such as advertising support and franchise fees related to the performance obligations stated in the franchise agreements between the Company and franchisees. The material sales of synthetic turf products and service related sales are sold directly to franchisees.

The majority of the Company’s contracts offer assurance-type warranties in connection with the sale of a product to a customer. Assurance-type warranties provide a customer with assurance that the related product will function as the parties intended because it complies with agreed-upon specifications. Such warranties do not represent a separate performance obligation.

SOUTHWEST GREENS INTERNATIONAL, LLC  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JANUARY 1, 2022 AND JANUARY 2, 2021

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Accounts Receivable – Accounts receivable are stated at unpaid balances. The Company provides for losses on accounts receivable at a rate determined by the Parent Company under a Shared Services Agreement (See footnote 2). The loss provision is transferred to the Parent Company each month. While the Parent Company will assume the risk of loss on the Company's receivables, the Parent Company reserves the right to require the Company to increase or decrease the loss provision rate based on actual bad debt experience. During the fifty-two week and fifty-three week periods ending January 1, 2022 and January 2, 2021, the Company transferred \$51,084 and \$44,868, respectively, to the Parent Company related to loss provisions.

Merchandise Inventory – Inventories are stated at lower of cost or market. The cost is determined using the first-in, first-out (FIFO) method.

Property and Equipment – Property and equipment are recorded at cost. Significant improvements are capitalized and maintenance and repairs are charged to expense as incurred. The cost and accumulated depreciation of property retired or otherwise disposed of are removed from the accounts, and any gains or losses thereon, are included in other income. For financial reporting purposes, depreciation is computed using the straight-line method over the estimated useful lives of the assets (three to ten years) dependent upon the classification of the asset. Depreciation expense for the fifty-two and the fifty-three week periods ending January 1, 2022 and January 2, 2021, were \$20,640 and \$21,226, respectively.

Intangibles – Franchise network intangibles were valued as part of the acquisition-related transaction using the income appraisal methodology. The income appraisal methodology includes a determination of the future monetary benefits to be derived from the anticipated income from the franchises. The value of the franchise network includes the value expected to be realized from existing contracts as well as from expected renewals of such contracts and is calculated using undiscounted cash flows as part of the income appraisal methodology. The franchise network intangible is amortized over a period from six to ten years. A noncompete agreement was included as part of the acquisition on June 3, 2011. The life of the noncompete agreement is five years beginning on the date of acquisition. Amortization expense on the franchise network intangibles and noncompete agreement for the fifty-two week and the fifty-three week periods ending January 1, 2022 and January 2, 2021, were \$4,159 and \$9,985, respectively. The franchise network intangibles and noncompete agreement were fully amortized as of January 1, 2022.

Impairment of Long-Lived Assets – The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Goodwill and franchise network intangible are required to be tested for impairment annually or more often as circumstances might require. An impairment loss for goodwill and franchise network intangible is recognized based on the estimated fair value of the related asset. During the fifty-two week and the fifty-three week periods ending January 1, 2022 and January 2, 2021, the Company recognized no impairment as a result of its annual impairment review.

Income Taxes – The Company is a limited liability company for federal and state income tax purposes. As such, federal and state taxable income and losses pass through to its members.

Advertising – Advertising expense is recorded as incurred and totaled \$241,562 and \$267,823 for the fifty-two week and the fifty-three week periods ending January 1, 2022 and January 2, 2021, respectively.

Subsequent Events – Management has evaluated subsequent events through February 21, 2022, which is the date the financial statements were available to be issued.

SOUTHWEST GREENS INTERNATIONAL, LLC  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JANUARY 1, 2022 AND JANUARY 2, 2021

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2. SHARED SERVICES AGREEMENT

The Company maintains an agreement with the Parent Company to provide certain services to the Company. Among the services provided are: legal, accounting, information systems, credit, billing, collection, accounts payable, tax, treasury, human resource, payroll, customer service, research and development, and other services. The shared services agreement is an annual agreement subject to automatic renewal. Under the terms of the agreement, the Company is charged \$10,000 per week for the services provided. During the fifty-two week and the fifty-three week periods ending January 1, 2022 and January 2, 2021, the Company recognized \$520,000 and \$530,000 respectively, of expense associated with this agreement.

3. RELATED PARTY TRANSACTIONS

The Company occupies office space in a facility owned by the Parent Company under an informal lease agreement. The Parent Company allocates rent expense to the Company based on the ratio of the facility's total monthly occupancy expense times the percentage of square feet the Company occupies. Rent expense under this informal agreement was \$12,400 and \$10,405 for the fifty-two and the fifty-three week periods ending January 1, 2022 and January 2, 2021, respectively.

The Company purchases 100% of synthetic turf and other materials for resale from the Parent Company. Total purchases from the Parent Company for the fifty-two week and the fifty-three week periods ending January 1, 2022 and January 2, 2021, were \$7,695,641 and \$6,685,190, respectively. The Company has Due from Parent Company of \$4,683,438 and \$2,917,849 as of January 1, 2022 and January 2, 2021, respectively. The Parent Company collects accounts receivable and processes certain accounts payable on behalf of the Company, as well as charges certain expenses to the Company. These transactions flow through and are accumulated in the Due from Parent Company balance.

The due from parent company of \$4,683,438 and \$2,917,849 at January 1, 2022 and January 2, 2021, respectively, represents the Company's cash position, which is administered by the Parent Company. Funds are transferred back to the Company's account as needed to meet claims against cash.

4. MAJOR CUSTOMERS

During the fifty-two week period ending January 1, 2022, the Company can attribute \$3,116,998 (31.1%) of its sales to four franchisees. During the fifty-three week period ending January 2, 2021, the Company attributed \$2,336,146 (24.3%) of its sales to three franchisees.

The Company had five customers that accounted for \$534,855 (56.0%) and four customers that accounted for \$526,452 (54.8%) of accounts receivable on January 1, 2022 and January 2, 2021, respectively.

SOUTHWEST GREENS INTERNATIONAL, LLC  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JANUARY 1, 2022 AND JANUARY 2, 2021

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5. RISK AND UNCERTAINTIES

As of the date this report was available to be issued, the United States, as well as many other countries around the world, are still experiencing an infectious disease (COVID-19) pandemic, impacting individuals, governments, businesses, and financial markets with disruption and risk. The Company has experienced an impact from the global supply chain disruptions resulting from the pandemic such as extended product lead times, raw materials availability, extreme cost escalations and labor shortages. Despite these challenges, the Company has continued to receive strong demand for its products and has not experienced a decrease in revenue. While disruption of future revenue is still possible, no significant reduction of revenues has been realized as a result of the COVID-19 pandemic. Management is continually monitoring the situation and developing strategies designed to mitigate any additional business impacts.

SOUTHWEST GREENS INTERNATIONAL, LLC  
SCHEDULES OF OPERATING EXPENSES  
FOR THE FIFTY-TWO WEEK PERIOD ENDING JANUARY 1, 2022 AND THE FIFTY-THREE WEEK PERIOD ENDING  
JANUARY 2, 2021

	Period Ending January 1, 2022	Period Ending January 2, 2021
Advertising	\$ 241,562	\$ 267,823
Amortization	4,159	9,985
Bad debt expense	51,084	44,868
Computer and internet expense	19,585	16,163
Contract labor	36,000	36,834
Courier expense	8,523	15,728
Depreciation	20,640	21,226
Dues and subscriptions	5,068	3,060
Employee benefits	47,328	48,851
Insurance	21,302	15,456
Meeting expense	18,019	69,942
Professional fees	12,500	16,664
Promotional expense	67,932	60,649
Rent - building	12,400	10,405
Salaries and wages	350,747	293,821
Samples	59,755	26,072
Shared services expense	520,000	530,000
Travel and entertainment	15,853	20,749
Other	3,087	4,463
	<u>\$ 1,515,544</u>	<u>\$ 1,512,759</u>
Total operating expenses	<u>\$ 1,515,544</u>	<u>\$ 1,512,759</u>



**EXHIBIT C**  
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**EXHIBIT D**  
**LIST OF FRANCHISEES/LICENSEES**  
(as of 12/31/23)

Name/Address	Contacts	Telephone Number and email address
<b>Alabama</b>		
<b>SWG - Birmingham</b> 223 Crest Drive Birmingham, AL 35209	Andrew Capstickdale	(M)205-218-6881 <a href="mailto:capstick11@yahoo.com">capstick11@yahoo.com</a>
<b>Arizona</b>		
<b>SWG - of The Valley</b> 7625 E. Redfield Rd., #900 Scottsdale, AZ 85260	David Finks Tricia Johnson	(M) 480-294-5612 (O) 480-664-9417 (F) 460-668-3872 <a href="mailto:finks@swgarizona.com">finks@swgarizona.com</a> <a href="mailto:tricia@swgarizona.com">tricia@swgarizona.com</a>
<b>SWG - Tucson</b> 2130 East 12th Street Suite 100 Tucson, AZ 85719	Jason Richards Chuck Onley	(O) 520-822-8193 (F) 520-822-8195 (M) 520-631-2329 <a href="mailto:jason@swgtucson.com">jason@swgtucson.com</a> <a href="mailto:chuck@swgtucson.com">chuck@swgtucson.com</a>
<b>SWG - Flagstaff</b> 809 W. Riordan, Suite 100-1048 Flagstaff, AZ 86001	Kyle Christensen	(C) 480-273-9948 <a href="mailto:kc@southwestgreens.com">kc@southwestgreens.com</a> <a href="mailto:kylechristensen83@gmail.com">kylechristensen83@gmail.com</a>
<b>California</b>		
<b>SWG - Bakersfield</b> 2216 Lacey Street Bakersfield, CA 93304	Mark Swaim Jackie Swaim	(O) 661-834-7888 (M) 661-747-8779 <a href="mailto:mark@bakersfieldgreens.com">mark@bakersfieldgreens.com</a> <a href="mailto:jackie@bakersfieldgreens.com">jackie@bakersfieldgreens.com</a>
<b>SWG - Fresno</b> 11994 North Genevieve Ave. Fresno, CA 93730	Mike Zamarripa	(M) 559-217-3538 (O) 559-323-8139 (O) 559-294-7888 <a href="mailto:mike@swgreensfresno.com">mike@swgreensfresno.com</a>
<b>SWG - Northern California West</b> P.O. BOX 4307 Foster City, CA 94404 Physical Address: 1058 Eagle Lane Foster City, CA 94404	Jose Salamanca Michell (Micki) Salamanca	(M) 408-252-5838 (F) 650-349-4886 (O) 650-394-4627 (ad) 650-349-4885 <a href="mailto:jose@southwestgreens.com">jose@southwestgreens.com</a> <a href="mailto:mix@sw-greens.com">mix@sw-greens.com</a>
<b>SWG East Bay/Cottage</b> P.O. Box 895 Oakley, CA 94561 Physical Address: 1889 Teresa Lane Oakley, CA 94561	Tony Franchetto Charlene Franchetto	(O & F) 925-625-8404 (C) 925-783-1090 (C) 925-783-8488 <a href="mailto:tony@southwestgreenseastbay.com">tony@southwestgreenseastbay.com</a> <a href="mailto:char@southwestgreenseastbay.com">char@southwestgreenseastbay.com</a>

Name/Address	Contacts	Telephone Number and email address
<b>SWG - San Diego</b> 6152 Mission Gorge Road, Suite A San Diego, CA 92120	Jason Richards Curtis McCoy	(M) 520-631-2329 (O) 520-822-8193 (F) 520-822-8195 (M) 580-402-3257 <a href="mailto:jason@swgtucson.com">jason@swgtucson.com</a> <a href="mailto:therealmccoy87@yahoo.com">therealmccoy87@yahoo.com</a>
<b>SWG - Southern California</b> 17812 Sierra Hw, Suite F Santa Clarita, CA 91390	Jay McMullen	(O) 661-298-0888 (F) 661-298-9451 <a href="mailto:mcmullen139@hotmail.com">mcmullen139@hotmail.com</a> <a href="mailto:sales@socalswg.com">sales@socalswg.com</a>
<b>Colorado</b>		
<b>SWG - Western Colorado</b> 525 Cowen Court Aspen, CO 81611	David Marcucilli	(M) 203-788-2515 <a href="mailto:dave@bellmtn.golf">dave@bellmtn.golf</a>
<b>Connecticut</b>		
<b>SWG - Connecticut</b> 31 Tosun Rd Wolcott, CT 06716	John Chiarella, Jr. John Chiarella, III.	(C) 203-233-2723 (O) 203-879-4201 (F) 203-879-2588 <a href="mailto:johnc@ultimategrounds.com">johnc@ultimategrounds.com</a> <a href="mailto:john3@ultimategrounds.com">john3@ultimategrounds.com</a>
<b>Florida</b>		
<b>SWG - Jacksonville &amp; Charleston</b> 3519 Enterprise Way Green Cove Springs, FL 32043 (F) 904-284-2032	Lindy Eulenfeld Aaron Eulenfeld Christine Eulenfeld	(M) 904-838-1720 (M) 904-626-6430 (O) 904-284-2059 (M) 904-838 1722 <a href="mailto:lindy@swgofjax.com">lindy@swgofjax.com</a> <a href="mailto:Aaron@swgofjax.com">Aaron@swgofjax.com</a> <a href="mailto:Christine@swgofjax.com">Christine@swgofjax.com</a>
<b>SWG - Florida (Jim)</b> 7481 SW Jack James Drive Stuart, FL 34997	Jim Walton	(M) 561-827-5962 (F) 561-694-1556 (O) 561-694-1557 <a href="mailto:jwalton@swgreens.com">jwalton@swgreens.com</a>
<b>Georgia</b>		
<b>SWG - Atlanta</b> 1701 Gresham Rd Marietta, GA 30062	David Coleman Mike Riley	(M) 404-353-1019 (C) 404 787-8349 (O) 770-977-2979 <a href="mailto:southwestgreensatlanta@yahoo.com">southwestgreensatlanta@yahoo.com</a> <a href="mailto:michaelrileydesign@comcast.net">michaelrileydesign@comcast.net</a>
<b>SWG - Augusta</b> 454 Columbia Industrial Blvd, Suite 110 Evans, GA 30809	Tim Bolin	(M) 706-829-0296 <a href="mailto:timbolin63@gmail.com">timbolin63@gmail.com</a> <a href="mailto:timbolin@southwestgreensofaugusta.com">timbolin@southwestgreensofaugusta.com</a>
<b>Hawaii</b>		
<b>SWG - Hawaii</b> P.O. Box 390068 Keauhou, HI 96739 Physical Address: 81-990 Halekii Street Kealahou, HI 96750	Roger Brasel	(O) 808-322-3269 (F) 808-443-0900 <a href="mailto:hiallc@gmail.com">hiallc@gmail.com</a>

Name/Address	Contacts	Telephone Number and email address
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<b>Iowa</b>		
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<b>Nevada</b>		
<b>SWG - Nevada</b> P.O. Box 371771 Las Vegas, NV 89137 Physical Address: 9731 Champagne Bliss Ave Las Vegas, NV 89149	Randy Kleiner	(O) 702-253-0094 (M) 702-400-8804 <a href="mailto:randy@swgnevada.com">randy@swgnevada.com</a>
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<b>SWG Oregon</b> 6676 SW Canyon Dr. Portland, OR 97225	Nick George	(C) 503-309-8434 <a href="mailto:nick_greens@msn.com">nick_greens@msn.com</a>
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<b>SWG - Austin</b> 2500 South Highway 183 Building 1 Suite 110 Austin, TX. 78744	Chris Dempsey Chris Mahoney	(M) 561-510-5988 <a href="mailto:cd@swgtx.com">cd@swgtx.com</a> <a href="mailto:cm@swgtx.com">cm@swgtx.com</a>
<b>SWG - Dallas/Fort Worth</b> 205 Etta Lane Springtown, TX 76082	Michael Meeks Haley Meeks	(M) 817 773-7732 (M) 817-401-5183 (O & F) 817-488-4224 <a href="mailto:meekscsco.llc@gmail.com">meekscsco.llc@gmail.com</a> <a href="mailto:hmeeks.swg@gmail.com">hmeeks.swg@gmail.com</a>
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<b>SWG - Eastern Washington</b> 6418 W. Deschutes Ave. Kennewick, WA 99336	Jesse Kadinger	(O) 509-734-8988 (M) 509-727-2071 (F) 509-734-9556 <a href="mailto:jesse@jesseslawn.com">jesse@jesseslawn.com</a>

\* Franchisee's territory extends into more than one state

**EXHIBIT E**  
**Southwest Greens International LLC**  
**Application for a Franchise**

**This application must be fully completed in order to be accepted for consideration.**  
Please print or type

**GENERAL INFORMATION**

Principal application's name \_\_\_\_\_  
Date of birth \_\_\_\_/\_\_\_\_/\_\_\_\_ Social security number \_\_\_\_/\_\_\_\_/\_\_\_\_  
Residence address \_\_\_\_\_  
Home phone ( ) \_\_\_\_\_ Best time to reach \_\_\_\_\_  
How long at present address? \_\_\_\_\_ Own? \_\_\_\_\_ Rent? \_\_\_\_\_  
Previous addresses (List for 10 years) \_\_\_\_\_  
\_\_\_\_\_

Current employer \_\_\_\_\_ Address \_\_\_\_\_  
Position \_\_\_\_\_ Nature of duties \_\_\_\_\_  
May we contact you at work? \_\_\_\_\_ Business phone ( ) \_\_\_\_\_ Best time to reach \_\_\_\_\_  
High school \_\_\_\_\_ College \_\_\_\_\_ Degree in \_\_\_\_\_  
Hobbies and interests \_\_\_\_\_  
General health: Good \_\_\_\_\_ Fair \_\_\_\_\_ Poor \_\_\_\_\_  
Have you ever been convicted of, or are you currently under indictment for, a felony? \_\_\_\_\_  
Do you have any felony charges pending or being appealed? \_\_\_\_\_  
If you have ever been a principal owner of a business, please describe your role and responsibilities \_\_\_\_\_  
\_\_\_\_\_

If you have ever been a franchisee, please state the name of the franchise system and your years of experience \_\_\_\_\_

**ATTACH RESUME IF AVAILABLE**

**SPOUSE**

Name \_\_\_\_\_  
Date of birth \_\_\_\_/\_\_\_\_/\_\_\_\_ Social security number \_\_\_\_/\_\_\_\_/\_\_\_\_  
Residence address \_\_\_\_\_  
Home phone ( ) \_\_\_\_\_ Best time to reach \_\_\_\_\_  
How long at present address? \_\_\_\_\_ Own? \_\_\_\_\_ Rent? \_\_\_\_\_  
Previous addresses (List for 10 years) \_\_\_\_\_  
\_\_\_\_\_

Current employer \_\_\_\_\_ Address \_\_\_\_\_  
Position \_\_\_\_\_ Nature of duties \_\_\_\_\_  
Business phone ( ) \_\_\_\_\_  
General health: Good \_\_\_\_\_ Fair \_\_\_\_\_ Poor \_\_\_\_\_  
Has your spouse ever been convicted of, or are you currently under indictment for, a felony? \_\_\_\_\_  
Does your spouse have any felony charges pending or being appealed? \_\_\_\_\_  
If you have ever been a principal owner of a business, please describe your role and responsibilities \_\_\_\_\_  
\_\_\_\_\_

If your spouse has ever been a franchisee, please state the name of the franchise system and his/her years of experience \_\_\_\_\_

**LEGAL FORMAT**

( ) Sole proprietor Name \_\_\_\_\_  
( ) Corporation Name \_\_\_\_\_ State \_\_\_\_\_  
( ) Partnership Name \_\_\_\_\_ State \_\_\_\_\_  
( ) Other Explain \_\_\_\_\_

**FINANCIAL INFORMATION**

Present annual income \$ \_\_\_\_\_ Spouse's present annual income \$ \_\_\_\_\_  
Interest and dividend income \$ \_\_\_\_\_ Other income \$ \_\_\_\_\_  
Total income \$ \_\_\_\_\_

**ATTACH PREPARED FINANCIAL STATEMENT, IF AVAILABLE**

Your bank \_\_\_\_\_  
Bank phone ( ) \_\_\_\_\_ Officer \_\_\_\_\_  
Checking account # \_\_\_\_\_ Savings account # \_\_\_\_\_  
Do you own your own home? \_\_\_\_\_ Do you own your own business? \_\_\_\_\_  
Have you ever filed for personal or business bankruptcy? \_\_\_\_\_  
Have you ever had anything repossessed? \_\_\_\_\_  
What is your customary annual earning level? \_\_\_\_\_ Spouse's? \_\_\_\_\_  
Estimated minimum income required for your current living expenses? \_\_\_\_\_

**ASSETS**

Cash in Savings	\$
Cash in Checking	\$
Real Estate (Home)	\$
Real Estate (Other)	\$
Life Insurance Cash Surrender Value	\$
Stocks & Bonds	\$
Automobiles	\$
Businesses	\$
Notes Receivable	\$
Other Assets (List)	\$
	\$
	\$
	\$
<b>Total Assets</b>	<b>\$</b>
<b>Net Worth (Total Assets Minus Total Liabilities): \$</b>	

**LIABILITIES**

Real Estate Debt	\$
Automobile Debt	\$
Credit Card Debt	\$
Other Bank Debt	\$
Other Debt to Others	\$
	\$
Amount Owing on Life Insurance	\$
Taxes Payable	\$
Other Liabilities (List)	\$
	\$
	\$
	\$
	\$
<b>Total Liabilities</b>	<b>\$</b>

What is the exact amount of capital you have for this franchise? \$ \_\_\_\_\_  
How do you plan to pay the initial investment? \_\_\_\_\_  
If the required amount is not available, how would the initial investment be obtained? Please explain in detail. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**LOCATION**

If you have a location/territory in mind already, please describe. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**SUCCESS INDICATORS**

Do you have a background in sales? \_\_\_\_\_  
Can you feel comfortable in presenting a service in which you believe? \_\_\_\_\_  
Can you work evenings and on weekends? \_\_\_\_\_  
Are you self-motivated? \_\_\_\_\_  
Will you be willing to share some of your business experiences of your franchise with other franchisees? \_\_\_\_\_  
Will you be willing to follow a plan to make your franchised business successful? \_\_\_\_\_  
If we were to award you a franchise, when would you like to open your franchised business? \_\_\_\_\_  
Why do you think you would enjoy and do well in the franchised business? \_\_\_\_\_



## **REFERENCES**

### **Credit References**

Name\_\_\_\_\_

Address\_\_\_\_\_

City, State, Zip\_\_\_\_\_

### **Business References**

Name\_\_\_\_\_

Address\_\_\_\_\_

City, State, Zip\_\_\_\_\_

### **Personal References**

Name\_\_\_\_\_

Address\_\_\_\_\_

City, State, Zip\_\_\_\_\_

Name\_\_\_\_\_

Address\_\_\_\_\_

City, State, Zip\_\_\_\_\_

Name\_\_\_\_\_

Address\_\_\_\_\_

City, State, Zip\_\_\_\_\_

Name\_\_\_\_\_

Address\_\_\_\_\_

City, State, Zip\_\_\_\_\_

I hereby authorize Southwest Greens International LLC to contact credit reporting bureaus and other sources (including, without limitation, the above references) for information about me. I release Southwest Greens International LLC, its affiliates, and their respective employees, agents and representatives from any liability arising either from the receipt or use of any such information.

To the best of my knowledge, the information contained in this application is true and complete. I understand that Southwest Greens International LLC will be relying upon such information. I further understand that the submission of my application does not obligate Southwest Greens International LLC to grant me a franchise and that no franchise will be granted, and no other obligation created, unless and until I (or my affiliate) and Southwest Greens International LLC have signed a franchise agreement.

I am not, nor to the best of my knowledge have I been designated, a "suspected terrorist," as defined in U. S. Executive Order 13224.

To the best of my knowledge, neither the entity on whose behalf I am signing this application, nor its officers, directors, shareholders, members, employees or agents, have been designated a "suspected terrorist," as defined in U.S. Executive Order 13224, and such entity is not owned or controlled by a "suspected terrorist," as defined in U.S. Executive Order 13224.

Date \_\_\_\_\_

Signature \_\_\_\_\_

Print name: \_\_\_\_\_

If signed on behalf of an entity, print name of entity and title:

\_\_\_\_\_

Mail complete application to:

**SOUTHWEST GREENS INTERNATIONAL LLC**

185 S. Industrial Blvd.

Mail Drop 0DY-01

Calhoun, Georgia 30701

**EXHIBIT F**

**SOUTHWEST GREENS INTERNATIONAL LLC  
FRANCHISE AGREEMENT**

# FRANCHISE AGREEMENT

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#### Schedules

- 1 Territory, Franchise Fee and Minimum Royalty Amount

#### Exhibits

- A Agreement to be Bound and to Guarantee  
B Agreement of Directors, Officers, Employees, Representatives, Consultants and Agents  
C Financing Statement  
D Nicklaus Design Additional Terms

## **SOUTHWEST GREENS INTERNATIONAL LLC**

### **FRANCHISE AGREEMENT**

**THIS FRANCHISE AGREEMENT** (the "Agreement") is made and entered into on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the "Effective Date"), by and between \_\_\_\_\_, a \_\_\_\_\_ [state/jurisdiction of organization] \_\_\_\_\_ [corporation/limited liability company, etc.] ("Franchisee"), and **Southwest Greens International LLC**, a Georgia limited liability company ("SWGI").

### **RECITALS**

**WHEREAS**, as a result of significant time, effort and money, SWGI has originated and developed methods and processes of designing, selling, installing and maintaining artificial turf surfaces for such uses as (by way of example and not limitation) putting greens, tee lines, golf practice facilities, golf driving ranges, lawn turf and other sports and non-sports surfaces and modular tile flooring for such uses as (by way of example and not limitation) tennis, basketball and volleyball courts, roller hockey arenas and gymnasiums under the Trademarks (as defined below) (the "Franchised Business");

**WHEREAS**, SWGI owns certain intellectual and industrial property rights and interests, including trade and industrial secrets and other confidential and proprietary information, processes, professional and celebrity endorsements, materials and rights relating to the development, promotion and operation of the Franchised Business (the "Proprietary Information");

**WHEREAS**, SWGI has developed a system and/or business that includes the Proprietary Information for conducting and operating the Franchised Business under the Trademarks (the "Program");

**WHEREAS**, Franchisee desires to obtain a franchise from SWGI for the right to use the Trademarks and the Proprietary Information for operating the Franchised Business, and to obtain the benefits and knowledge of the Program;

**WHEREAS**, Franchisee understands that the success of the business contemplated by this Agreement is subject to substantial risks and depends in large part on the business ability of Franchisee and his active participation in the development and management of the Franchised Business;

**WHEREAS**, SWGI is willing to grant a franchise to Franchisee; and

**WHEREAS**, the restrictions and controls on Franchisee's operations contained in this Agreement are intended to protect the rights to the Program, the Trademarks and the Proprietary Information and to fulfill SWGI's obligations to other franchisees to maintain a high quality of products and services provided under the Trademarks.

### **AGREEMENT**

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements contained herein, the parties understand and agree as follows:

1. **Grant of Franchise.** Subject to and in accordance with the terms of this Agreement, SWGI grants to Franchisee, and Franchisee accepts, a license for the right to conduct the Franchised Business within the Territory (as defined below), with the nonexclusive right to use, solely in connection with the Franchised Business, the Trademarks and the Proprietary Information. Franchisee must conduct the Franchised Business under the Trademarks. Notwithstanding anything contained in this Agreement to the contrary, the Nicklaus Design line of artificial turf surfaces, and products and services in connection therewith (collectively, the "Nicklaus Design Product Line") is not a part of the Franchised Business and Franchisee has no right to market, advertise, promote, sell, design, install and/or maintain any of those products, or provide services in connection therewith, unless Franchisee notifies Franchisor in writing that he desires to advertise, promote, sell, design, install and/or maintain the Nicklaus Design line of artificial turf surfaces, and products and services in connection with the Nicklaus Design line of artificial turf surfaces (collectively, the "Nicklaus Design Product Line") within the Territory, and SWGI agrees in writing that Franchisee may do so. In that event, the Nicklaus Design Additional Terms, attached to this Agreement as **Exhibit D**, will apply.

2. **Acknowledgement of Franchisee.**

(a) Franchisee acknowledges that, except as set forth in the Disclosure Document delivered to Franchisee (the "Disclosure Document"), neither SWGI, nor anyone acting on behalf of SWGI, has made any claims or representations whatsoever regarding potential sales, profits or earnings achievable by Franchisee in connection with the conduct of the Franchised Business. Franchisee acknowledges that he has been informed and he understands that the successful operation of the Franchised Business will depend primarily upon the efforts, capabilities and management skills of Franchisee and general economic conditions and trends, and that he cannot rely upon any information set forth in the Disclosure Document as representations or warranties of the results that will be achieved by Franchisee in connection with his operation of the Franchised Business.

(b) In entering into this Agreement, Franchisee fully understands and agrees that this Agreement is conditioned upon the continued strict adherence by Franchisee to all standards, policies, procedures and requirements published, or which may from time to time be published or otherwise brought to Franchisee's attention by SWGI for the operation, maintenance or improvement of the Franchised Business, the Trademarks and the Proprietary Information. Franchisee understands and agrees that strict adherence to these standards, policies, procedures and requirements is essential to the value of the Franchised Business and the Trademarks.

(c) Franchisee fully understands and agrees that nothing contained herein will give Franchisee any right, title or interest in or to any of the Trademarks, except only the privilege and license, during the term hereof, to display and use the same according to the limitations set forth in this Agreement. Any and all goodwill arising in connection with the Franchised Business and/or Franchisee's use of the Trademarks will automatically vest in SWGI.

3. **Territory.**

(a) (i) If Franchisee operates the Franchised Business at a location that is open to the public for business, the location selected by Franchisee to operate the Franchised Business must be within the Territory (as defined in **Schedule 1** hereto) and will be subject to SWGI's approval in accordance with Section 3(b). The location at which Franchisee operates

his Franchised Business is referred to as the "Business Premises." Franchisee may not conduct any business outside of the Territory (including marketing, advertising, promoting, selling, designing, installing or maintaining artificial turf surfaces or any other product or service with respect to property located outside of the Territory).

(ii) In its sole discretion, SWGI may, upon written request of Franchisee, authorize Franchisee on a temporary and either exclusive or non-exclusive basis, or otherwise, to operate the Franchised Business in areas contiguous to the Territory which have not been assigned to any another franchisee (each a "Unassigned Area"), upon such terms and subject to such conditions (which may include the execution of a separate written agreement), and during such time period(s), as Company may determine.

(iii) Franchisee does not receive any right of first refusal or other rights of any type to an Unassigned Area by virtue of operations in that Unassigned Area. SWGI may sell any Unassigned Area territory at any time, without advance notice to Franchisee. If SWGI authorizes Franchisee to operate outside the Territory, such authorization shall at all times be and remain subject to SWGI's right to rescind, cancel, amend or modify such authority in any manner it deems appropriate in its sole and absolute discretion. Without limiting the foregoing, SWGI may give a notice to cease operating in an Unassigned Area without regard to whether the Unassigned Area has been sold to another franchisee or if SWGI or its Affiliate will commence operations in such area. Franchisee, without compensation, shall engage in an orderly transition of Franchisee's customers in the applicable Unassigned Area to the new franchisee, SWGI or its Affiliate, as applicable.

(b) Within 30 days after SWGI receives notice of Franchisee's selection of a site within the Territory upon which to operate the Franchised Business, together with the additional information that SWGI may require, SWGI will review and approve, or deny approval of, the site within the Territory that Franchisee chooses for his Franchised Business and the lease for the site. SWGI may require the lease for the site to contain certain provisions, including:

(i) A provision requiring the landlord to provide SWGI 30 days' notice of any default or breach by Franchisee under the lease;

(ii) A provision permitting SWGI to cure any breach or default by Franchisee under the lease; and

(iii) A provision unconditionally and irrevocably permitting SWGI to assume Franchisee's obligations under the lease, upon written notice to the landlord, without the landlord's consent, in the event of Franchisee's breach or default under this Agreement or the lease or upon the termination of this Agreement.

SWGI will not unreasonably withhold its approval of the site or the lease; provided, however, that SWGI's refusal to approve the lease because it does not contain certain provisions required by SWGI will be deemed to be reasonable. Any relocation of the Franchised Business must be within the Territory, for a legitimate business reason and approved by SWGI, which approval will not be unreasonably withheld.

(c) SWGI and/or its Affiliates (as defined below) may not establish other licensed, franchised or company-owned Franchised Businesses within the Territory. However, SWGI and/or its Affiliates may, directly or indirectly:



(i) Market, advertise, promote, sell, design, install and/or maintain artificial turf surfaces under the Trademarks to Corporate Accounts (as defined below) within the Territory; provided, however, that if SWGI or its Affiliates requests Franchisee to perform any services in connection with a Corporate Account within the Territory, Franchisee will be obligated to do so and SWGI will share the revenue received by SWGI or its Affiliates with respect to the services provided (excluding any amounts received with respect to artificial turf surfaces or other goods) in proportion to the work performed by the respective parties (as determined by SWGI);

(ii) Market, advertise, promote, sell, design, install and/or maintain products and/or services (other than artificial turf surfaces under the Trademarks) within the Territory;

(iii) Market, advertise, promote, sell, design, install and/or maintain artificial turf surfaces under trademarks other than the Trademarks within the Territory;

(iv) Market, advertise, promote, sell, design, install and/or maintain any products and/or services outside of the Territory, under the Trademarks or otherwise; and

(v) Market, advertise, promote, sell, design, install and/or maintain artificial turf surfaces under the Trademarks within the Territory if, at the time that SWGI commences that activity, Franchisee or his Affiliates is not in full compliance with his obligations under this Agreement and all other agreements with SWGI and its Affiliates.

For purposes of this Agreement, the term "Corporate Accounts" means (x) Persons (as defined below) that request SWGI or its Affiliates to design, sell, install and/or maintain artificial turf surfaces at multiple (more than one) locations, or that SWGI believes will request SWGI or its Affiliates to design, sell, install or maintain artificial turf surfaces at multiple (more than one) locations and (y) Persons that require SWGI or its Affiliates (and not its franchisees) to design, sell, install and/or maintain artificial turf surfaces.

(d) Notwithstanding anything contained in this Agreement to the contrary, SWGI reserves the right to, directly or indirectly, market, advertise, promote, sell and/or design any and all products and/or services under the Trademarks (or under other trademarks) or otherwise on the internet and sell products and services requested in connection therewith, regardless of location; provided, however, that, as long as Franchisee and his Affiliates are in full compliance with their obligations under this Agreement and all other agreements with SWGI and its Affiliates, all leads for installations and/or maintenance of artificial turf surfaces within the Territory generated through SWGI's website (other than with respect to Corporate Accounts) will be referred to Franchisee. Franchisee may not maintain a website with respect to the Franchised Business without the prior consent of SWGI, which consent may be withheld by SWGI. If SWGI consents to Franchisee maintaining a website, the website, and all revisions to the website, will be subject to SWGI's prior approval. In addition, Franchisee may only sell products and services (i) approved for sale in connection with the Franchised Business and (ii) within the Territory.

(e) (i) Notwithstanding anything contained in this Agreement to the contrary, SWGI reserves the right to market, advertise, promote, sell, design, install and/or maintain the Nicklaus Design Product Line, and products and services in connection therewith, outside of the Territory and, unless Franchisee notifies Franchisor in writing that he desires to advertise, promote, sell, design, install and/or maintain the Nicklaus Design Product Line within the

Territory, and SWGI agrees that Franchisee may do so, and Franchisee is a then-current Nicklaus Design Product Line Seller.

(ii) Notwithstanding anything contained in this Agreement to the contrary, SWGI reserves the right to market, advertise, promote, sell, design, install and/or maintain the Resale Line Turf (as defined below) outside of the Territory and, unless Franchisee and Franchisor execute the Resale Line Turf Agreement (as defined below) (and Franchisee's rights are not then suspended), within the Territory.

(f) (i) Subject to Section 3(f)(ii), if Franchisee operates the Franchised Business at a location that is open to the public for business, Franchisee must use the Business Premises solely for the purpose of conducting the operations of the Franchised Business, and no other business may be conducted or products or services offered at the Business Premises. The Franchised Business must be identified only by the name "Southwest Greens."

(ii) If SWGI approves in writing Franchisee's operation of the Franchised Business at Business Premises at which a business other than the Franchised Business is conducted Franchisee may do so, provided that Franchisee must clearly and conspicuously identify the products and services offered, sold and provided as part of the Franchised Business with the Trademarks and must conspicuously indicate that other products or services are not identified with the Trademarks.

#### 4. **Training Program.**

(a) (i) SWGI will provide training to Franchisee with respect to the operation of the Franchised Business, as SWGI determines (the "Training Program"). The cost of Franchisee's attendance and participation in the Training Program (excluding Franchisee's expenses, such as visas, travel, lodging and meal expenditures and compensation for Franchisee's employees, in connection with attending the Training Program, which will be borne by Franchisee) for three lead installers or other people is included in the Franchise Fee (as defined below). If Franchisee desire more than three people to attend the Training Program, or Franchisee desires more than one Training Program session, Franchisee must pay SWGI an additional training fee in the amount of \$2,500 per person per Training Program (or part of the Training Program), plus attendees' expenses.

(ii) Part of the Training Program will be held at such location(s) as may be selected by SWGI. Part of the Training Program will be held at the Business Premises or at Franchisee's customer's installation location. Upon Franchisee's request, SWGI may provide the part of the Training Program normally held in Georgia at a location that Franchisee selects for a fee to be agreed upon between the parties (plus SWGI's expenses, such as visas, travel, lodging and meal expenditures).

(iii) Franchisee's attendees at the Training Program will not be deemed to be employees of SWGI, but will be deemed to be employees of Franchisee.

(b) Each of Franchisee's installation crews must be supervised by a lead installer (who may be the Franchisee or a Principal (as defined below)) who has satisfactorily completed, in SWGI's judgment, the Training Program. If at least one of Franchisee's lead installers does not satisfactorily complete, in SWGI's judgment, the pre-opening portion of the Training Program within 90 days after the effective date of this Agreement, SWGI may terminate this Agreement. If at least one of Franchisee's lead installers does not satisfactorily complete, in

SWGI's judgment, the opening portion of the Training Program within 60 days after Franchisee opens the Franchised Business to the public, SWGI may terminate this Agreement.

(c) Franchisee must, at all times, have an adequate number of lead installers who meet the requirements contained in Section 4(b); otherwise, SWGI may terminate this Agreement.

(d) Upon Franchisee's request, SWGI will provide additional business-related training (including job costing and bidding and identifying and securing appropriate materials) at the Business Premises for no additional fee (however, Franchisee must pay SWGI's employees' travel, lodging and meal expenditures).

(e) SWGI may establish additional training programs, retraining programs (for example, if Franchisee has not performed particular installations within a specified period of time) or refresher courses that Franchisee and those people supervising Franchisee's Franchised Business and/or Franchisee's designs and installations must attend, at Franchisee's expense. SWGI may charge a fee in connection with those programs and courses.

## **5. Consulting Services.**

(a) SWGI will consult with Franchisee by telephone, Monday through Friday 8:00 a.m. to 5:00 p.m. (Atlanta, Georgia time), with respect to all aspects of starting and operating the Franchised Business. There will be no additional charge for that telephone consultation, unless that consultation exceeds 10 hours during any one calendar month, in which case Franchisee will pay SWGI an hourly fee equal to \$50 (U.S.) (which amount may be increased by SWGI from time-to-time) for any hour in excess of 10 hours during any calendar month.

(b) SWGI may, in its discretion, and depending upon the geographic proximity between SWGI and Franchisee, if SWGI's time permits, provide on-site consultation at Franchisee's request at SWGI's then-current hourly rate (including consultation and travel time), plus visas, travel, lodging and meal expenditures, at times agreed upon between SWGI and Franchisee. Those amounts will be payable to SWGI prior to the on-site consultation.

(c) Except as otherwise expressly stated in this Agreement, the amounts payable to SWGI pursuant to this Agreement will be payable to SWGI within 15 days after the date of SWGI's invoice therefor.

## **6. SWGI's Internet Site.**

(a) During the term of this Agreement, for so long as SWGI maintains an internet website, the website will contain a reference to Franchisee, including appropriate contact information and/or a link to Franchisee's website, if any; provided, however, that if Franchisee is in breach of his obligations under this Agreement, or any other agreement between SWGI or its Affiliates and Franchisee or his Affiliates, SWGI may delete Franchisee from the website during the period of that breach. SWGI may terminate or change the address of its website at any time upon reasonable notice to Franchisee. The form and content of SWGI's website will be within SWGI's discretion. Franchisee recognizes that SWGI is the owner of, and will retain all right, title and interest in and to, the domain name "southwestgreens.com," the URL: www.southwestgreens.com, all existing and future domain names, URLs future addresses and subaddresses using the Trademarks (or any of them) in any manner, all software, all content prepared or used on SWGI's websites and all intellectual property rights in and to any of them.

Franchisee must refrain from registering any domain name, URL, future address or subaddress using the Trademarks (or any of them) in any manner. If Franchisee registers any domain name, URL, future address or subaddress using the Trademarks (or any of them) in any manner, upon SWGI's request, Franchisee must immediately assign same to SWGI. Franchisee irrevocably appoints and constitutes SWGI and its representatives and agents, with full power of substitution, as Franchisee's agent and attorney-in-fact for and on behalf of, and in Franchisee's name, and at Franchisee's expense, to execute any such assignment and to effectuate the assignment of same to SWGI. This special power of attorney will be deemed to be coupled with an interest and irrevocable.

## **7. Conduct of the Franchised Business.**

(a) SWGI will lend to Franchisee, upon the execution of this Agreement by SWGI, one copy of SWGI's Operating Manual (in the English language), for use by Franchisee during the term of this Agreement strictly in accordance with the terms of this Agreement. Franchisee acknowledges that SWGI's Operating Manual is the exclusive property of SWGI. Franchisee must operate the Franchised Business (including the marketing, advertising, promoting, sale, design, installation and maintenance of artificial turf surfaces) strictly in accordance with SWGI's Operating Manual, as amended from time-to-time, and with the rules, regulations, instructions, policies and procedures as may from time-to-time be issued by SWGI for the conduct of the Franchised Business as SWGI may, in its discretion, deem appropriate.

(b) Franchisee must operate the Franchised Business with the highest integrity and good business standards, and must use his best efforts to enhance, to the satisfaction of SWGI, the goodwill associated with the Trademarks. In connection therewith, Franchisee must not disparage to any Person (a) SWGI, its Affiliates or their respective shareholders, members, directors, officers, managers, employees, representatives or agents, (b) SWGI's or its Affiliates' products or services or (c) the Trademarks.

(c) (i) Franchisee must offer and sell at the Business Premises, and within the Territory, all products and services designated by SWGI, consistent with SWGI's comprehensive standards and requirements. Franchisee may not offer or sell any products or services designated by SWGI in any configuration, form or manner other than that specifically approved by SWGI, which approval may be withheld by SWGI in its discretion.

(ii) Franchisee must incorporate into the Franchised Business all new products and services designated by SWGI and must discontinue offering and selling products and services designated by SWGI to be discontinued.

(iii) SWGI reserves the right to designate, in its discretion, which of its franchisees may, or will be required to, participate in new product or service tests, new or modified product or service offerings and other programs, initiatives and campaigns (collectively, "New Programs") that SWGI may, from time-to-time, develop. In addition to, and not in limitation of the foregoing, the parties understand and expressly agree that SWGI may elect not to designate Franchisee to participate in New Programs based upon Franchisee's failure to be in full compliance with his obligations under this Agreement, or any other agreement between SWGI or its Affiliates and Franchisee and his Affiliates, at the time that SWGI commences that New Program. If SWGI designates Franchisee for participation in any New Programs, Franchisee must participate when and as required by SWGI.

(iv) Subject to Section 3(f)(ii), Franchisee must not offer or sell any products or services in connection with the Franchised Business within the Territory, unless SWGI specifically approves the offering and sale of those products or services, which approval may be withheld by SWGI in its discretion.

(v) SWGI has designated certain lines of artificial turf specifically for resale without design, installation and maintenance services (the "Resale Line Turf"). If SWGI and Franchisee sign the Resale Line Turf Agreement (which either SWGI or Franchisee may elect not to do), Franchisee may purchase from SWGI's approved vendors and only sell (but not, directly or indirectly, design, install or maintain) certain lines of artificial turf designated by SWGI as Resale Line Turf and pay SWGI royalties in connection with the Resale Line Turf ("Resale Line Turf Royalties").

(vi) Franchisee may not, directly or indirectly, sell any artificial turf or other products or services to any person (a) located outside of the Territory, including a client of SWGI or any of its other franchisees, licensees or dealers) other than into areas in which neither we nor our franchisees operate and we approve your sale into those areas or (b) for installation by any person outside of the Territory other than into areas in which neither we nor our franchisees operate and we approve your sale into those areas. In addition, Franchisee may not, directly or indirectly, sell certain artificial turf designated from time to time by SWGI for installation by any person other than Franchisee.

(d) In order to maintain the high standards of product and service quality and consistency associated with the Trademarks, and the uniformity of the franchise, Franchisee must:

(i) Strictly comply with SWGI's installation methods and procedures;

(ii) Hire and maintain as employees his own installation crew adequate in number and competent in training and skill in installations and may not hire independent contractors or subcontract any installations, unless that hiring or subcontracting is to SWGI or one of its other franchisees and SWGI approves that hiring or subcontracting; and

(iii) Warrant his installations for the period designated by SWGI in SWGI's Operating Manual. If SWGI directs Franchisee to correct, replace the materials and/or reinstall any project, Franchisee will do so, at his expense, as promptly as possible. If Franchisee fails or refuses to correct, replace the materials and/or reinstall any project to SWGI's satisfaction, in its discretion, within the time period designated by SWGI, SWGI may correct, replace the materials and/or reinstall such project, or direct another Person to do so, and Franchisee will promptly reimburse SWGI, or such other Person, for the cost of correction and/or reinstallation. If any customer refuses to permit Franchisee to correct, replace the materials and/or reinstall any project, SWGI may correct, replace the materials and/or reinstall such project, or direct another Person to do so, and Franchisee will promptly reimburse SWGI, or such other Person, for the cost of correction and/or reinstallation.

(e) (i) In order to maintain the high standards of product and service quality and consistency associated with the Trademarks, and the uniformity of the franchise, Franchisee must purchase all artificial turf surfaces (and padding and other turf-related products) and all modular tile flooring sold or otherwise used by Franchisee in connection with the Franchised Business from vendors and suppliers on SWGI's list of approved vendors and suppliers (as it may exist from time-to-time), which SWGI will lend to Franchisee for use by Franchisee in

accordance with the terms of this Agreement. Franchisee acknowledges that as of the Effective Date, Franchisee must purchase all of its turf surfaces (and padding and other turf-related products) solely from affiliates of SWGI. SWGI may designate itself or its Affiliates or others as sole suppliers of any goods or services. If SWGI reasonably determines that our affiliate cannot supply Franchisee's requirements for turf (or other product that SWGI's affiliate is the sole supplier), SWGI will designate another supplier that meets SWGI's specifications. SWGI reserves the right to receive the Turf Royalties, the Resale Line Turf Royalties and Modular Tile Flooring Royalties (as such terms are defined below) through remittances contemplated by Section 9(b) of this Agreement and other remittances from such vendors and suppliers and other vendors and suppliers.

(ii) In order to maintain the high standards of product and service quality and consistency associated with the Trademarks, and the uniformity of the franchise, SWGI may require that products (other than artificial turf surfaces and padding and other turf-related products) and services used in connection with the Franchised Business be acquired from our list of approved vendors, suppliers or contractors (as it may exist from time-to-time), which SWGI will lend to Franchisee for use by Franchisee in accordance with the terms of this Agreement, and Franchisee will be obligated to purchase those products and services from those vendors, suppliers and contractors. SWGI reserves the right to receive remittances from those vendors, suppliers and contractors; provided, however, that if SWGI receives any such remittances, the cost of those products and services (including those remittances) will not exceed the price at which Franchisee would otherwise be able to purchase those products and services (comparable in quality, customer service and timing and other respects) from third parties.

(iii) In order to maintain the high standards of product and service quality and consistency associated with the Trademarks, and the uniformity of the franchise, Franchisee must purchase all tools, equipment, sand, gravel, top dressing, cups, flags and certain other items sold or otherwise used by Franchisee in connection with the Franchised Business in accordance with SWGI's specifications (as they may exist from time-to-time). SWGI may require that other products and services used in connection with the Franchised Business conform to SWGI's specifications (as they may exist from time-to-time), and Franchisee will be obligated to Purchase those products and services in accordance with those specifications.

(iv) Franchisee may request that SWGI add a vendor, supplier or contractor to SWGI's list of approved vendors, suppliers and contractors, or that SWGI approve products or services with different specifications, by notifying SWGI. SWGI may require Franchisee to submit samples or specifications for examination or testing, at Franchisee's expense, to determine if the supplies or products meet SWGI's specifications in such areas as quality, weight, size, shape, delivery, performance, consistency, warranties, design, appearance, atmosphere and price. SWGI will advise Franchisee of its approval or denial of approval within 90 days after receipt of all applicable information. SWGI may approve or disapprove, without incurring any responsibility of any kind, of those vendors, suppliers and contractors in its discretion for any reason, including those vendors', suppliers' or contractors' refusal to agree to remit SWGI an amount equivalent to the remittance that SWGI is receiving from its other vendors, suppliers and contractors. SWGI may revoke its approval upon notice to Franchisee.

(f) If Franchisee operates the Franchised Business at a location that is open to the public for business, Franchisee must (i) cause the Business Premises to be constructed, equipped and decorated in compliance with SWGI's requirements, (ii) submit to SWGI the plans for the construction, equipment and decoration of the Business Premises, (iii) engage licensed

contractors and architects approved by SWGI, (iv) obtain appropriate construction documents, (v) comply with all applicable laws, regulations and ordinances of the Territory in connection with that construction and (vi) if SWGI so requests, Franchisee, at Franchisee's expense, must remodel and update the Business Premises to SWGI's standards, as they may exist from time-to-time. Franchisee must submit to SWGI the plans for the construction (including prior adaptation), equipment and decoration of the Business Premises prior to beginning that remodeling and/or updating.

(g) The Franchised Business must be supervised by Franchisee (if an individual), a Principal who has been approved by SWGI or an individual designated by Franchisee who has been approved by SWGI. Franchisee (or such Principal or other individual) must use his best efforts to operate the Franchised Business and to sell products and provide services in connection therewith. Although Franchisee (or such Principal) is not required to supervise the Franchised Business, Franchisee (or such Principal) must expend adequate time to operate the Franchised Business as necessary to increase sales and to comply with his obligations under this Agreement.

(h) If SWGI establishes a cooperative advertising association in Franchisee's marketing area, as designated by SWGI, in its discretion, Franchisee must participate in that cooperative advertising association. SWGI may determine the geographic scope and membership of each cooperative advertising association. SWGI may change, dissolve or merge any of the cooperative advertising associations. The owners of Franchised Businesses within each marketing area, including SWGI and/or its Affiliates, will administer the cooperative advertising associations, which may assess a fee, in an amount to be determined by the members of each cooperative advertising association, for administration or advertising, which will be in addition to the Advertising Payments (as defined below). Alternatively, if SWGI elects, SWGI and/or its Affiliates may participate in one or more of the cooperative advertising associations as a non-voting member. If SWGI establishes a purchasing or distribution cooperative, Franchisee must participate in that purchasing or distribution cooperative.

(i) SWGI or its representatives or agents may, but will not be obligated to, evaluate and inspect the Franchised Business and/or Franchisee's installations to verify compliance with the terms and conditions of this Agreement, to confirm whether the quality of products and services is being maintained to SWGI's satisfaction and for any other purpose related to this Agreement and the relationship between the parties, and Franchisee will permit SWGI and its representatives and agents access to the Business Premises and will assist and cooperate with SWGI in obtaining access to the premises of Franchisee's installations. SWGI will pay all costs and expenses in connection with that inspection unless that inspection reveals that Franchisee has breached his obligations under this Agreement (including his obligations under Section 7(d)). In that event, Franchisee must immediately pay, or reimburse SWGI for, all costs and expenses in connection with that inspection. In addition, if that inspection reveals that any of Franchisee's installations require correction, material replacement and/or reinstallation, Franchisee will comply with his obligations under Section 7(d)(iii) of this Agreement.

(j) SWGI or its representatives or agents may meet and communicate with, and solicit information from, Franchisee's past and present employees, vendors, suppliers, contractors and customers to verify compliance with the terms and conditions of this Agreement, to confirm whether the quality of products and services is being maintained to SWGI's satisfaction and for any other purpose related to this Agreement and the relationship between the parties, and Franchisee will assist and cooperate with SWGI and its representatives and agents in that regard. In addition, if any such contact reveals that any of Franchisee's

installations require correction, material replacement and/or reinstallation, Franchisee will comply with his obligations under Section 7(d)(iii) of this Agreement.

(k) Franchisee must obtain and maintain all licenses and permits required to be held by Franchisee in connection with the conduct and operation of the Franchised Business and must comply with all applicable laws, regulations and ordinances of the Territory in connection with the construction, conduct and operation of the Franchised Business. Franchisee must notify SWGI of the loss or restriction of any license or permit held by Franchisee within 3 days after Franchisee becomes aware thereof.

(l) Franchisee must pay when due all debts and obligations incurred by Franchisee in connection with the conduct of the Franchised Business, including all applicable tax liabilities and all obligations to vendors, suppliers and contractors.

(m) (i) Franchisee must obtain and maintain, at his expense, during the term of this Agreement, commercial general liability insurance with combined single limit of no less than \$2,000,000 (U.S.) per occurrence, \$2,000,000 (U.S.) in the aggregate, for injury to persons or property, \$2,000,000 (U.S.) for products completed operations in the aggregate, \$1,000,000 (U.S.) combined single limit automobile liability insurance, \$1,000,000 (U.S.) combined single limit excess umbrella policy and workers' compensation insurance as required by your state law with employers liability limits of \$500,000 (U.S.), \$500 (U.S.) and \$500,000 (U.S.). SWGI may, in the exercise of its reasonable judgment, modify or increase Franchisee's insurance requirements from time to time during the term of this Agreement.

(ii) The insurance policies required by this Section 7(m) (the "Insurance Policies") must name SWGI and its Affiliates as additional insureds. The insurance must be placed with insurance carriers satisfactory to SWGI (with an A.M. Best rating of A-VII or better) and must be satisfactory in form to SWGI.

(iii) The Insurance Policies must provide that they may not be cancelled or changed in any material respect without 30 days' prior notice to SWGI. The Insurance Policies must provide that no failure of Franchisee to comply with any term, condition or provision of the contract, or other conduct by Franchisee, will void or otherwise affect the protection afforded to SWGI under the Insurance Policies.

(iv) If Franchisee sustains a loss by reason of fire, flood or other casualty of a type typically covered by insurance, and that casualty is caused wholly or partially by SWGI's acts or omissions, Franchisee must look solely to the proceeds of the Insurance Policies for reimbursement of the loss, and neither Franchisee nor any insurance carrier may recover damages against SWGI by way of direct action, subrogation, assignment of claims or otherwise. Franchisee waives all rights of recovery by Franchisee, any insurance carrier or other Person. A waiver of subrogation is required in connection with all casualty policies referenced above. All Insurance Policies must contain a provision consistent with this Section 7(m)(iv).

(v) Certificates of insurance verifying the coverage required by this Section 7(m) must be provided to SWGI with respect to all Insurance Policies in effect during the term of this Agreement, promptly after the issuance of the Insurance Policies, upon each renewal or modification and as may be requested by SWGI.

(n) Franchisee must attend, at his cost and expense, all periodic and other meetings and conference calls of franchisees that SWGI determines, in its discretion, are mandatory for



all franchisees, or groups of franchisees (as designated by SWGI), within a particular geographic region. SWGI may impose a charge, in its discretion, for attendance at periodic and other meetings.

(o) (i) Franchisee must obtain and maintain an e-mail address and internet access for purposes of communicating with SWGI and other Persons and for other reasons that SWGI may determine, and must review and respond to his e-mail on a timely basis.

(ii) Franchisee must obtain and maintain access to SWGI's internet website in a manner that will enable Franchisee to download required information (without regard to size) and to otherwise interact with SWGI and other persons, in the manner that SWGI may specify from time-to-time.

(p) SWGI will be entitled to use the name, likeness and voice of Franchisee and his Principals, directors, officers, employees, representatives and agents for purposes of promoting the franchise, SWGI and its products and services, including all drawings, writs, photos, computer programs and audio and video recordings and any other rights protected by Federal Copyrights Law of Franchisee and his Principals, directors, officers, employees, representatives and agents and Franchisee hereby irrevocably consents thereto. Franchisee acknowledges that SWGI owns all right, title and interest, to the extent allowed by law, in all rights of integrity, disclosure and publication and any other rights that may be known as or referred to as "moral rights," "artist's rights," "publicity rights" or the like associated with those drawings, writs, photos, computer programs and audio and video recordings and any other rights protected by the Federal Copyrights Law, and assigns and transfers unto SWGI the full and exclusive right, title, and interest to those publicity rights. At SWGI's request, Franchisee will obtain from any or all of his Principals, directors, officers, employees, representatives and agents written consent, in the form attached hereto as Exhibit A or B, as the case may be.

(q) If Franchisee abandons or otherwise fails to operate the Franchised Business properly, in SWGI's discretion, SWGI may elect to operate, or designate another Person to operate, the Franchised Business for a reasonable period on Franchisee's behalf, for a reasonable fee to be determined by SWGI in its discretion.

## **8. Trademarks; Proprietary Information.**

(a) For purposes of this Agreement, the term "Trademarks" means (i) all trade names, trademarks, service marks, logos, product identifiers, selections and/or designations, trade and industrial secrets and/or other intellectual property rights, including all registrations and applications for the same, owned by SWGI or its Affiliates or used in connection with the Franchised Business and (ii) the trade dress, if any, used in connection with the Franchised Business, including the total appearance, atmosphere and image of the Franchised Business, and (iii) all advertising and marketing techniques used to promote the Franchised Business ("Trade Dress"). Notwithstanding anything contained in this Agreement to the contrary, the term "Trademarks" excludes all trade names, trademarks, service marks, logos, product identifiers, selections and/or designations, trade and industrial secrets and/or other intellectual property rights, including all registrations and applications, relating to the Nicklaus Design Product Line. Use of any Trademarks must be accompanied by the registration, service mark, trademark or other symbol, as designated by SWGI, in close proximity to the Trademarks. Franchisee must refrain from engaging in any business or advertising practice that may be injurious to the Franchised Business, SWGI or the goodwill associated with the Trademarks.

(b) Any reproduction of any items or materials suitable for copyright protection by SWGI (the "Copyrights"), including the copyrightable materials within the Proprietary Information, must bear a copyright notice in the form designated by SWGI. All advertising and promotional materials (including any website maintained by Franchisee or on which Franchisee's Franchised Business is marketed, either of which require SWGI's approval) generated by or for Franchisee will be subject to SWGI's prior approval, will be completely factual and will conform to the highest standards of ethical advertising. If any of those materials are in a language other than English, prior to obtaining SWGI's approval, Franchisee must submit an English translation thereof to SWGI, with certifications of accurate translation that SWGI may require. Alternatively, at SWGI's option, SWGI may obtain an English translation thereof. Any translation will be at Franchisee's expense. All testimonials and endorsements used by Franchisee in his advertising must be accurate. Franchisee may not alter or modify those testimonials and endorsements other than accurately translating them into the language(s) spoken in the Territory. At Franchisee's request, SWGI will provide Franchisee copies of advertising and promotional materials used by SWGI and may provide Franchisee copies of advertising and promotional materials used by SWGI's other franchisees. At Franchisee's request, SWGI will assist Franchisee in generating advertising and promotional materials for use in the Territory. All of those materials will be in English and it will be Franchisee's responsibility to translate same into the language(s) spoken in the Territory.

(c) All advertising and promotional materials generated by or for Franchisee in connection with the Franchised Business will be deemed a work-made-for-hire, and all ownership rights, including any copyrights, in those advertising and promotional materials are hereby assigned to SWGI. In addition, Franchisee must require all of his Principals, directors, officers, employees, representatives and agents to sign an agreement obligating his Principals, directors, officers, employees, representatives and agents to assign all of their rights, title and interest to those advertising and promotional materials to SWGI and requiring his Principals, directors, officers, employees, representatives and agents to cooperate in protecting the Copyrights. The forms of those agreements are attached hereto as Exhibits A and B.

(d) During the term of this Agreement, Franchisee and his Principals, directors, officers, employees, representatives and agents may conceive, invent, create, design and/or develop various ideas, techniques, methods, processes and procedures, formulae, products, packaging or other concepts and features relating to the Franchised Business (the "Innovations"). Franchisee hereby assigns any and all of his rights, title and interest in the Innovations, including any intellectual property rights, to SWGI, and also agrees to cooperate with SWGI and its counsel in the protection of the Innovations, including the perfecting of title thereto. In addition, Franchisee must require all of his Principals, directors, officers, employees, representatives and agents to sign an agreement obligating his Principals, directors, officers, employees, representatives and agents to assign all of their rights, title and interest to the Innovations to SWGI and requiring his Principals, directors, officers, employees, representatives and agents to cooperate in protecting and perfecting of title in the Innovations for SWGI. The forms of those agreements are attached hereto as Exhibits A and B.

(e) Franchisee will not have the exclusive right to use the Trademarks, the Copyrights, the Innovations or the Proprietary Information. Franchisee may not offer or grant any sublicense or other rights to use the Trademarks, the Copyrights, the Innovations or the Proprietary Information to any Person. Franchisee acknowledges and agrees that SWGI owns and reserves all rights to the Trademarks, the Copyrights, the Innovations and the Proprietary Information except as expressly set forth in this Agreement. Franchisee further acknowledges and agrees that his right to use the Trademarks, the Copyrights, the Innovations and the

Proprietary Information is derived solely from this Agreement and that Franchisee will not derive any right, title or interest in the Trademarks, the Copyrights, the Innovations or the Proprietary Information other than a license to use the Trademarks, the Copyrights, the Innovations and the Proprietary Information in connection with the conduct of the Franchised Business in accordance with this Agreement during the term of this Agreement. Upon expiration or termination of this Agreement, Franchisee may not, directly or indirectly, use the Trademarks, the Copyrights, the Innovations or the Proprietary Information in any manner or for any purpose whatsoever. Franchisee agrees that he will not in any way infringe upon, harm or contest the rights of SWGI or any other Person to use of the Trademarks, the Copyrights, the Innovations and the Proprietary Information. Franchisee further acknowledges that his use of the Trademarks, the Copyrights, the Innovations and the Proprietary Information pursuant to this Agreement will inure to the benefit of SWGI and the Program and that any goodwill arising from Franchisee's use will automatically vest in SWGI. Franchisee acknowledges the validity of the Trademarks, and that as between the parties hereto, SWGI is the owner of all right, title and interest in and to the Trademarks and the goodwill associated with and symbolized by them, and Franchisee expressly covenants that during and after the term of this Agreement Franchisee must not, directly or indirectly, contest or aid in contesting the validity or ownership of the Trademarks, or take any other action in derogation thereof.

(f) Franchisee may not include either of the names "Southwest Putting Greens" and "Southwest Greens," or any substantially similar name, or any abbreviation thereof (including the abbreviation "SWGI"), in his corporate, partnership, limited liability company or other entity name. However, Franchisee may include the Trademarks in any advertising or marketing materials approved by SWGI for distribution. Franchisee must use the Trademarks, the Copyrights, the Innovations and the Proprietary Information only in the manner prescribed by SWGI and in no other manner.

(g) Franchisee must immediately notify SWGI of any conduct that could constitute infringement of or challenge to the Trademarks, the Copyrights, the Innovations or the Proprietary Information. SWGI may, in its discretion, decide whether to institute any action in connection with infringement of or challenge to the Trademarks, the Copyrights, the Innovations or the Proprietary Information, and will control all proceedings and litigation. SWGI is not required to protect Franchisee's right to use the Trademarks, the Copyrights, the Innovations or the Proprietary Information or protect Franchisee against claims of infringement or unfair competition; provided, however, that SWGI will indemnify Franchisee for, from and against all damages for which Franchisee is held liable in any lawsuit arising out of Franchisee's use of the Trademarks, the Copyrights, the Innovations or the Proprietary Information in compliance with this Agreement, provided that Franchisee notifies SWGI immediately when he learns about any related claim, proceeding or lawsuit, SWGI has had the opportunity to defend such lawsuit and Franchisee has cooperated with SWGI in connection with such defense. SWGI may, in its discretion, defend any such claim, proceeding or lawsuit on Franchisee's behalf, but SWGI is not required to do so.

(h) Notwithstanding anything contained in this Agreement to the contrary, if it becomes advisable at any time, in SWGI's discretion, to modify or discontinue use of any Trademarks, Copyrights, Innovations or Proprietary Information, or use one or more additional or substitute Trademarks, Copyrights, Innovations and/or Proprietary Information and/or other information and/or rights, Franchisee must, at his expense, comply within a reasonable time after notice thereof by SWGI.

(i) Upon any breach by Franchisee of any of the terms of this Section 8, SWGI may institute and prosecute proceedings, at law or in equity, in any court of competent jurisdiction, to obtain precautionary or provisional measures (including an injunction) to enforce the provisions of this Agreement and to pursue any other remedy to which SWGI may be entitled. Franchisee agrees that the rights conveyed by this Agreement are of a unique and special nature and that SWGI's remedy at law for any breach would be inadequate and agrees and consents that temporary or permanent relief may be granted in any proceeding which may be brought to enforce any provision of this Section 8, without the necessity of posting bond therefor or proof of actual damages.

## **9. Franchise Fee, Royalties and Other Payments to SWGI.**

(a) In consideration of the grant of the franchise by SWGI to Franchisee: Franchisee must pay to SWGI a franchise fee (the "Franchise Fee") in the amount of set forth in Schedule 1 hereto, payable by electronic funds transfer upon the signing of this Agreement by Franchisee. The Franchise Fee will be fully earned by SWGI upon signing this Agreement by both parties and will be nonrefundable.

(b) (i) Franchisee must pay to SWGI royalties in an amount equal to \$0.50 (U.S.) per square foot of artificial turf (other than Resale Line Turf) shipped (whether or not installed) by Franchisee (without set-off for waste or cut-off turf) ("Turf Royalties"); provided, however, that if the Turf Royalties paid by Franchisee during any Contract Year (as defined below) are less than the Minimum Royalty Amount (as defined in Schedule 1 hereto) with respect to that Contract Year, Franchisee must pay to SWGI additional royalties in an amount equal to the amount by which the Minimum Royalty Amount exceeds the Turf Royalties ("Additional Royalties"). (Resale Line Turf Royalties and Modular Tile Flooring Royalties will not be considered in that calculation.) Turf Royalties and Additional Royalties are referred to together as "Royalties." For purposes of this Agreement, the term "Contract Year" means each period during the term of this Agreement commencing on January 1<sup>st</sup> and ending on December 31<sup>st</sup>; provided, however, that if the Effective Date is a date other than January 1<sup>st</sup>, the first Contract Year will mean the period beginning on the Effective Date and ending on December 31<sup>st</sup> of the year of the Effective Date and the last Contract Year will mean the period beginning on January 1<sup>st</sup> of the last year of the Contract and ending on the 5<sup>th</sup> anniversary of the Effective Date.

(ii) Franchisee must pay to SWGI royalties in an amount equal to \$0.25 (U.S.) per square foot of modular tile flooring shipped (whether or not installed) by Franchisee (without set-off for waste or cut-off turf) ("Modular Tile Flooring Royalties").

(iii) Turf Royalties, Resale Line Turf Royalties and Modular Tile Flooring Royalties will be collected by the vendors on SWGI's approved list simultaneously with the payment for the artificial turf or modular tile flooring, respectively, shipped and paid or remitted to SWGI on the terms that SWGI and those vendor may agree upon; provided, however, that SWGI may, in its discretion, collect Turf Royalties and/or Modular Tile Flooring Royalties directly from Franchisee or in any other manner that SWGI may, in its discretion, determine. The due date for Turf Royalties and Modular Tile Flooring Royalties will be the date as of which that vendor has required payment for the artificial turf or modular tile flooring shipped. If Franchisee pays Turf Royalties or Modular Tile Flooring Royalties to SWGI's vendor, but that vendor does not forward those amounts to SWGI, Franchisee will not be responsible or liable to SWGI for the amount so paid to that vendor. Additional Royalties will be calculated on an annual basis and paid within 30 days after the end of each Contract Year.

(c) (i) Franchisee must pay to SWGI advertising payments ("Advertising Payments") in an amount determined as follows:

<b>Population within Franchisee's Territory</b>	<b>Annual Advertising Payment</b>
Less than 2 million	\$1,000 (U.S.)
2 million or more, but less than 4 million	\$1,500 (U.S.)
4 million or more	\$2,000 (U.S.)

The population will be based upon the United States Census 2010 published by the U.S. Census Bureau, or such other resource as SWGI may, from time-to-time determine. If the population within the Territory increases during the term of this Agreement, SWGI may require that Franchisee pay Advertising Payments based upon the increased population, rather than the population as of the Effective Date. Advertising Payments will be payable to SWGI within 30 days after the beginning of each Contract Year, prorated on the basis of a 365-day year; provided, however, that Advertising Payments with respect to the first Contract Year will be payable 60 days after the Effective Date.

(ii) SWGI may, in its discretion, allow Franchisee, if Franchisee so requests, to spend his Advertising Payments (or a portion thereof) directly for promotional, marketing, public relations and advertising purposes approved by SWGI, provided that written verification of those expenditures are provided to SWGI promptly after the incurrence of those expenditures.

(iii) SWGI will have no fiduciary or other duty to Franchisee with respect to the use of Advertising Payments.

(d) From time-to-time, SWGI may adopt special marketing programs (for example, strategic relationships with golf companies for the development of marketing programs with a national or international scope). In connection therewith, Franchisee may be required to pay, within 15 days after the date of SWGI's invoice therefor, SWGI a payment, in the amount that SWGI may determine, in its reasonable discretion, in addition to the Advertising Payments; provided, however, that that amount will not exceed \$3,000 (U.S.) per year during the term of this Agreement. SWGI will have no fiduciary or other duty to Franchisee with respect to the use of special marketing program payments.

(e) Any amounts payable to, or for the benefit of, SWGI or its Affiliates that are not received by SWGI or that Affiliate by their due date will be subject to (i) a late charge equal to 5% of the unpaid or delinquent amount, or \$100 (U.S.), whichever is greater, and (ii) an interest charge calculated at the rate of 18% per annum or the maximum rate allowable by law, whichever is less, of the unpaid or delinquent amount, calculated from the due date until the date received by SWGI or that Affiliate. If Franchisee has paid Royalties or Modular Tile Flooring Royalties to the vendor or supplier for the artificial turf or modular tile flooring, but that vendor or supplier has not paid those Royalties or Modular Tile Flooring Royalties to SWGI, those Royalties or Modular Tile Flooring Royalties will not be considered delinquent or unpaid by Franchisee.

(f) Franchisee must pay to SWGI an amount equal to any (i) sales, use, gross receipts, exchange, transfer and collection charges and similar taxes and (ii) exchange, transfer and collection charges assessed against, or payable by, SWGI and calculated on the Franchise Fee, Royalties, Modular Tile Flooring Royalties, Advertising Payments and other payments

required to be paid pursuant to this Agreement, unless the tax is an income tax or an optional alternative to an income tax otherwise payable by SWGI to the State of Georgia or the government of the United States of America. That amount will be due and payable within 15 days after the date of SWGI's invoice therefor.

(g) Notwithstanding the foregoing, SWGI reserves the right to receive remittances from vendors, suppliers and contractors as set forth elsewhere in this Agreement.

(h) To secure payment by Franchisee of Royalties, Modular Tile Flooring Royalties, Advertising Payments and all other payments required to be paid pursuant to this Agreement and to secure all other amounts payable to SWGI, Franchisee grants to SWGI a first priority security interest and lien on all Franchisee's revenue and a security interest and lien, subject to vendor and lender liens approved by SWGI, on Franchisee's accounts receivable, furniture, fixtures, equipment, inventory, tools, signage and other assets, and all general intangibles relating to the foregoing, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located, and all accessions, additions, replacements and substitutions relating to any of the foregoing; all records of any kind and media relating to any of the foregoing; all products of and/or proceeds relating to any of the foregoing (including insurance, general intangibles, other account proceeds, license royalties and proceeds of infringement suits) (collectively, the "Collateral"). To perfect this security interest, concurrently with the signing of this Agreement, SWGI may file a Form UCC financing statement, substantially in the form of Exhibit C to this Agreement, suitable for filing with the Secretary of State (and/or other applicable authority) of the state or other governmental entity in which the Franchised Business is located. Franchisee agrees to sign and deliver such Form UCC financing statement, if necessary, and such additional documents and to do all such further acts and things as SWGI may request to evidence and further perfect its security interest in the Collateral. SWGI and Franchisee agree that Franchisee will enjoy unrestricted use of the Collateral until (i) Franchisee defaults in the payment of Royalties, Modular Tile Flooring Royalties, Advertising Payments or other payments required to be paid pursuant to this Agreement or otherwise payable to SWGI, (ii) any other creditor of Franchisee asserts a security interest in or claim to the Collateral superior to SWGI's security interest, (iii) Franchisee or any of the Principals is unable to pay his debts as they become due in the ordinary course of business or (iv) the occurrence of an Insolvency Event (as defined below). Upon the occurrence of any of such events, Franchisee will be in default under the security agreement this Section 9(h) establishes, and SWGI may immediately exercise all the rights of a secured creditor with respect to the Collateral that are provided in Article 9 of the Uniform Commercial Code.

(i) Franchisee may not withhold any payment of Royalties, Modular Tile Flooring Royalties, Advertising Payments or other amounts due to Franchisor or its Affiliates on account of Franchisor's breach or alleged breach of its obligations under this Agreement or any other agreement between Franchisor or its Affiliates and Franchisee or his Affiliates. Franchisee may not offset any amount due to Franchisor or its Affiliate against any amount payable to Franchisor or its Affiliate.

(j) Franchisor may apply any payment it receives from or on behalf of Franchisee or his Affiliate to any amounts Franchisee or his Affiliate owes Franchisor or its Affiliate under this Agreement or any other agreement between Franchisor or its Affiliate and Franchisee or his Affiliate, even if Franchisee or his Affiliate has designated the payment for another purpose or account. Franchisor and its Affiliates may accept any check or payment in any amount from or on behalf of Franchisee or his Affiliate without prejudice to Franchisor's or its Affiliates' right to

recover the balance or other amount due or to pursue any other remedy. No endorsement or statement on any check or payment or in any writing accompanying any check or payment, or elsewhere, will constitute or be considered as an accord or satisfaction. Franchisor and its Affiliates may offset any amount payable to Franchisee or its Affiliates pursuant to this Agreement or any other agreement between Franchisor or its Affiliates and Franchisee or its Affiliates against any unpaid amounts payable to Franchisor or its Affiliates pursuant to this Agreement or any agreement between Franchisor or its Affiliates and Franchisee or its Affiliates.

10. **Financial Reporting, Inspections and Audits.**

(a) Franchisee must submit to SWGI on a monthly basis, within 10 days after the end of each month) a profit and loss report and other financial information that SWGI may require, in the format, form and manner that SWGI may require. In addition, Franchisee must submit to SWGI the other periodic reports regarding Franchisee and/or the Franchised Business that SWGI may require, in the format, form and manner that SWGI may require.

(b) Franchisee must submit to SWGI, promptly after preparation (but no later than 2 months after the end of each fiscal year and 15 days after the end of each fiscal quarter), annual and quarterly financial statements (including a balance sheet and an income statement) prepared, in accordance with U.S. generally accepted accounting principles, consistently applied, by (and in the case of annual financial statements, reviewed by) Franchisee's independent certified public accountant, who may be located in the Territory; provided, however, that if SWGI is required by law (or otherwise determines it to be necessary or appropriate) to disclose or report Franchisee's financial results of operations (separately or aggregated with other franchisees) to prospective franchisees or government regulators, those annual financial statements must be audited and submitted to SWGI within the timeframe designated by SWGI.

(c) Franchisee must maintain his books and records on the Business Premises, in an orderly fashion and in accordance with standard accounting procedures. Franchisee must maintain the books and records that are required by law and those books and records that SWGI may require, in the format, form and manner that SWGI may require for the term of this Agreement, any renewal term and for the five-year period thereafter.

(d) SWGI may inspect or audit, or cause its representatives or agents to inspect and/or audit, at any time, Franchisee's books and records with respect to the Franchised Business, including Franchisee's tax reports and returns, customer records and financial accounts. Franchisee must provide SWGI and its representatives and agents access to Franchisee's books and records and assist and cooperate with SWGI and its representatives and agents in connection with that inspection or audit. SWGI will pay all costs and expenses in connection with that inspection or audit unless that inspection or audit reveals that Franchisee has underpaid or failed to pay any amount payable by Franchisee pursuant to this Agreement (including Royalties, Modular Tile Flooring Royalties and Advertising Payments), or otherwise breached his obligations under this Agreement. In this event, Franchisee must immediately pay, or reimburse SWGI for, all costs and expenses in connection with that inspection or audit, and must immediately pay SWGI the amount of the underpayment or nonpayment, plus interest at the rate of 18% per annum or the maximum rate allowed by law, whichever is less, on the amount of the underpayment or nonpayment from the respective due date of each underpayment or nonpayment.

(e) Upon request, Franchisee must, at his expense, promptly provide SWGI copies of Franchisee's books and records requested by SWGI (including Franchisee's charter documents, evidence of equity ownership and any agreements among his Principals).

(f) SWGI may (i) communicate with Franchisee's vendors, suppliers, contractors, customers and/or employees and/or (ii) inspect or audit, or cause its representatives or agents to inspect and/or audit, at any time, the books and records of Franchisee's vendors, suppliers, contractors and customers (if they so permit) to confirm Franchisee's compliance with the terms of this Agreement and for other reasonable purposes. SWGI will pay all costs and expenses in connection with any inspection or audit unless that inspection or audit reveals that Franchisee has underpaid or failed to pay any amount payable by Franchisee pursuant to this Agreement (including Royalties, Modular Tile Flooring Royalties and Advertising Payments), or otherwise breached his obligations under this Agreement. In this event, Franchisee must immediately pay, or reimburse SWGI for, all costs and expenses in connection with that inspection or audit, and must immediately pay SWGI the amount of the underpayment or nonpayment, plus interest at the rate of 18% per annum on the amount of the underpayment or nonpayment from the respective due date of each underpayment or nonpayment.

11. **Guaranty of Franchisee's Obligations.** It is expressly understood that there is no personal guarantee by any individual of the Franchisees obligations under this agreement. No principal, shareholder, partner, member, or spouse of any such person shall be individually liable for Franchisees obligations pursuant to this agreement. The Franchised business, whether established as a corporation, partnership, or limited liability company, shall remain solely liable for Franchisees obligations under this agreement.

12. **Indemnification.** Franchisee must protect, defend and indemnify SWGI, its Affiliates and their respective shareholders, members, directors, officers, directors, employees, representatives and agents (collectively, the "Indemnified People") and must hold the Indemnified People harmless (with counsel acceptable to SWGI) for, from and against any and all damages, claims, demands, liabilities, losses, costs and expenses (including reasonable attorneys' fees), of every kind and nature, suffered or incurred by any of the Indemnified People in connection with any lawsuit, action, proceeding or claim arising out of Franchisee's actions or omissions or the conduct of the Franchised Business by Franchisee, provided however, that Franchisee shall not be required to indemnify SWGI for any losses of any type arising out of SWGI's acts or omissions. AT SWGI's election, SWGI (or another Indemnified Person) will be allowed to hire counsel of its choice, in its discretion, at Franchisee's expense. Franchisee will immediately begin paying for the costs of the defense. SWGI (or the other Indemnified Person) will have sole and absolute control over the defense of any claim except to the extent such control conflicts with the term of the General Commercial Liability policy under which SWGI has been named as an additional insured. No claim may be settled, compromised or resolved without the express consent of SWGI unless the claim is settled, compromised or resolved as to all parties within the policy limits of the General Commercial Liability policy.

13. **Confidentiality.**

(a) Franchisee acknowledges that SWGI is engaged in a highly competitive business, the success of which is dependent upon, among other things, confidential and proprietary information. Franchisee further acknowledges that SWGI's method of operation, processes, techniques, formulae and procedures and the other Proprietary Information constitute valuable trade and industrial secrets.



(b) Franchisee agrees not to use for any purpose, or disclose or reveal (and must cause all of Franchisee's Principals, directors, officers, employees, representatives and agents not to use for any purpose, or disclose or reveal), during the term of this Agreement or forever thereafter, to any Person any contents of SWGI's Operating Manual, any Proprietary Information or any other information relating to the operation of the Franchised Business (including pricing information and customer lists and files). Franchisee must fully and strictly comply with all security measures prescribed by SWGI for maintaining the confidentiality of all Proprietary Information. Franchisee must not reverse engineer, decompile or disassemble any of the Proprietary Information. The Licensor Proprietary Information (as defined in the Nicklaus Design Additional Terms) is considered "Proprietary Information."

(c) Franchisee acknowledges that to breach his obligations under this Section 13 would cause damage to SWGI and to SWGI's other franchisees, and that Franchisee would be liable for this damage.

(d) Notwithstanding the foregoing, Franchisee may disclose Proprietary Information to a Person who is bound by the terms of this provision regarding confidentiality and a restrictive covenant contemplated by Section 15, to the extent that that disclosure is necessary in connection with that Person's capacity with Franchisee. In addition, notwithstanding the foregoing, Franchisee may use the Proprietary Information as may be necessary in connection with the operation of the Franchised Business.

(e) Notwithstanding the foregoing, the following will not be subject to the provisions of this Section 13:

(i) Information that is in the public domain as of the date of receipt by Franchisee;

(ii) Information that is known to Franchisee prior to the date of receipt by Franchisee;

(iii) Information that becomes known to the public without a breach of the provisions of this Section 13 or any agreement signed in connection with this Agreement; and

(iv) Information that is required by law to be disclosed or revealed, but only strictly to the extent required by law and provided that SWGI has reasonable notice of Franchisee's intent to so disclose or reveal that information.

#### 14. **Non-solicitation of Clients.**

(a) Franchisee may not, during the Restrictive Period, directly or indirectly (as an owner, shareholder, partner, member, director, officer, employee, manager, consultant, representative, agent, lender or otherwise), solicit for business of any kind any Person that was a client of Franchisee or SWGI during the term of this Agreement (a "Client").

(b) If Franchisee does not comply with the obligations contained in this Section 14, Franchisee will, as liquidated damages and not as a penalty, pay SWGI an amount equal to 50% of all revenues (or other consideration) received or realized by, or on behalf of, Franchisee (or any Person with which he is associated) from, or on behalf of, any Client, within 5 days after the date on which SWGI notifies Franchisee of that breach.

15. **Restrictive Covenant.**

(a) Franchisee may not, during the term of this Agreement and during the Restrictive Period, directly or indirectly (as an owner, shareholder, partner, member, director, officer, employee, manager, consultant, representative, agent, lender or otherwise), be engaged in a business that markets, advertises, promotes, sells, designs, installs and/or maintains (i) artificial turf surfaces, (ii) modular tile flooring, (iii) putting greens, (iv) tee lines, (v) golf practice facilities, (vi) golf driving ranges, (vii) lawn turf, (viii) other sports or non-sports surfaces and/or (ix) other products and/or services sold by Franchisee at any time during the term of this Agreement within, or for installation or maintenance within the Territory.

(b) If Franchisee does not comply with the obligations contained in this Section 15, Franchisee will, as liquidated damages and not as a penalty, pay to SWGI, within 5 days after the date on which SWGI notifies Franchisee of that breach, an amount equal to:

(i) \$1.00 (U.S.) per square foot of artificial turf sold, designed, installed and/or maintained by Franchisee (or any Person with which he is associated) (without set-off for waste or cut-off turf) in breach of Section 15(a); and

(ii) \$0.50 (U.S.) per square foot of modular tile flooring sold, designed, installed and/or maintained by Franchisee (or any Person with which he is associated) (without set-off for waste or cut-off flooring) in breach of Section 15(a).

16. **Related Provisions.**

(a) For purposes of this Agreement, the term "Restrictive Period" means the 2-year period commencing on the date that this Agreement expires or terminates; provided, however, that if a court of competent jurisdiction determines that that period is unenforceable, the term "Restrictive Period" will mean the 1-year period commencing on the date that this Agreement expires or terminates.

(b) Franchisee acknowledges that the provisions contained in Sections 13 through 16 (including the territorial and time restraints contained in Section 14) are reasonable and necessary and agrees that his failure to adhere strictly to the restrictions contained in Sections 13 through 16 will cause substantial and irreparable damage to SWGI and to SWGI's other franchisees. Upon any breach by Franchisee of any of the terms of Sections 13 through 16, SWGI may institute and prosecute proceedings, at law or in equity, in any court of competent jurisdiction, to obtain precautionary or provisional measures (including an injunction) to enforce the provisions of this Agreement and to pursue any other remedy to which SWGI may be entitled. Franchisee agrees that the rights conveyed by this Agreement are of a unique and special nature and that SWGI's remedy at law for any breach would be inadequate and agrees and consents that temporary or permanent relief may be granted in any proceeding which may be brought to enforce any provision of Sections 13 through 16 without the necessity of posting bond therefor or proof of actual damages.

(c) It is the intention of the parties that the provisions of Sections 13 through 16 be enforceable to the maximum extent permitted by law and, if the scope of any restriction contained in Sections 13 through 16 is too broad to permit the enforcement of that restriction to its fullest extent, SWGI and Franchisee each consents and agrees that the scope may be judicially limited or modified accordingly in any proceeding brought to enforce that restriction. Each provision contained in Sections 13 through 16 is independent and severable and, to the

extent that any provision is declared by a court of competent jurisdiction to be illegal, invalid or unenforceable, that declaration will not affect the legality, validity or enforceability of any other provision contained in this Agreement or the legality, validity or enforceability of that provision in any other jurisdiction.

17. **Principals and Others.**

(a) Simultaneously with signing this Agreement, Franchisee must cause each of the Principals to sign an agreement, in the form attached hereto as Exhibit A, in its discretion, pursuant to which the Principals agree to, among other things, be bound by the terms of Sections 13 through 16 of this Agreement.

(b) Franchisee must, promptly upon hiring, engagement or taking office, obtain from all of his directors, officers, employees, representatives, consultants and agents, and must deliver to SWGI, signed agreements, in the form attached hereto as Exhibit B, pursuant to which his directors, officers, employees, representatives and agents agree to be bound by the provisions of Sections 13 through 16 of this Agreement; provided, however, that, with respect to any Person who is not a Principal (as defined below), director or officer of Franchisee, the Restrictive Period will be reduced to the one-year period after the expiration or termination of this Agreement (or, if that Person's association with Franchisee ends prior to the expiration or termination of this Agreement, the one-year period after the end of that Person's association with Franchisee). For purposes of this Agreement, the term "Principal" means each person (and his spouse) or entity owning, directly or indirectly, a 5% or greater equity interest in Franchisee (for example, the shareholders, partners or members).

18. **Transfers; Assignments; Right of First Refusal.**

(a) Franchisee may not offer or grant any subfranchise of the franchise without the express consent of SWGI, which consent may be withheld by SWGI in its discretion.

(b) Franchisee may not sell or otherwise transfer, by operation of law or otherwise, the Franchise or the Franchised Business, or assign any right granted under this Agreement, without the prior consent of SWGI, which consent may not be unreasonably withheld. Any transfer of an equity interest in Franchisee, by operation of law or otherwise, and any merger or consolidation of Franchisee (if a corporation, partnership, limited liability company or other entity) will be deemed to be a transfer of the Franchised Business in violation of this Section 18(b). It is agreed that SWGI's withholding of consent:

(i) Because the prospective transferee (the "Transferee") would not satisfy the then-current qualifications for franchisees;

(ii) Because the financial or other terms of the transfer may have an adverse impact upon the Transferee's operation of the Franchised Business;

(iii) At a time when Franchisee (or his Affiliates, Principals, officers or employees) is in breach of, or default under, this Agreement or any other agreement with SWGI or its Affiliates; or

(iv) If the Transferee is an existing franchisee or licensee of SWGI, at a time when the Transferee is in breach of, or default under, any agreement with SWGI or its Affiliates is reasonable.

(c) If Franchisee desires to sell or otherwise transfer the Franchise or the Franchised Business, or assign any right granted under this Agreement, he must provide SWGI with a request for a transfer, which request must be accompanied by financial and other information regarding the Transferee as SWGI may require, all pertinent terms of the transaction (which transaction must be for cash and no other consideration) and a transfer fee in the amount of \$5,000 (U.S.) (the "Transfer Fee"), payable by electronic funds transfer or certified or cashiers' check (all of that information and the Transfer Fee are collectively referred to as the "Required Materials").

(d) Within 30 days after SWGI's receipt of all of the Required Materials, SWGI will notify Franchisee that (i) SWGI desires to purchase the Franchised Business and Franchisee's rights under this Agreement, upon the same terms and conditions as are offered by the Transferee, (ii) the transfer is approved or (iii) the transfer is disapproved, at SWGI's election, without incurring any responsibility of any nature.

(e) If SWGI notifies Franchisee that it desires to purchase the Franchised Business and Franchisee's rights under this Agreement, that transaction will be consummated, upon the same terms and conditions as are offered by the Transferee, but not later than 60 days after the end of the 30-day period referred to above.

(f) If SWGI notifies Franchisee that the transfer is disapproved, SWGI will refund to Franchisee 50% of the Transfer Fee, less all out-of-pocket expenses incurred by SWGI relating to the proposed transfer.

(g) If SWGI notifies Franchisee that the transfer is approved, Franchisee may transfer the Franchised Business, within 60 days after the end of the 30-day period referred to above, to the Transferee on the terms set forth in the Required Materials, provided that prior to the closing of the transfer of the Franchised Business:

(i) The Transferee signs the form of franchise agreement then being signed by new franchisees (the "New Franchise Agreement"), and will be subject to the terms of the New Franchise Agreement (including the Royalties, Modular Tile Flooring Royalties, Advertising Payments and other charges) and the other documents attached to the New Franchise Agreement have been signed; provided, however, that no initial franchise fee must be paid and that the term of the New Franchise Agreement will be the then-remaining term of this Agreement;

(ii) Each Person (and his spouse) or entity owning, directly or indirectly, a 5% or greater equity interest in the Transferee (for example, the general partners or the shareholders) signs an agreement in the form of an exhibit to the form of franchise agreement then being signed by new franchisees, pursuant to which that Person agrees to perform, and guarantee, the Transferee's obligations to SWGI and its Affiliates, and agrees to be bound by among other things, the confidentiality provisions and restrictive covenants contained in the New Franchise Agreement;

(iii) The Transferee signs a confidentiality agreement in the form required by SWGI and attends and satisfactorily completes the Training Program, in SWGI's discretion, if required by SWGI;

(iv) Franchisee signs and delivers to SWGI a general release of SWGI and its Affiliates, in the form that SWGI may require;

(v) Franchisee, at his expense, remodels and updates the Business Premises to SWGI's then current standards, if so requested by SWGI;

(vi) Franchisee pays the entire Transfer Fee, in by electronic funds transfer or certified or cashiers' check, to SWGI; and

(vii) All amounts outstanding by Franchisee or its Affiliates to SWGI or its Affiliates, vendors, suppliers or contractors as of the date of the closing are paid at the closing, and all breaches of or defaults under this Agreement between SWGI or its Affiliates and Franchisee or its Affiliates are cured as of the closing.

Despite SWGI's approval and the transfer of the Franchised Business, Franchisee and the Principals will be secondarily liable for the Transferee's performance of the Transferee's obligations under its franchise agreement. Neither this Agreement nor the New Franchise Agreement signed by the Transferee, nor any of the rights conferred under this Agreement or the New Franchise Agreement, may be retained by Franchisee as security for the payment of the Transferee's obligations to Franchisee.

(h) Any transfer of the Franchised Business to a corporation, partnership, limited liability company or other entity that is majority-owned by Franchisee (a "Majority-owned Transferee") will be subject to the other provisions of this Section 18; provided, however, that SWGI will not have the right of first refusal contemplated by Section 18(e).

(i) In the case of an individual Franchisee, any attempt to transfer the Franchised Business or assign any right granted under this Agreement upon Franchisee's death, Disability (as defined below) or dissolution of marriage (if the Franchised Business, or a majority interest therein, will be transferred to Franchisee's spouse upon dissolution of marriage) will be subject to the restrictions on transfer contained in this Section 18; provided, however, that SWGI will not have the right of first refusal contemplated by Section 18(e). For purposes of this Agreement, the term "Disability" or "Disabled" means a permanent or long-lasting (more than 6 months) physical or mental condition that would cause Franchisee to be unable to perform his obligations under this Agreement, as determined by SWGI.

19. **Term.** Subject to Section 20 of this Agreement, the term of this Agreement will commence on the Effective Date and will continue until the 5<sup>th</sup> anniversary of the Effective Date (the "Initial Term"); provided, however, that if this Agreement is entered into in connection with a transfer, this Agreement will continue until the end of the term of the franchisee that transferred his franchise to Franchisee.

20. **Renewal.** Subject to the last sentence of this Section 20, if this Agreement has not been terminated prior to the end of the Initial Term, Franchisee has complied fully and diligently with the terms of this Agreement and the parties agree upon Minimum Royalty Amounts for the renewal term, SWGI and Franchisee may renew the franchise for an additional 5-year period commencing at the end of the Initial Term, provided that:

(a) Franchisee (and his Affiliates Principals, directors, officers, employees, representatives and agents) must not be in breach of his obligations under, or related to, this Agreement (including the Events of Default (as defined below)) or any other agreement with SWGI or its Affiliates;

(b) Franchisee must notify SWGI of his intention to renew at least 180 days, but not more than one year before the end of Initial Term.

(c) Franchisee must sign the form of franchise agreement then being signed by new franchisees and will be subject to the terms of that franchise agreement (including the Royalties, Modular Tile Flooring Royalties, Advertising Payments and other charges) and the other documents attached to that franchise agreement must be signed; provided, however, that no initial franchise fee must be paid and Franchisee will not have any renewal rights;

(d) Prior to each renewal, Franchisee must sign a general release of SWGI and its Affiliates, in the form that SWGI may require, in its discretion; and

(e) Franchisee must, at his expense, attend those training programs or refresher courses that SWGI may require.

If any of the above requirements have not been satisfied, the franchise will not be renewed and will expire at the end of the then-current term. The parties agree that SWGI's refusal to renew if any of the above requirements has not been satisfied constitutes "good cause." Notwithstanding the foregoing, if this Agreement was entered into in connection with a renewal of his prior franchise agreement, Franchisee will not have any renewal rights.

21. **Termination.** This Agreement may be terminated by SWGI, at its option, by means of notice to Franchisee, without the need to obtain a court resolution, without incurring any responsibility, upon the occurrence of any of the following events ("Events of Default"), which are deemed to be terminations for "good cause:"

(a) If Franchisee (or his Affiliates or Principals) fails to pay any Royalties, Modular Tile Flooring Royalties or other monies owed to SWGI or any of its Affiliates under this Agreement, or any other agreement with SWGI or its Affiliates, and that failure has not been cured within 30 days after SWGI has provided notice of that failure to Franchisee. If that failure has not been cured within that 30-day period, termination will be effective immediately upon notice to Franchisee by SWGI.

(b) If Franchisee (or his Affiliates, Principals, directors, officers, employees, representatives or agents) fails to perform any obligation (other than the payment of monies owed to SWGI or any of its Affiliates) under this Agreement, or any other agreement with SWGI or its Affiliates; provided, however, that if that failure is curable, in SWGI's discretion), Franchisee may cure that failure within 30 days after SWGI has provided notice of that failure to Franchisee. If that failure is not curable (in SWGI's discretion) or that failure is curable and has not been cured within that 30-day period, termination will be effective immediately upon notice to Franchisee by SWGI.

(c) If Franchisee (or his Affiliates, Principals, directors, officers, employees, representatives or agents) repeatedly (two or more times) fails to pay any Royalties, Modular Tile Flooring Royalties or other monies owed to SWGI or any of its Affiliates or perform any obligation (one obligation two times, two obligations one time each or any such combination) under this Agreement, or any other agreement with SWGI or its Affiliates. Termination will be effective immediately upon notice to Franchisee.

(d) If Franchisee relocates the Franchised Business without SWGI's approval. Termination will be effective immediately upon notice to Franchisee by SWGI.

(e) If Franchisee fails to pay any amount payable to any vendor, supplier or contractor on SWGI's approved list or otherwise designated by SWGI and that failure has not been cured within 30 days after the due date thereof. If that failure has not been cured within that 30-day period, termination will be effective immediately upon notice to Franchisee by SWGI.

(f) If Franchisee repeatedly (two or more times) fails to pay any amount payable to any vendor, supplier or contractor on SWGI's approved list or otherwise designated by SWGI (either one obligation or vendor/supplier/contractor two times, two obligations or vendors/suppliers/contractors on time each or any such combination). Termination will be effective immediately upon notice to Franchisee by SWGI.

(g) If Franchisee breaches or defaults under any material agreement (including the lease for the Business Premises) with any Person other than SWGI or its Affiliates, and that breach or default has not been cured within the timeframe provided by that agreement. If that breach or default has not been cured within the timeframe provided by that agreement, termination will be effective immediately upon notice to Franchisee by SWGI.

(h) If Franchisee loses, or fails to obtain or maintain, any permit or license necessary to operate the Franchised Business. Termination will be effective immediately upon notice to Franchisee by SWGI.

(i) If Franchisee underpays any amount payable to or for the benefit of SWGI by 2% or more during any calendar year. Termination will be effective immediately upon notice of termination to Franchisee.

(j) If Franchisee or any of the Principals is unable to pay his debts as they become due in the ordinary course of business. Termination will be effective immediately upon notice of termination to Franchisee.

(k) If Franchisee or any of the Principals (i) files a petition for bankruptcy, liquidation, reorganization, readjustment, arrangement, composition or similar relief, (ii) has an involuntary bankruptcy petition filed against him, (iii) makes a general assignment for the benefit of creditors, (iv) consents to the appointment of a receiver, trustee or liquidator or (v) is dissolved or if a final judgment against Franchisee or any of the Principals remains unsatisfied or of record for 30 days or longer (unless a *supersedeas* bond is filed), execution is levied against Franchisee's or any of the Principals' business or assets, suit to foreclose upon any lien or mortgage against the premises or equipment of the Franchised Business or under this Agreement or any other franchise agreement is instituted and not dismissed within 30 days or any involuntary lien exceeding \$10,000 is placed on Franchisee's or any of the Principals' business or assets and is not promptly (but in any event within 30 days) removed or bonded against. (Such events are referred to as "Insolvency Events.") Termination will be effective immediately upon that filing or placement.

(l) If any involuntary lien exceeding \$10,000 (U.S.) is placed on Franchisee's business assets and is not promptly (but in any event within 30 days) removed or bonded against. Termination will be effective immediately upon notice to Franchisee by SWGI.

(m) If Franchisee conducts the Franchised Business in a manner that may adversely affect the goodwill or reputation of SWGI, its products or services or the Trademarks; provided, however, that if, in SWGI's discretion, that damage is curable, Franchisee will have 15 days

within which to cure that damage. If that damage is not curable (in SWGI's discretion) or that damage is curable and has not been cured within that 15-day period, termination will be effective immediately upon notice to Franchisee by SWGI.

(n) If Franchisee does not open the Franchised Business to the public for business within 150 days after the Effective Date. Termination will be effective immediately upon notice to Franchisee by SWGI.

(o) If Franchisee subfranchises, transfers or assigns (or attempts to do so) the franchise, the Franchised Business or any right granted under this Agreement without the prior consent of SWGI. Termination will be effective immediately upon notice to Franchisee by SWGI.

(p) (i) If at least one of Franchisee's lead installers does not satisfactorily complete, in SWGI's judgment, the pre-opening portion of the Training Program within 90 days after the effective date of this Agreement and the opening portion of the Training Program within 60 days after Franchisee opens the Franchised Business to the public. Termination will be effective immediately upon notice to Franchisee by SWGI.

(ii) If at any time (a) an installation crew maintained by Franchisee is not supervised by a person who has satisfactorily completed the Training Program or (b) Franchisee has more installation crews than lead installers who have satisfactorily completed the Training Program, and that failure has not been cured within five days after that failure commences. If that failure has not been cured within that five-day period, termination will be effective immediately upon notice to Franchisee by SWGI.

(q) If any other franchise or other agreement between SWGI or any of its Affiliates and Franchisee or any of its Affiliates is terminated. Termination will be effective immediately upon notice to Franchisee by SWGI.

(r) If Franchisee misrepresents, or commits fraud in connection with, any information contained in his application for a franchise, or in any other oral or written information communicated to SWGI. Termination will be effective immediately upon notice to Franchisee by SWGI.

(s) If Franchisee ceases to operate or otherwise abandons the Franchised Business. Termination will be effective immediately upon notice to Franchisee by SWGI.

(t) If Franchisee violates any safety law, rule, regulation or ordinance, or Franchisee's operation of the Franchised Business otherwise poses a threat, in Franchisor's judgment, to the safety of any customer or employee of Franchisee or any other person, and Franchisee fails to begin to correct that noncompliance or violation immediately and completes that correction promptly. Termination will be effective immediately upon notice to Franchisee by SWGI.

(u) If Franchisee or any Principal is (or has been) convicted by a trial court of, or has plead guilty or no contest to, a felony or other crime or offense that may adversely affect the goodwill or reputation of SWGI, its products or services or the Trademarks, or if Franchisee or any Principal engages in (or has engaged in) any conduct that may adversely affect the goodwill or reputation of SWGI, its products or services or the Trademarks. Termination will be effective immediately upon notice to Franchisee by SWGI.



(v) If customers of Franchisee complain with respect to the work performed by Franchisee and, as a result of investigation of those complaints by SWGI (or its designees), SWGI determines that Franchisee failed to perform its obligations to three or more of Franchisee's customers, failed to comply with the installation procedures contained in SWGI's Operating Manual and/or failed to perform its obligations under this Agreement. Termination will be effective immediately upon notice to Franchisee by SWGI.

(w) If the Turf Royalties paid by Franchisee during any Contract Year are less than the Minimum Royalty Amount with respect to that Contract Year (regardless of whether Additional Royalties have been paid) or if more than 50% of the Turf Royalties paid by Franchisee during any Contract Year are paid during the last month of the Contract Year. Termination will be effective immediately upon notice to Franchisee by SWGI, and will not eliminate Franchisee's obligation to pay Additional Royalties pursuant to Section 9(b).

**22. Obligations upon Termination or Expiration.** Upon the expiration or termination of this Agreement for any reason:

(a) Franchisee will forfeit all fees paid.

(b) All goodwill associated with Franchisee's Franchised Business, and Franchisee's use of the Trademarks, is, and will be, the property of SWGI, and Franchisee will receive no payment therefor.

(c) Franchisee must immediately return to SWGI SWGI's Operating Manual, all training materials and all other property of SWGI (including all materials relating to the Trademarks, the Copyrights, the Innovations or the Proprietary Information). SWGI and its representatives and agents may enter the Business Premises and recover SWGI's Operating Manual, all training materials and all other property of SWGI (including all materials relating to the Trademarks, the Copyrights, the Innovations or the Proprietary Information), without considering that act as trespass and without incurring any responsibility whatsoever in connection therewith.

(d) Franchisee must immediately assign to Franchisor or its designee all contracts with respect to goods and/or services that have not been completely performed and pay to Franchisor all deposits and other payments received by or on behalf of Franchisee with respect to such contracts; if the cost to Franchisor or its designee of the work remaining on such projects exceeds the amount so paid to Franchisor or its designee together with the amount received by Franchisor or its designee from the clients under such contracts, Franchisee must pay to Franchisor, immediately upon request, the amount of such excess cost; if the cost to Franchisor or its designee of the work remaining on such projects is less than the amount so paid to Franchisor or its designee together with the amount received by Franchisor or its designee from the clients under such contracts, Franchisor will, subject to its right of application and offset, pay to Franchisee (or will cause that designee to pay to Franchisee), after the completion of all such incomplete contracts, the amount of such excess.

(e) Franchisee must immediately (i) cease operating the Franchised Business and cease using the Trademarks, the Copyrights, the Innovations and the Proprietary Information, (ii) cancel all assumed names or equivalent business or Trademark registrations relating to the use of the Trademarks and cooperate with SWGI, (iii) notify the telephone company and all listing agencies of the termination of Franchisee's right to use the Trademarks and, if requested by SWGI, of Franchisee's assignment of Franchisee's telephone numbers to SWGI, (iv) not,

directly, or indirectly, identify himself with SWGI or the Trademarks or present himself as a franchisee of SWGI and (v) if requested by SWGI, renovate the Business Premises to eliminate the Trademarks and de-identify the Business Premises to remove all Trade Dress (including all artificial turf surfaces and modular tile flooring), at Franchisee's expense. Franchisee irrevocably appoints and constitutes SWGI and its representatives and agents, with full power of substitution, as Franchisee's agent and attorney-in-fact for and on behalf of, and in Franchisee's name, and at Franchisee's expense, to take any or all of the above actions, without liability for trespass. This special power of attorney will be deemed to be coupled with an interest and irrevocable.

(f) Franchisee must pay SWGI, within 10 days of expiration or termination of this Agreement, all amounts outstanding to or for the benefit of SWGI or its Affiliates from Franchisee and his Affiliates, including all Additional Royalties payable pursuant to Section 9(a).

(g) SWGI may, but will not be obligated to, purchase, or have its designee purchase all, or any portion of, Franchisee's signage, equipment, inventory and other tangible assets for an amount equal to the Value (as defined below). SWGI, or its designee, may, but will not be obligated to, assume Franchisee's future obligations under Franchisee's lease and continue the operations of Franchisee's Franchised Business in SWGI's, or its designee's, name. If SWGI is required, by law, regulation or court order, to purchase any of the equipment and/or other tangible assets used in connection with the Franchised Business, the purchase price will be equal to the Value. For purposes of this Agreement, the term "Value" means, subject to applicable law, (i) with respect to signage, \$1.00 (U.S.), (ii) with respect to artificial turf and padding and modular tile flooring, 50% of Franchisee's purchase price therefor (excluding shipping and handling charges) and (iii) with respect to all other assets, an amount equal to Franchisee's cost for those assets, less depreciation and amortization using a 200% declining balance method over a 5-year period.

23. **Survival.** Notwithstanding anything contained in this Agreement to the contrary, the provisions of this Agreement that may affect the parties' rights and obligations after the expiration or termination of this Agreement will survive the expiration and termination of this Agreement.

24. **Relationship of the Parties.**

(a) Franchisee must not represent or imply that the Franchised Business conducted by Franchisee is owned by SWGI. Franchisee must conspicuously post a sign at the Franchised Business stating that Franchisee is an independent contractor licensed by SWGI and that the Franchised Business is not owned or operated by SWGI. Franchisee will be an independent contractor, and nothing contained in this Agreement will be construed to create or imply a fiduciary relationship between the parties, nor to make either party a general or specific agent, legal representative, employee, joint venturer, partner or servant of the other. Franchisee is in no way authorized to sign any contract or agreement, to make any representation or warranty or to create any obligation (express or implied) on behalf of SWGI. Franchisee will be responsible for his own taxes (including any taxes levied upon the Franchised Business with respect to compensation or otherwise).

(b) This Agreement and/or the relationship between the parties does not constitute or create a partnership, joint venture, agency or any other agreement or relationship between the parties, beyond those expressly created hereby. The parties execute this Agreement in their capacity as independent contractors. It is hereby understood that the contractual relationship

that will exist between SWGI and Franchisee will not imply the subordination of Franchisee or Franchisee's employees or subcontractors to SWGI; therefore, the execution of this Agreement and the activities to be carried out by Franchisee or any of his employees, will not be construed to create a labor relationship between Franchisee or any of his employees and SWGI or its Affiliates. Franchisee and his employees hereby waive their rights to exercise any action or right against SWGI or its Affiliates, and their respective shareholders, members, partners, directors, officers, employees, agents and representatives, deriving from or relating to any conduct or claim inconsistent with the provisions of this Section 24.

25. **Provisions.** Each condition and term of this Agreement is material, and a breach or violation of any of them will constitute a material breach and default of that party's obligations under this Agreement.

26. **Terminology.**

(a) For purposes of this Agreement, the following terms will have the following meanings:

(i) Affiliate: any Person controlling, controlled by or under common control with another Person.

(ii) Person: any individual, corporation, partnership, limited liability company, trust or other entity.

(b) All references in this Agreement to the term "including" means "including, without limitation."

(c) Except as expressly provided elsewhere in this Agreement, whenever in this Agreement, approval or consent of SWGI is required or permitted, or a decision, judgment or determination will or may be made by SWGI, SWGI will be entitled to grant or withhold its approval or consent, or make that decision, judgment or determination, in its sole and absolute discretion.

(d) All captions, headings or titles in the paragraphs or sections of this Agreement are inserted for convenience of reference only and do not constitute a part of this Agreement or a limitation of the scope of the particular paragraph or section to which they apply.

(e) All personal pronouns used in this Agreement, whether used in the masculine, feminine, or neuter gender, will, where appropriate, include all other genders and the singular will include the plural and vice versa.

27. **Communications and Notices.** All communications, notices, consents, approvals, documents and materials (the "Materials") required or permitted to be given, provided or served under this Agreement must be in English (or accompanied by a certified English translation) and must be in writing. All Materials will be deemed to have been duly given or made if delivered (a) in person, (b) by mail, (c) by courier (including by Federal Express or other courier) or (d) by fax, and addressed to the address or fax number set forth below that party's signature at the end of this Agreement. All Materials will be effective (a) upon delivery in person or by courier, (b) 3 days (7 days, if sent internationally) after delivery to the postal authorities, if sent by certified mail, return receipt requested, (c) upon receipt, if sent by mail other than certified mail, return receipt requested, and (d) upon receipt, if sent by fax, to the address or fax number set forth

below that party's signature to this Agreement. Any party may change its address or fax number by giving notice in writing, stating its new address or fax number, to the other party to this Agreement as provided in the foregoing manner.

28. **Successors and Assigns.** Subject to Section 18 of this Agreement, which restricts Franchisee's rights to assign this Agreement and its rights hereunder, this Agreement will be binding upon and inure to the benefit of the parties and their respective assigns, legal representatives, executors, heirs and successors. Any attempt by Franchisee to assign this Agreement, or any of its rights hereunder, or to delegate its obligations hereunder, without compliance with the terms of Section 18 will be void. Notwithstanding anything contained in this Agreement to the contrary, SWGI may assign this Agreement, or any of its rights hereunder, or delegate any of its obligations hereunder without the consent of Franchisee or any other Person.

29. **Amendment, Waiver and Deferral.**

(a) Notwithstanding anything contained in this Agreement to the contrary, SWGI retains the right to modify and amend SWGI's Operating Manual and to issue rules, regulations, instructions, policies and procedures for the conduct of the Franchised Business from time to time, in its discretion, without obtaining the consent or approval of Franchisee.

(b) Except as set forth in this Agreement, no amendment, modification or waiver of any condition, provision or term of this Agreement will be valid or of any effect unless made in a writing specifying with particularity the nature and extent of the amendment, modification or waiver and signed by Franchisee and SWGI.

(c) Failure on the part of any party to complain of any act or failure to act of another party or to declare another party in default, irrespective of how long the failure continues, will not constitute a waiver by that party of its rights under this Agreement. Any waiver by any party of any default of another party will not affect or impair any right arising from any other or subsequent default. SWGI's failure at any time to require strict performance by Franchisee of any provision of this Agreement, including the provisions requiring Franchisee to pay Royalties or Modular Tile Flooring Royalties, will not affect or diminish SWGI's right to thereafter demand strict compliance and performance with those provisions.

(d) Notwithstanding anything contained in this Agreement to the contrary, at any time that Franchisee or any of his Affiliates is in breach of his obligations under this Agreement, or any other agreement between SWGI or its Affiliates and Franchisee or his Affiliates, SWGI (or its Affiliate) may elect to defer the performance of SWGI's (or its Affiliate's) obligations under this Agreement or that other agreement, or defer the opening of Franchisee's Franchised Business, until Franchisee's (or his Affiliate's) breach has been cured. SWGI's (or its Affiliate's) exercise of that right will not constitute a waiver of its rights under this Agreement or that other agreement, including SWGI's (or its Affiliate's) right to terminate this Agreement or that other agreement. In addition, SWGI's (or its Affiliate's) exercise of that right will not serve as a basis for any claim by Franchisee (or its Affiliate) that SWGI (or its Affiliate) did not perform its obligations in a timely manner.

30. **Severable Provisions; Enforceability.** Each and every provision of this Agreement is intended to be independent of and severable from the others. If any provision of this Agreement is declared by a court of competent jurisdiction to be illegal, unenforceable or invalid for any reason whatsoever, that illegality, unenforceability or invalidity will not affect the validity of the

remainder of this Agreement or the legality, enforceability or validity of that provision in any other jurisdiction.

31. **Entire Agreement.** This Agreement, including the Disclosure Document and the exhibits hereto and thereto, contains the entire understanding and agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings between the parties with respect to that subject matter. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made in the Disclosure Document. The Disclosure Document and each of the exhibits to this Agreement and to the Disclosure Document are incorporated in this Agreement by this reference and constitute a part of this Agreement.

32. **Governing Law; Jurisdiction; Right to Jury Trial Waived; Right to Class Action and Certain Damages Waived.**

(a) This Agreement will be governed by, and construed and enforced in accordance with, the law of Georgia, regardless of any conflict-of-law provisions to the contrary; provided, however, that any law of the State of Georgia that regulates the offer or sale of franchises or business opportunities, or governs the relationship between a franchisor and its franchisees, will not apply unless its jurisdictional requirements are met independently without reference to this paragraph and provided further that Sections 13 through 15 of this Agreement will be governed by, and construed in accordance with, the law of the state in which the Franchised Business is located (if located in more than one state, the state in which Franchisee's Business Premises is located).

(b) Each party agrees that any litigation between the parties will be commenced and maintained only in the courts located in Atlanta, Fulton County, Georgia, and each party consents to the jurisdiction of those courts; provided, however, that Franchisor may enforce its rights under Sections 13 through 15 of this Agreement in any court located in the county in which the Franchised Business is located.

(c) Franchisee hereby waives the right to a jury trial, waives the right to initiate or participate in a class action in any forum, and waives the right to seek or collect punitive, consequential and special damages in any forum.

(d) Upon any breach by Franchisee of any of the terms of this Agreement, SWGI may institute and prosecute proceedings, at law or in equity, in any court of competent jurisdiction, to obtain precautionary or provisions measures (including an injunction) to enforce the provisions of this Agreement and to pursue any other remedy to which SWGI may be entitled. Franchisee agrees that the rights conveyed by this Agreement are of a unique and special nature and that SWGI's remedy at law for any breach would be inadequate and agrees and consents that temporary or permanent relief may be granted in any proceeding which may be brought to enforce any provision of this Agreement, without the necessity of posting bond therefor or proof of actual damages. Franchisee agrees that his sole remedy, in the event of the entry of an injunction, will be the dissolution of that injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby).

33. **Counterparts.** This Agreement may be executed in 2 or more counterparts, each of which will be considered one and the same agreement and will become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

34. **Attorneys' Fees.** In the event of any claim, controversy or dispute arising out of or relating to this Agreement, or the breach thereof, the prevailing party may recover reasonable attorneys' fees and costs incurred in connection with any court proceeding.

35. **Remedies Cumulative.** The remedies of the parties under this Agreement are cumulative and will not exclude any other remedies to which any party may be lawfully entitled.

36. **Construction.** The parties acknowledge that each party was represented (or had the opportunity to be represented) by legal counsel in connection with this Agreement and that each of them and its counsel have reviewed this Agreement, or have had an opportunity to do so, and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party will not be employed in the interpretation of this Agreement or any amendments or any exhibits hereto or thereto.

37. **Additional Actions.** Each party agrees to do all acts and things and to make, execute and deliver such written instruments as may from time to time be reasonably required to carry out the terms and provisions of this Agreement.

38. **Computation of Time.** Whenever the last day for the exercise of any privilege or discharge of any duty under this Agreement falls upon Saturday, Sunday or any legal holiday under Georgia law, the party having that privilege or duty will have until 5:00 p.m. (Atlanta, Georgia time) on the next succeeding regular business day to exercise that privilege or to discharge that duty.

39. **Currency.** Unless otherwise directed by SWGI in writing, all amounts contemplated by this Agreement will be paid in United States Dollars. Computation of any amounts to be paid that require conversion between currencies will be made at the selling rate for the United States Dollar quoted by SWGI's primary bank on the date on which payment is made. Franchisee will pay all costs of currency exchange.

40. **Authority.** Any individual signing below on behalf of a corporation, partnership, limited liability company or other entity personally represents that he has full authority (that has not been revoked, limited or modified in any manner whatsoever) to bind the party or parties on whose behalf he or she is signing.

41. **Executive Order 13224.** Franchisee hereby represents and warrants to Franchisor that neither Franchisee, nor any of his Affiliates or their respective equity owners, directors, officers, employees, representatives and agents (collectively, the "Included People"), (a) is identified, by name or an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts currently available at [www.treas.gov/offices/enforcement/ofac/](http://www.treas.gov/offices/enforcement/ofac/)) or (b) has violated any law prohibiting corrupt business practices, money laundering or the aid or support of persons who conspire to commit acts of terror against any person or government, including acts prohibited by the U.S. Patriot Act (text currently available at [www.epic.org/privacy/terrorism/hr3162.html](http://www.epic.org/privacy/terrorism/hr3162.html)), U.S. Executive Order 13224 (text currently available at [www.treas.gov/offices/enforcement/ofac/sanctions/terrorism.html](http://www.treas.gov/offices/enforcement/ofac/sanctions/terrorism.html)) or any similar law. Franchisee agrees that he will comply with, and will cause the Included People to comply with, all laws prohibiting corrupt business practices, money laundering or the aid or support of persons who conspire to commit acts of terror against any person or government. Franchisee further agrees that he will immediately notify Franchisor of the occurrence of any event, or the

development of any circumstances, that might render any of the foregoing representations or warranties to be false, inaccurate or misleading.

[the balance of this page left blank intentionally]

The parties have executed this Agreement as of the Effective Date.

**Southwest Greens International LLC** \_\_\_\_\_

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

Address: 185 S. Industrial Blvd.  
Mail Drop 0DY-01  
Calhoun, Georgia 30144  
Fax #: (770) 795-1476

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

Type of entity: \_\_\_\_\_  
Jurisdiction of organization: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Fax #: \_\_\_\_\_



**CONSENT OF SPOUSE**  
(to be executed if Franchisee is a married individual)

The undersigned is the spouse of the Franchisee identified in the Franchise Agreement, dated as of \_\_\_\_\_, between his/her spouse and Southwest Greens International LLC, to which this Consent of Spouse is attached (the Franchise Agreement, the applicable state addendum and any other addenda and amendments (if any) executed by his/her spouse are collectively referred to as the "Agreement").

The undersigned hereby declares that he/she has read the Agreement, including each of the documents that is an exhibit to or referenced in the Agreement, in its entirety and, being fully convinced of the wisdom and equity of the terms of the Agreement, including each of the documents that is an exhibit to or referenced in the Agreement, and in consideration of the premises and of the provisions of the Agreement, the undersigned hereby expresses his/her acceptance of the same and does agree to its provisions.

The undersigned further agrees that in the event of the death of his/her spouse, the provisions of this Agreement, including each of the documents that are exhibits to or referenced in the Agreement, will be binding upon him/her.

The undersigned further agrees that he/she will at any time make, execute and deliver such instruments and documents which may be necessary to carry out the provisions of the Agreement, including each of the documents that are exhibits to or referenced in the Agreement.

This instrument is not a present transfer or release of any rights which the undersigned may have in any of the community property of his/her marriage.

DATED \_\_\_\_\_

\_\_\_\_\_  
(Signature of Spouse)

\_\_\_\_\_  
(Print Name of Spouse)

## Schedule 1

1. For purposes of this Franchise Agreement, the term "Territory" will mean: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
2. For purposes of this Franchise Agreement, the Franchise Fee will be \$\_\_\_\_\_ (U.S.)
3. For purposes of this Franchise Agreement, the term "Minimum Royalty Amount" will mean:

<b>Contract Year</b>	<b>Minimum Royalty Amount</b>	<b>Which is Equal to the Following # of Square Feet</b>
Effective Date-December 31, 20____		
January 1, 20____-December 31, 20____		
January 1, 20____-December 31, 20____		
January 1, 20____-December 31, 20____		
January 1, 20____-December 31, 20____		
January 1, 20____-December 31, 20____		
January 1, 20____-5 <sup>th</sup> anniversary of Effective Date		

Accepted and agreed to by:

**Southwest Greens International LLC**

\_\_\_\_\_  
 [Name of Franchisee]

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

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

**Exhibit A to Franchise Agreement**  
**AGREEMENT TO BE BOUND AND TO GUARANTEE**

**AGREEMENT**, dated as of the date set forth at the end of this Agreement, executed by the guarantors identified in Section 19 of this Agreement (each a "Guarantor") in favor of **Southwest Greens International LLC**, a Georgia limited liability company ("SWGI").

**WHEREAS**, as an inducement for SWGI to execute and deliver, and to perform its obligations under, that certain Franchise Agreement (the "Franchise Agreement"), dated as of the date set forth in Section 19 of this Agreement, by and between SWGI and the franchisee identified in Section 19 of this Agreement ("Franchisee"), Guarantor has agreed to jointly and severally guarantee the obligations of Franchisee under the Franchise Agreement and have agreed to be bound by certain of the provisions contained in the Franchise Agreement.

**WHEREAS**, Guarantor owns, directly or indirectly, a 5% or greater equity interest in Franchisee.

**WHEREAS**, Guarantor acknowledges and agrees that SWGI will materially rely upon Guarantor's obligations under this Agreement.

**NOW, THEREFORE**, in consideration of the foregoing premises and the execution and delivery of the Franchise Agreement by SWGI, and the performance of SWGI's obligations thereunder, Guarantor agrees, for the benefit of SWGI and its Affiliates (as defined in the Franchise Agreement), as follows:

1. **Guaranty.** Guarantor unconditionally guarantees and promises to pay to SWGI and/or its Affiliates and to perform, for the benefit of SWGI and/or its Affiliates, on demand, any and all obligations and liabilities of Franchisee in connection with, with respect to or arising out of or deriving from the Franchise Agreement or any other agreement with SWGI or its Affiliates.

2. **Confidentiality.**

(a) Guarantor acknowledges that SWGI is engaged in a highly competitive business, the success of which is dependent upon, among other things, trade and industrial secrets and other confidential and proprietary information, processes, professional and celebrity endorsements, materials and rights relating to the development, promotion and operation of the Franchised Business (as defined in the Franchise Agreement), including, without limitation, SWGI's Operating Manual, method of operation, processes, techniques, formulae and procedures (collectively, the "Proprietary Information"). Guarantor further acknowledges that the Proprietary Information constitutes valuable trade and industrial secrets.

(b) Guarantor agrees not to use for any purpose, or disclose or reveal (and must cause all of Franchisee's directors, officers, employees, representatives and agents not to use for any purpose, or disclose or reveal), during the term of this Agreement or forever thereafter, to any person any contents of SWGI's Operating Manual, any Proprietary Information or any other information relating to the operation of the Franchised Business. Guarantor must fully and strictly comply with all security measures prescribed by SWGI for maintaining the confidentiality of all Proprietary Information. Guarantor must not reverse engineer, decompile or disassemble any of the Proprietary Information.

**(c)** Guarantor acknowledges that to breach his obligations under this Section 2 would cause damage to SWGI and to SWGI's other franchisees, and that Guarantor would be liable for this damage.

**(d)** Notwithstanding the foregoing, Guarantor may disclose Proprietary Information to a person who is bound by the terms of this provision regarding confidentiality and a restrictive covenant contemplated by Section 15 of the Franchise Agreement, to the extent that that disclosure is necessary in connection with that person's capacity with Franchisee.

**(e)** Notwithstanding the foregoing, the following will not be subject to the provisions of this Section 2:

(i) Information that is in the public domain as of the date of receipt by Franchisee;

(ii) Information that is known to Franchisee prior to the date of receipt by Franchisee;

(iii) Information that becomes known to the public without a breach of the provisions of Section 14 of the Franchise Agreement or any agreement executed in connection with the Franchise Agreement; and

(iv) Information that is required by law to be disclosed or revealed, but only strictly to the extent required by law, and provided that SWGI has reasonable notice of Guarantor's intent to so disclose or reveal such information.

### **3. Restriction on Hiring.**

**(a)** Guarantor may not, during the term of the Franchise Agreement and during the Restrictive Period (as defined below), directly or indirectly (as an owner, partner, member, director, officer, employee, manager, consultant, shareholder, representative, agent, lender or otherwise), employ, hire or engage as an independent contractor or otherwise (or solicit for such purpose) any person or entity who is or was (at any time during the term of the Franchise Agreement) employed or engaged as an independent contractor or otherwise by SWGI or any of its franchisees, licensees, vendors, suppliers, contractors or independent contractors, or any of their respective Affiliates. For purposes of this Agreement, the term "Restrictive Period" means the two-year period commencing on the date that the Franchise Agreement expires or terminates; provided, however, that if a court of competent jurisdiction determines that such period is unenforceable, the term "Restrictive Period" will mean the one-year period commencing on the date that the Franchise Agreement expires or terminates.

**(b)** If Guarantor does not comply with the obligations contained in this Section 3, Guarantor will, as liquidated damages and not as a penalty, pay SWGI (or, at SWGI's direction, its franchisee, licensee, vendor, supplier, contractor or independent contractor, as the case may be) an amount equal to one year's salary (annualized, if necessary) of the person or entity who was employed, hired or engaged by Guarantor in breach of this Section 3, within 5 days after the date on which SWGI notifies Franchisee or Guarantor of such breach.

#### **4. Non-solicitation of Clients.**

(a) Guarantor may not, during the Restrictive Period, directly or indirectly (as an owner, shareholder, partner, member, director, officer, employee, manager, consultant, representative, agent, lender or otherwise), solicit for business of any kind any person or entity that was a client of Franchisee or SWGI during the term of the Franchise Agreement (a "Client").

(b) If Guarantor does not comply with the obligations contained in this Section 4, Guarantor will, as liquidated damages and not as a penalty, pay SWGI an amount equal to fifty percent (50%) of all revenues (or other consideration) received or realized by, or on behalf of, Guarantor (or any person or entity with which he is associated) from, or on behalf of, any Client, within five (5) days after the date on which SWGI notifies Franchisee or Guarantor of such breach.

#### **5. Restrictive Covenant.**

(a) Guarantor may not, during the term of the Franchise Agreement and during the Restrictive Period, directly or indirectly (as an owner, shareholder, partner, member, director, officer, employee, manager, consultant, representative, agent, lender or otherwise), be engaged in a business that markets, advertises, promotes, sells, designs, installs and/or maintains (i) artificial turf surfaces, (ii) modular tile flooring (iii) putting greens, (iv) tee lines, (v) golf practice facilities, (vi) golf driving ranges, (vii) lawn turf, (viii) other sports or non-sports surfaces and/or (ix) other products and/or services sold by Franchisee at any time during the term of the Franchise Agreement within, or for installation or maintenance within, the Territory (as described in Section 19 of this Agreement).

(b) If Guarantor does not comply with the obligations contained in this Section 5, Guarantor will, as liquidated damages and not as a penalty, pay to SWGI, within 5 days after the date on which SWGI notifies Franchisee or Guarantor of that breach, an amount equal to:

(i) \$1.00 (U.S.) per square foot of artificial turf sold, designed, installed and/or maintained by Guarantor (or any person or entity with which he is associated) (without set-off for waste or cut-off turf) in breach of Section 5(a); and

(ii) \$0.50 (U.S.) per square foot of modular tile flooring sold, designed, installed and/or maintained by Guarantor (or any person or entity with which he is associated) (without set-off for waste or cut-off flooring) in breach of Section 5(a).

**6. Use of Name and Likeness.** SWGI will be entitled to use the name, likeness and voice of Guarantor for purposes of promoting the franchise, SWGI and its products, including, without limitation, all drawings, writs, photos, computer programs and audio and video recordings and any other rights protected by Federal Copyright Laws, and Guarantor hereby irrevocably consents thereto. Guarantor acknowledges that SWGI will own all right, title and interest, to the extent allowed by law, in all rights of integrity, disclosure and publication and any other rights that may be known as or referred to as "moral rights," "artist's rights," "publicity rights" or the like associated with such drawings, writs, photos, computer programs and audio and video recordings and any other rights protected by Federal Copyright Laws, and assigns and transfers unto SWGI the full and exclusive right, title, and interest to such publicity rights.

**7. Innovations.** Guarantor may conceive, invent, create, design and/or develop various ideas, techniques, methods, processes and procedures, formulae, products, packaging or other

concepts and features relating to the designing, installing and maintaining of artificial turf surfaces for such uses as (by way of example and not limitation) putting greens, tee lines, golf practice facilities, golf driving ranges, lawn turf and/or other sports and non-sports surfaces and modular tile flooring for such uses as (by way of example and not limitation) tennis, basketball and volleyball courts, roller hockey arenas and gymnasiums (the "Innovations"). Guarantor hereby assigns any and all of his rights, title and interest in the Innovations, including, without limitation, any intellectual property rights, to SWGI, and also agrees to cooperate with SWGI and its counsel in the protection of the Innovations, including, without limitation, the perfecting of title thereto.

**8. Copyrights; Works-for-Hire.** All advertising and promotional materials generated by or for Franchisee or his Principals, directors, officers, employees, representatives and agents for the Franchised Business will be deemed a work-made-for-hire, and all ownership rights, including, without limitation, any copyrights, in such advertising and promotional materials are hereby assigned to SWGI. In addition, Guarantor will cooperate in protecting any items or materials suitable for copyright protection by SWGI.

**9. Guaranty of Payment.** This is a guaranty of payment assumed individually by Guarantor, and not of collection. This Agreement will remain in full force and effect until all amounts payable by Guarantor will have been validly, finally and irrevocably paid in full and all obligations to be performed by Guarantor will have been validly, finally and irrevocably performed in full.

**10. Waiver.** Guarantor hereby waives all requirements as to presentment for payment, protest, diligence and demand and notice of acceptance, default, protest, demand, dishonor and nonpayment, and all benefits and requirements of O.C.G.A. § 18-2-1 *et seq.*, which sets forth certain rights and obligations among guarantors, debtors and creditors, if applicable. This Agreement will not be affected in any way by (a) the absence of any action to obtain such amounts from Franchisee or any other guarantor or indemnitor or of any recourse to any security for such amounts, (b) any extension, waiver, compromise or release of any or all of the obligations of Franchisee or any guarantor or if SWGI or any of its Affiliates alters any obligations under the Franchise Agreement in any respect or SWGI or any of its Affiliates' rights or remedies against Franchisee are in any way impaired or suspended without Guarantor's consent. SWGI or any of its Affiliates may without notice assign this guarantee in whole or in part.

**11. Subrogation.** Guarantor hereby agrees that he will not exercise any rights of subrogation which he may acquire due to any payment or performance of the obligations of Franchisee pursuant to this Agreement unless and until all amounts payable to SWGI or its Affiliates, and all obligations for the benefit of SWGI or its Affiliates, have been validly, finally and irrevocably paid and performed in full.

**12. Reasonable Restraints; Remedies.** Guarantor acknowledges that the covenants contained in this Agreement (including, without limitation, Sections 2 through 5, including, without limitation, the territorial and time restraints) are reasonable and necessary and agrees that his failure to adhere strictly to the restrictions contained herein will cause substantial and irreparable damage to SWGI, Franchisee and to SWGI's other franchisees. In the event of any breach by Guarantor of any of the terms of this Agreement, SWGI and/or Franchisee will be entitled to institute and prosecute proceedings, at law or in equity, in any court of competent jurisdiction, to obtain precautionary or provisional measures (including, without limitation, an injunction) to enforce the provisions of this Agreement and to pursue any other remedy to which SWGI and/or Franchisee may be entitled. Guarantor agrees that the rights conveyed by this Agreement are of a unique and special nature and that SWGI's and Franchisee's remedy at law for any breach would

be inadequate and agrees and consents that temporary or permanent relief may be granted in any proceeding which may be brought to enforce any provision hereof without the necessity of posting bond therefor or proof of actual damages.

**13. Enforceability.** If the scope of any restriction contained in this Agreement is too broad to permit the enforcement of such restriction to its fullest extent, then such restriction will be enforced to the maximum extent permitted by law, and Guarantor hereby consents and agrees that such scope may be judicially limited or modified accordingly in any proceeding brought to enforce such restriction. Each covenant contained in this Agreement is independent and severable and, to the extent that any such covenant is declared by a court of competent jurisdiction to be illegal, invalid or unenforceable, such declaration will not affect the legality, validity or enforceability of any other provision contained herein or the legality, validity or enforceability of such covenant in any other jurisdiction.

**14. No Waiver.** No failure or delay on the part of SWGI or its Affiliates in exercising its rights hereunder will operate as a waiver of, or impair, any such right. No single or partial exercise of any such right will preclude any other or further exercise thereof or the exercise of any other right. No waiver of any such right will be effective unless given in writing, specifying with particularity the nature of the waiver. No waiver of any such right will be deemed a waiver of any other right hereunder. The rights provided for herein are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law.

**15. Attorneys' Fees.** Guarantor will pay reasonable attorneys' fees and expenses and all other costs and expenses which may be incurred by SWGI or its Affiliates in connection with enforcing this Agreement.

**16. Governing Law; Jurisdiction; Right to Jury Trial Waived; Right to Class Action and Certain Damages Waived.**

(a) This Agreement will be governed by, and construed and enforced in accordance with, the law of Georgia, regardless of any conflict-of-law provisions to the contrary; provided, however, that any law of the State of Georgia that regulates the offer or sale of franchises or business opportunities, or governs the relationship between a franchisor and its franchisees, will not apply unless its jurisdictional requirements are met independently without reference to this paragraph and provided further that Sections 2 through 5 of this Agreement will be governed by, and construed in accordance with, the law of the state in which the Franchised Business is located (if located in more than one state, the state in which Franchisee's business premises is located).

(b) Each party agrees that any litigation between the parties will be commenced and maintained only in the courts located in Atlanta, Fulton County, Georgia, and each party consents to the jurisdiction of those courts; provided, however, that SWGI may enforce its rights under Sections 2 through 5 of this Agreement in any court located in the county in which the Franchised Business is located.

(c) Guarantor hereby waives the right to a jury trial, waives the right to initiate or participate in a class action in any forum, and waives the right to seek or collect punitive, consequential and special damages in any forum.

17. **Binding Nature of Agreement.** This Agreement will be binding upon Guarantor and his respective successors, heirs and assigns and will inure to the benefit of SWGI, its Affiliates and their respective successors and assigns.

18. **Joint and Several.** If more than one person signs this Agreement as a Guarantor, his, her or its obligation will be joint and several.

19. **Entire Agreement; Amendment.** This Agreement contains the entire agreement and understanding between the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof. This Agreement may not be modified or amended other than by an agreement in writing signed by each of the parties hereto. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made in the Disclosure Document.

20. (a) Date of Franchise Agreement: \_\_\_\_\_

(b) Name(s) of Guarantor(s): \_\_\_\_\_

(c) Name of Franchisee: \_\_\_\_\_

(c) Territory: \_\_\_\_\_

Dated \_\_\_\_\_

\_\_\_\_\_  
(Signature of Guarantor)

\_\_\_\_\_  
(Signature of Guarantor)

\_\_\_\_\_  
(Print Name of Guarantor)

\_\_\_\_\_  
(Print Name of Guarantor)



CONSENT OF SPOUSE  
(to be executed if Guarantor is a married individual)

The undersigned is the spouse of the Guarantor identified in the Agreement to be Bound and to Guarantee, dated as of \_\_\_\_\_, executed by his/her spouse in favor of Southwest Greens International LLC, to which this Consent of Spouse is attached (the "Agreement").

The undersigned hereby declares that he/she has read the Agreement, including each of the documents that is an exhibit to or referenced in the Agreement, in its entirety and, being fully convinced of the wisdom and equity of the terms of the Agreement, and in consideration of the premises and of the provisions of the Agreement, the undersigned hereby expresses his/her acceptance of the same and does agree to its provisions.

The undersigned further agrees that he/she will at any time make, execute and deliver such instruments and documents which may be necessary to carry out the provisions of the Agreement.

This instrument is not a present transfer or release of any rights which the undersigned may have in any of the community property of his/her marriage.

DATED \_\_\_\_\_

\_\_\_\_\_  
(Signature of Spouse)

\_\_\_\_\_  
(Signature of Spouse)

\_\_\_\_\_  
(Print Name of Spouse)

\_\_\_\_\_  
(Print Name of Spouse)

Exhibit B to Franchise Agreement

**AGREEMENT OF DIRECTORS, OFFICERS, EMPLOYEES,  
REPRESENTATIVES, CONSULTANTS AND AGENTS**

**AGREEMENT**, dated as of the date set forth at the end of this Agreement, executed by the party identified in Section 11 of this Agreement ("Party") and the franchisee identified in Section 11 of this Agreement ("Franchisee").

**WHEREAS**, pursuant to that certain Franchise Agreement between Southwest Greens International LLC, a Georgia limited liability company ("SWGI"), and Franchisee (the "Franchise Agreement"), Franchisee is a franchisee of SWGI and, in that capacity, Franchisee is engaged in the business of designing, selling, installing and maintaining artificial turf surfaces for such uses as (by way of example and not limitation) putting greens, tee lines, golf practice facilities, golf driving ranges, lawn turf and other sports and non-sports surfaces and modular tile flooring for such uses as (by way of example and not limitation) tennis, basketball and volleyball courts, roller hockey arenas and gymnasiums (the "Franchised Business").

**WHEREAS**, Party desires to be engaged, employed or appointed, or to continue to be engaged, employed or appointed, by Franchisee as a director, officer, employee, representative, consultant or agent of Franchisee.

**WHEREAS**, In connection therewith, Party will have access and/or has had access to information that requires SWGI's and Franchisee's highest trust and confidence in Party.

**WHEREAS**, Party acknowledges and agrees that Franchisee and SWGI will materially rely upon Party's obligations under this Agreement.

**NOW, THEREFORE**, in consideration of the foregoing premises, the compensation paid or to be paid to Party, and/or other good and valuable consideration, Party covenants and agrees as follows:

**1. Confidential Information.**

(a) Party acknowledges that SWGI and Franchisee are engaged in a highly competitive business, the success of which is dependent upon, among other things, trade and industrial secrets and other confidential and proprietary information, processes, professional and celebrity endorsements, materials and rights relating to the development, promotion and operation of the Franchised Business, including, without limitation, SWGI's and Franchisee's Operating Manuals, method of operation, processes, techniques, formulae and procedures (collectively, the "Proprietary Information"). Party further acknowledges that the Proprietary Information constitutes valuable trade and industrial secrets.

(b) Party covenants and agrees not to use for any purpose, or disclose or reveal, during the term of Party's employment or other association with Franchisee and forever thereafter, to any person any Proprietary Information. In connection therewith, Party will fully and strictly comply with all security measures prescribed by SWGI and/or Franchisee for maintaining the confidentiality of all Proprietary Information. Party must not reverse engineer, decompile or disassemble any of the Proprietary Information.

(c) Upon the termination of Party's employment or other association with Franchisee, Party will deliver immediately to Franchisee all documents containing Proprietary Information, whether or not prepared by or for Party.

(d) Party acknowledges that to breach his obligations under this Section 1 would cause damage to SWGI, Franchisee and SWGI's other franchisees, and that Party would be liable for such damage.

(e) Notwithstanding the foregoing, Party may disclose Proprietary Information to a person who is bound by the terms of a similar provision or agreement regarding confidentiality and a restrictive covenant contemplated by Section 15 of the Franchise Agreement, to the extent that that disclosure is necessary in connection with that person's capacity with Franchisee. In addition, notwithstanding the foregoing, Party may use the Proprietary Information as shall be necessary in connection with the operation of the Franchised Business.

(f) Notwithstanding the foregoing, the following will not be subject to the provisions of this Section 1:

(i) Information that is in the public domain as of the date of receipt by Franchisee;

(ii) Information that is known to Franchisee prior to the date of receipt by Franchisee;

(iii) Information that becomes known to the public without a breach of any confidentiality agreement or provision in favor of SWGI or Franchisee; and

(iv) Information that is required by law to be disclosed or revealed, but only strictly to the extent required by law and provided that SWGI has reasonable notice of Party's intent to so disclose or reveal such information.

## **2. Non-solicitation of Clients.**

(a) Party may not, during the Restrictive Period, directly or indirectly (as an owner, shareholder, partner, member, director, officer, employee, manager, consultant, representative, agent, lender or otherwise), solicit for business of any kind any person or entity that was a client of Franchisee or SWGI during the term of the Franchise Agreement (a "Client").

(b) If Party does not comply with the obligations contained in this Section 3, Party will, as liquidated damages and not as a penalty, pay SWGI an amount equal to fifty percent (50%) of all revenues (or other consideration) received or realized by, or on behalf of, Party (or any person or entity with which he is associated) from, or on behalf of, any Client, within five (5) days after the date on which SWGI notifies Franchisee or Party of such breach.

## **3. Restrictive Covenant.**

(a) Party may not, during the term of the Franchise Agreement and during the Restrictive Period, directly or indirectly (as an owner, shareholder, partner, member, director, officer, employee, manager, consultant, representative, agent, lender or otherwise), be engaged in a business that markets, advertises, promotes, sells, designs, installs and/or maintains (i) artificial turf surfaces, (ii) modular tile flooring, (iii) putting greens, (iv) tee lines, (v) golf practice

facilities, (vi) golf driving ranges, (vii) lawn turf, (viii) other sports or non-sports surfaces and/or (ix) other products and/or services sold by Franchisee at any time during the term of the Franchise Agreement within, or for installation or maintenance within the Territory (as described in Section 11 of this Agreement).

**(b)** If Party does not comply with the obligations contained in this Section 4, Party will, as liquidated damages and not as a penalty, pay to SWGI, within 5 days after the date on which SWGI notifies Franchisee or Party of that breach, an amount equal to:

(i) \$1.00 (U.S.) per square foot of artificial turf sold, designed, installed and/or maintained by Party (or any person or entity with which he is associated) (without set-off for waste or cut-off turf) in breach of Section 4(a); and

(ii) \$0.50 (U.S.) per square foot of modular tile flooring sold, designed, installed and/or maintained by Party (or any person or entity with which he is associated) (without set-off for waste or cut-off flooring) in breach of Section 4(a).

**4. Use of Name and Likeness.** SWGI will be entitled to use the name, likeness and voice of Party for purposes of promoting the franchise, SWGI and its products, including, without limitation, all drawings, writs, photos, computer programs and audio and video recordings and any other rights protected by the Federal Copyrights Law of Party, and Party hereby irrevocably consents thereto. Party acknowledges that SWGI will own all right, title and interest, to the extent allowed by law, in all rights of integrity, disclosure and publication and any other rights that may be known as or referred to as "moral rights," "artist's rights," "publicity rights" or the like associated with such drawings, writs, photos, computer programs and audio and video recordings and any other rights protected by the Federal Copyrights Law, and assigns and transfers unto SWGI the full and exclusive right, title, and interest to such publicity rights.

**5. Innovations.** Party may conceive, invent, create, design and/or develop various ideas, techniques, methods, processes and procedures, formulae, products, packaging or other concepts and features relating to the designing, installing and maintaining of artificial turf surfaces for such uses as (by way of example and not limitation) artificial putting greens, tee lines, golf practice facilities, golf driving ranges, lawn turf and other sports and non-sports surfaces and modular tile flooring for such uses as (by way of example and not limitation) tennis, basketball and volleyball courts, roller hockey arenas and gymnasiums (the "Innovations"). Party hereby assigns any and all of his rights, title and interest in the Innovations, including, without limitation, any intellectual property rights, to SWGI, and also agrees to cooperate with SWGI and its counsel in the protection of the Innovations, including, without limitation, the perfecting of title thereto.

**6. Copyrights; Works-for-Hire; Solicitation.** All advertising and promotional materials generated by or for Franchisee or his Principals, directors, officers, employees or agents for the Franchised Business will be deemed a work-made-for-hire, and all ownership rights, including, without limitation, any copyrights, in such advertising and promotional materials are hereby assigned to SWGI. In addition, Party will cooperate in protecting any items or materials suitable for copyright protection by SWGI. Party must not solicit other franchisees, or use the lists of franchisees, for any commercial or other purpose other than purposes directly related to the operation of the Franchised Businesses.

**7. Reasonable Restraints; Remedies.** Party acknowledges that the covenants contained in this Agreement (including, without limitation, the territorial and time restraints) are reasonable and

necessary and agrees that his failure to adhere strictly to the restrictions contained herein will cause substantial and irreparable damage to SWGI, Franchisee and to SWGI's other franchisees. In the event of any breach by Party of any of the terms of this Agreement, SWGI and/or Franchisee will be entitled to institute and prosecute proceedings, at law or in equity, in any court of competent jurisdiction, to obtain precautionary or provisional measures to enforce the provisions of this Agreement and to pursue any other remedy to which SWGI and/or Franchisee may be entitled. Party agrees that the rights conveyed by this Agreement are of a unique and special nature and that SWGI's and Franchisee's remedy at law for any breach would be inadequate and agrees and consents that temporary or permanent relief may be granted in any proceeding which may be brought to enforce any provision hereof.

**8. Modification; Severability.** If the scope of any restriction contained in this Agreement is too broad to permit the enforcement of such restriction to its fullest extent, then such restriction will be enforced to the maximum extent permitted by law, and Party hereby consents and agrees that such scope may be judicially limited or modified accordingly in any proceeding brought to enforce such restriction. Each covenant contained in this Agreement is independent and severable and, to the extent that any such covenant is declared by a court of competent jurisdiction to be illegal, invalid or unenforceable, such declaration will not affect the legality, validity or enforceability of any other provision contained herein or the legality, validity or enforceability of such covenant in any other jurisdiction.

**9. General and Miscellaneous.**

**(a) Entire Agreement; Amendment.** This Agreement contains the entire agreement and understanding between the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof. This Agreement may not be modified or amended other than by an agreement in writing signed by each of the parties hereto. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made in the Disclosure Document.

**(b) Binding Nature of Agreement.** This Agreement will be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

**(c) Governing Law; Jurisdiction; Right to Jury Trial Waived; Right to Class Action and Certain Damages Waived.**

**(i)** This Agreement will be governed by, and construed and enforced in accordance with, the law of Georgia, regardless of any conflict-of-law provisions to the contrary; provided, however, that any law of the State of Georgia that regulates the offer or sale of franchises or business opportunities, or governs the relationship between a franchisor and its franchisees, will not apply unless its jurisdictional requirements are met independently without reference to this paragraph and provided further that Sections 2 through 5 of this Agreement will be governed by, and construed in accordance with, the law of the state in which the Franchised Business is located (if located in more than one state, the state in which Franchisee's business premises is located).

(ii) Each party agrees that any litigation between the parties will be commenced and maintained only in the courts located in Atlanta, Fulton County, Georgia, and each party consents to the jurisdiction of those courts; provided, however, that SWGI and Franchisee may enforce its rights under Sections 2 through 5 of this Agreement in any court located in the county in which the Franchised Business is located.

(iii) Party hereby waives the right to a jury trial, waives the right to initiate or participate in a class action in any forum, and waives the right to seek or collect punitive, consequential and special damages in any forum.

(d) **Third Party Beneficiary.** SWGI is an express third party beneficiary of this Agreement and may, directly or indirectly, enforce any obligation of Party hereunder.

**10. Identification of Parties.**

- (a) The person identified as "Party" in this Agreement is \_\_\_\_\_.
- (b) The person identified as "Franchisee" in this Agreement is \_\_\_\_\_.
- (c) The "Territory" in this Agreement is \_\_\_\_\_.

**Party has read this entire Agreement carefully and fully understands the limitations that this Agreement imposes upon him and acknowledges and agrees that those limitations are reasonable.**

**EXECUTED** as of \_\_\_\_\_

\_\_\_\_\_  
Signature of Party

\_\_\_\_\_  
[Name of Franchisee]

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

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

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

**Exhibit C to Franchise Agreement  
FINANCING STATEMENT**

**UCC FINANCING STATEMENT**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

SOUTHWEST GREENS INTERNATIONAL LLC  
200 North Cobb Parkway  
Building 200, Suite 216  
Marietta, Georgia 30062

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME				
OR				
1b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
1c. MAILING ADDRESS		CITY	STATE	POSTAL CODE COUNTRY
1d. TAX ID # SSN OR EIN	ADDL INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION	1f. JURISDICTION OF ORGANIZATION	
				1g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME				
OR				
2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE COUNTRY
2d. TAX ID # SSN OR EIN	ADDL INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	
				2g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME Southwest Greens International LLC				
OR				
3b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
3c. MAILING ADDRESS 200 North Cobb Parkway, Building 200, Suite 216		CITY Marietta	STATE GA	POSTAL CODE 30062 COUNTRY US

4. This FINANCING STATEMENT covers the following collateral:

All Debtor's revenue, accounts receivable, furniture, fixtures, equipment, inventory, tools, signage and other assets, and all general intangibles relating to the foregoing, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located, and all accessions, additions, replacements and substitutions relating to any of the foregoing; all records of any kind and media relating to any of the foregoing; all products of and/or proceeds relating to any of the foregoing (including, without limitation, insurance, general intangibles, other account proceeds, license royalties and proceeds of infringement suits)

5. ALTERNATIVE DESIGNATION (if applicable)	LESSEE/LESSOR	CONSIGNEE/CONSIGNOR	BAILEE/BAILOR	SELLER/BUYER	AG. LIEN	NON-UCC FILING
6. This FINANCING STATEMENT is to be filed (or record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum	7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (optional)		All Debtors Debtor 1 Debtor 2			
8. OPTIONAL FILER REFERENCE DATA						

FILING OFFICE COPY --- NATIONAL UCC FINANCING STATEMENT (FORM UCC1) (REV. 07/29/98)  
FORM SHOULD BE TYPEWRITTEN OR COMPUTER GENERATED



## **Exhibit D to Franchise Agreement NICKLAUS ADDITIONAL TERMS**

If Franchisee desires to advertise, promote, sell, design, install and/or maintain the Nicklaus Design line of artificial turf surfaces, and products and services in connection with the Nicklaus Design line of artificial turf surfaces (collectively, the "Nicklaus Design Product Line"), within the Territory, and SWGI agrees that you may do so, the following terms will apply:

### **Important Note:**

**Our and your rights with respect to the Nicklaus Design Product Line may be discontinued by us or the owner or holder of the Nicklaus Design intellectual property at any time, provided however that termination by us or such holder of Nicklaus Design intellectual property shall not terminate the Franchise Agreement or otherwise affect Franchisee's rights under Franchisee's Franchise Agreement.**

Pursuant to that certain Sublicense Agreement, between Nicklaus Brands LLC, a Florida limited liability company ("NB"), and SWGI (the "Sublicense Agreement"), NB has licensed SWGI to use certain trademarks (the "Trademarks") of the Nicklaus Companies LLC ("NC") and the endorsement (the "Endorsement") of Nicklaus Design, LLC, ("ND") to promote, advertise and sell the Products (as defined below) to be marketed by SWGI and its Southwest Greens® franchisees

### **1. Grant of License.**

(a) Subject to and in accordance with the terms of this Agreement, SWGI grants to Franchisee, and Franchisee accepts, a license for the right to use the Trademarks and the Endorsement to promote, advertise and sell the Products within the Territory, with the nonexclusive right to use, solely in connection with Franchisee's Southwest Greens® business, the Trademarks and the Endorsement. Franchisee will not have the exclusive right to use the Trademarks or the Endorsement. Franchisee may not offer or grant any sublicense or other rights to use the Trademarks or the Endorsement to any individual or entity (including, without limitation, its customers). Notwithstanding anything contained in this Agreement to the contrary, the rights granted to Franchisee pursuant to this Agreement are subject to, and limited by, the terms of the Sublicense Agreement, as in effect from time to time.

(b) For purposes of this Agreement, the term "Products" means certain artificial putting green surfaces manufactured by SWGI's approved vendor and installed by SWGI or its Southwest Greens® franchisees for golf-related purposes (including putting greens, short game practice areas, tee lines and putting courses, but excluding turf products designed for residential or commercial lawn and general landscape uses, community common areas and other non-golf sports and leisure uses).

### **2. Nicklaus Design® Putting Greens.**

(a) SWGI will provide Franchisee with certain ND design templates for putting greens of varying sizes ranging from 500 square feet to 5,000 square feet provided to SWGI by NB (collectively, the "Design Templates").

(b) Upon Franchisee's request, Franchisor will request NB to have its representatives (or representatives of ND) provide reasonable custom modifications to the

Design Templates for putting greens exceeding 2,500 square feet (collectively, the "Semi-customized Designs").

(c) Upon Franchisee's request, Franchisor will request NB to have its representatives (or representatives of ND) custom design putting greens exceeding 5,000 square feet (collectively, the "Customized Designs"). Within 10 days after the date of SWGI's, NB's or ND's invoice to Franchisee, Franchisee must pay SWGI the full amount of the invoice for the preparation of the Customized Designs.

(d) Franchisor will provide, and Franchisee must attend, training with respect to computer-assisted design software (as necessary, but estimated to be approximately four hours).

(e) At Franchisee's request, Franchisor will provide reasonable sales and customer service support with respect to the Nicklaus Design Product Line.

### **3. Quality Control and Related Matters.**

(a) Within three (3) days after a customer's signing any agreement with Franchisee with respect to, or in connection with, a project that utilizes any of the Design Templates, the Semi-customized Designs or the Customized Designs, Franchisee must notify SWGI in writing of the customer's name and address, the project location and the assigned project/job number and must provide SWGI a complete copy of the agreement. Within three (3) days after such customer's signing any amendment or change order to such agreement, Franchisee must provide SWGI a complete copy of such amendment or change order.

(b) (i) If Franchisee utilizes any of the Design Templates, the Semi-customized Designs or the Customized Designs in connection with a particular project, Franchisee must (a) implement ND's methodology and design concepts accurately in connection with that project, (b) use exclusively Golden Bear and/or Nicklaus Design artificial turf in connection with that project and (c) display the Trademarks in, and/or incorporate the Trademarks into, such project, as required by SWGI, NB and/or ND.

(ii) If Franchisee utilizes Golden Bear and/or Nicklaus Design artificial turf in connection with a particular project, Franchisee must (a) implement ND's methodology and design concepts accurately in connection with that project, (b) use one of the Design Templates, the Semi-customized Designs or the Customized Designs in connection with that project and (c) display the Trademarks in, and/or incorporate the Trademarks into, such project, as required by SWGI, NB and/or ND.

(iii) If Franchisee displays the Trademarks in, and/or incorporate the Trademarks into, a particular project, Franchisee must (a) implement ND's methodology and design concepts accurately in connection with that project, (b) use exclusively Golden Bear and/or Nicklaus Design artificial turf in connection with that project and (c) use of the Design Templates, the Semi-customized Designs or the Customized Designs in connection with such project.

(iv) SWGI, NB and/or ND may cause its/their representatives to observe the installation of any of Franchisee's projects utilizing the Trademarks to ensure that Franchisee is (i) maintaining SWGI's, NB's and ND's quality and other standards and (iii) complying with this Agreement and the Franchise Agreement.

(v) Franchisee must not (i) sell or supply any Products using the Trademarks or the Endorsement free of charge or at a substantial discount for purposes of advertising or promoting the Products or (ii) advertise, distribute or sell any Products by means of television shopping programs or infomercials, on-line sales having an "auction" format or in any other manner that may cause or have a material adverse impact, in SWGI's, NB's or NC's sole judgment, on the reputation of Jack Nicklaus, his family members, NC or its Affiliates (as defined in the Franchise Agreement).

#### **4. Superior Rights to Trademarks and Endorsement.**

(a) Franchisee hereby acknowledges that, subject to the rights expressly granted to Franchisee pursuant to this Agreement and those rights that are retained by SWGI pursuant to the Sublicense Agreement, (i) NC is, and will remain, the sole owner of all trademark rights in and to the Trademarks, all trademarks, service marks and trade names related to the Trademarks and all future trademarks, service marks and trade names and (ii) NC is, and will remain, the sole owner and proprietor of all other publicity and privacy rights and other intangible rights included in the description of the Endorsement. SWGI represents and warrants to Franchisee that, pursuant to the Sublicense Agreement, NB has granted SWGI the right to sublicense the Trademarks and the Endorsement to Franchisee, as contemplated by this Agreement.

(b) Notwithstanding the foregoing, Franchisee acknowledges (i) NB's and NCL's ultimate right, as sublicensor and owner, respectively, of the Trademarks and the Endorsement, to control the use of the Trademarks and the Endorsement pursuant to the Sublicense Agreement and applicable law and regulations, (ii) SWGI's right, as sublicensor under this Agreement, of the Trademarks and the Endorsement, to control the use of the Trademarks and the Endorsement pursuant to this Agreement and applicable law and regulations, (iii) that SWGI, NB and/or NC will not be required to take any action, or approve any action by Franchisee, that would be commercially unreasonable and/or materially adverse to the interests of SWGI, NB and/or NC, (iv) that his right to use the Trademarks and the Endorsement is derived solely from this Agreement and that Franchisee will not derive any right, title or interest in the Trademarks or the Endorsement other than a license to use the Trademarks and the Endorsement as expressly set forth in this Agreement and (v) upon expiration or termination of this Agreement, Franchisee may not, directly or indirectly, use the Trademarks or the Endorsement in any manner or for any purpose whatsoever. Franchisee agrees that he will not in any way infringe upon, harm or contest the rights of SWGI, NB, NC or any other individual or entity to use of the Trademarks or the Endorsement. Franchisee further acknowledges that his use of the Trademarks and the Endorsement pursuant to this Agreement will inure to the benefit of SWGI, NB and NC and that any goodwill arising from Franchisee's use will automatically vest in SWGI, NB and NC.

(c) All advertising and promotional materials (including, without limitation, any website maintained by Franchisee or on which Franchisee's Southwest Greens® business is marketed, either of which require SWGI's approval) that utilize the Trademarks or the Endorsement that are generated by or for Franchisee will be subject to SWGI's, NB's and NC's prior approval, will be completely factual and will conform to the highest standards of ethical advertising. Franchisee may not alter or modify the Trademarks or the Endorsement.

(d) Franchisee must immediately notify SWGI of any conduct that could constitute infringement of or challenge to the Trademarks or the Endorsement. SWGI, NB and NC may, in their discretion, decide whether to institute any action in connection with infringement of or

challenge to the Trademarks or the Endorsement, and will control all proceedings and litigation. SWGI is not required to protect Franchisee's right to use the Trademarks or the Endorsement or protect Franchisee against claims of infringement or unfair competition; provided, however, that SWGI will (or will cause NB or NC to) indemnify Franchisee for, from and against all damages for which Franchisee is held liable in any lawsuit arising out of Franchisee's use of the Trademarks and the Endorsement in compliance with this Agreement, provided that Franchisee notifies SWGI immediately when he learns about any related claim, proceeding or lawsuit, SWGI (and NB and NC) has had the opportunity to defend such lawsuit and Franchisee has cooperated with SWGI (and NB and NC) in connection with such defense. SWGI may, in its discretion, defend (or cause NB or NC to defend) any such claim, proceeding or lawsuit on Franchisee's behalf, but SWGI is not required to do so.

(e) Notwithstanding anything contained in this Agreement to the contrary, if it becomes advisable at any time, in SWGI's discretion, to modify or discontinue use of any Trademarks or the Endorsement or more additional or substitute Trademarks or Endorsement and/or other information and/or rights, Franchisee must, at his expense, comply within a reasonable time after notice thereof by SWGI.

(f) Upon any breach by Franchisee of any of the terms of this Section 4, SWGI may institute and prosecute proceedings, at law or in equity, in any court of competent jurisdiction, to obtain precautionary or provisional measures (including, without limitation, an injunction) to enforce the provisions of this Agreement and to pursue any other remedy to which SWGI may be entitled. Franchisee agrees that the rights conveyed by this Agreement are of a unique and special nature and that SWGI's remedy at law for any breach would be inadequate and agrees and consents that temporary or permanent relief may be granted in any proceeding which may be brought to enforce any provision of this Section 4, without the necessity of posting bond therefor or proof of actual damages.

**5. Indemnification.** Franchisee must protect, defend and indemnify SWGI, NB, NC and ND and their respective Affiliates and their respective shareholders, members, directors, officers, directors, employees, representatives and agents (collectively, the "Indemnified People") and must hold the Indemnified People harmless (with counsel acceptable to SWGI) for, from and against any and all damages, claims, demands, liabilities, losses, costs and expenses (including, without limitation, reasonable attorneys' fees), of every kind and nature, suffered or incurred by any of the Indemnified People in connection with any lawsuit, action, proceeding or claim arising out of or in connection with (a) Franchisee's use of the Trademarks or the Endorsement, (b) Franchisee's breach of his obligations under this Agreement, (c) Franchisee's advertising, distribution, exploitation, usage and/or sale of the Products or any other goods or services (including, without limitation, all materials prepared by or on behalf of Franchisee in connection with this Agreement and/or concerning such advertising, distribution, exploitation, usage and/or sale of the Products or such other goods or services and/or (d) Franchisee's omissions and/or negligent acts. At SWGI's election, SWGI (or another Indemnified Person) will be allowed to hire counsel of its choice, in its discretion, at Franchisee's expense. Franchisee will immediately begin paying for the costs of the defense. SWGI (or the other Indemnified Person) will have sole and absolute control over the defense of any claim. No claim may be settled, compromised or resolved without the express consent of SWGI.

**6. Confidentiality.**

(a) Franchisee acknowledges that SWGI, NB, NC and ND (collectively, the "Licensors") are each engaged in highly competitive businesses, the success of which is

dependent upon, among other things, confidential and proprietary information. Franchisee further acknowledges that the Licensors' trade and industrial secrets and other confidential and proprietary information, processes, professional and celebrity endorsements, materials and rights relating to the development, promotion and operation of their respective business, including, without limitation, operating manuals, methods of operation, processes, techniques, formulae and procedures (collectively, the "Licensor Confidential Information") constitute valuable trade and industrial secrets.

(b) The Licensor Confidential Information shall be deemed to be included in the Proprietary Information (as defined in the Franchise Agreement).

**7. Third Party Beneficiaries.** The parties understand and agree that NB, NC and ND are intended to be third party beneficiaries of SWGI's rights under the Additional Terms and may exercise SWGI's rights under the Additional Terms in their own names.

Exhibit F-1

Form of SBA Addendum to Franchise Agreement



## ADDENDUM TO \_\_\_\_\_<sup>1</sup> AGREEMENT

**THIS ADDENDUM** (“Addendum”) is made and entered into on \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_ (“\_\_\_\_\_”), located at \_\_\_\_\_, and \_\_\_\_\_ (“\_\_\_\_\_”), located at \_\_\_\_\_.

\_\_\_\_\_ and \_\_\_\_\_ entered into a \_\_\_\_\_ Agreement on \_\_\_\_\_, 20\_\_\_\_, (such Agreement, together with any amendments, the “\_\_\_\_\_ Agreement”). \_\_\_\_\_ is applying for financing(s) 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 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 \_\_\_\_\_ Agreement or any other document \_\_\_\_\_ requires \_\_\_\_\_ to sign:

### **CHANGE OF OWNERSHIP**

- If \_\_\_\_\_ is proposing to transfer a partial interest in \_\_\_\_\_ and \_\_\_\_\_ has an option to purchase or a right of first refusal with respect to that partial interest, \_\_\_\_\_ may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of \_\_\_\_\_. If the \_\_\_\_\_’s consent is required for any transfer (full or partial), \_\_\_\_\_ will not unreasonably withhold such consent. In the event of an approved transfer of the \_\_\_\_\_ interest or any portion thereof, the transferor will not be liable for the actions of the transferee \_\_\_\_\_.

### **FORCED SALE OF ASSETS**

- If \_\_\_\_\_ has the option to purchase the business personal assets upon default or termination of the \_\_\_\_\_ 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 \_\_\_\_\_ owns the real estate where the \_\_\_\_\_ location is operating, \_\_\_\_\_ will not be required to sell the real estate upon default or termination, but \_\_\_\_\_ may be required to lease the real estate for the remainder of the \_\_\_\_\_ term (excluding additional renewals) for fair market value.

<sup>1</sup> While relationships established under license, jobber, dealer and similar agreements are not generally described as “franchise” relationships, if such relationships meet the Federal Trade Commission’s (FTC’s) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

## COVENANTS

- If the \_\_\_\_\_ owns the real estate where the \_\_\_\_\_ location is operating, \_\_\_\_\_ has not and will not during the term of the \_\_\_\_\_ Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the \_\_\_\_\_'s real estate, they must be removed in order for the \_\_\_\_\_ to obtain SBA-assisted financing.

## EMPLOYMENT

- \_\_\_\_\_ will not directly control (hire, fire or schedule) \_\_\_\_\_'s employees. For temporary personnel franchises, the temporary employees will be employed by the \_\_\_\_\_ not the \_\_\_\_\_.

As to the referenced \_\_\_\_\_ Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the \_\_\_\_\_.

Except as amended by this Addendum, the \_\_\_\_\_ Agreement remains in full force and effect according to its terms.

\_\_\_\_\_ and \_\_\_\_\_ acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 - 3733.

**Authorized Representative of \_\_\_\_\_:**

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

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

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

**Authorized Representative of \_\_\_\_\_:**

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

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

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

**Note to Parties:** This Addendum only addresses "affiliation" between the \_\_\_\_\_ and \_\_\_\_\_. Additionally, the applicant \_\_\_\_\_ and the \_\_\_\_\_ system must meet all SBA eligibility requirements.



**EXHIBIT G**  
**RESALE LINE TURF AGREEMENT**

**AGREEMENT**, dated as of \_\_\_\_\_, 20\_\_\_\_, by and between **Southwest Greens International, LLC**, a Georgia limited liability company ("SWGI"), and \_\_\_\_\_ ("Franchisee").

**RECITALS**

**A.** SWGI (or its predecessor) and Franchisee entered into that certain Franchise Agreement, pursuant to which Franchisee was granted the right to operate a Southwest Greens® franchise within Franchisee's territory (the "Franchise Agreement").

**B.** In addition to Franchisee rights under the Franchise Agreement, Franchisee desires to permit Franchisee to resell certain lines of artificial turf that it will not design, install or maintain under certain conditions, and SWGI is amenable to permitting Franchisee to do so, subject to and in accordance with the terms hereof.

**AGREEMENT**

**NOW, THEREFORE**, in consideration of the foregoing premises and the mutual covenants and agreements contained herein, the parties understand and agree as follows:

- 1.** SWGI will make available to Franchisee for purchase by Franchisee through SWGI's approved vendors certain lines of artificial turf designated by SWGI from time to time, in its sole discretion (the "Resale Line Turf") for sale only. Franchisee must purchase the Resale Line Turf from SWGI's designated vendor and may not, directly or indirectly (including, without limitation, through its employees or independent contractors, acting through Franchisee, on their own or otherwise), design, install or maintain the Resale Line Turf.
- 2.** Franchisee may not, directly or indirectly, sell any Resale Line Turf to an individual or entity (a) located outside of Franchisee's territory, as designated in the Franchise Agreement, including, without limitation, a client of SWGI or any of its other franchisees, licensees or dealers) other than into areas in which neither we nor our franchisees operate and we approve your sale into those areas or (b) for installation by any individual or entity outside of the Territory other than into areas in which neither we nor our franchisees operate and we approve your sale into those areas. In addition, Franchisee may not, directly or indirectly, sell certain Resale Line Turf designated from time to time by SWGI for installation by any person other than Franchisee.
- 3.** Franchisee may not, directly or indirectly, sell any Resale Line Turf to any of Franchisee's existing clients (or potential clients, offering it artificial turf without installation in lieu of with installation) or to any other franchisee, licensee or dealer of SWGI.
- 4.** Franchisee must establish with SWGI's approved vendor a separate account for purchases of Resale Line Turf (the "Distribution Account"). On or before the 15<sup>th</sup> day of each month, Franchisee must provide SWGI a client list (including the client's name, address, phone number, e-mail address and products purchase and Franchisee's invoice number) for the preceding month, which client information correlates to each purchase order received by SWGI's approved vendor.
- 5.** (a) The price for Resale Line Turf shall be as designated by SWGI from time to time, in its sole discretion. Franchisee must maintain such prices in confidence and may not reveal same to any individual or entity.

(b) Franchisee must pay to SWGI a royalty in the amount of \$0.15 per square foot of Resale Line Turf ordered (without set-off for waste or cut-off turf) (the "Resale Line Turf Royalty"); provided, however, that if the Resale Line Turf purchased exceeds 75,000 square feet during any calendar year, the Resale Line Turf Royalty payable pursuant to this Section 5(b) with respect to the Resale Line Turf purchased above that figure during that calendar year will be reduced to \$0.08 per square foot of Resale Line Turf ordered (without set-off for waste or cut-off turf). Notwithstanding the above, if Franchisee designs, installs or maintains any Resale Line Turf, the Resale Line Turf Royalty with respect to the designed, installed or maintained Resale Line Turf will be increased to \$0.50 (U.S.) per square foot. The Resale Line Turf Royalty rate may be changed from time to time by SWGI, in its sole discretion.

(c) The Resale Line Turf Royalty will be collected by SWGI's vendors, unless SWGI directs Franchisee otherwise; in addition, SWGI's vendors may pay SWGI other rebates that they may agree upon. The Resale Line Turf Royalty will be in addition to the Turf Royalties and the Additional Royalties contemplated by Section 9(b) of the Franchise Agreement, but will not be considered or counted in determining whether Franchisee has paid the Minimum Royalty Amount (as defined in the Franchise Agreement).

6. Any amounts payable to, or for the benefit of, SWGI under this Agreement that are not received by SWGI or that Affiliate by their due date will be subject to (i) a late charge equal to 5% of the unpaid or delinquent amount, or \$100 (U.S.), whichever is greater, and (ii) an interest charge calculated at the rate of 18% per annum of the unpaid or delinquent amount, calculated from the due date until the date received by SWGI. If Franchisee has paid Resale Line Turf Royalties to the vendor for the Resale Line Turf, but that vendor has not paid those Resale Line Turf Royalties to SWGI, those Resale Line Turf Royalties will not be considered delinquent or unpaid by Franchisee.

7. The provisions of this Agreement will be strictly construed. If Franchisee sells any Resale Line Turf in breach of any provision of this Agreement, if Franchisee is in breach of any of its obligations under the Franchise Agreement or if the Franchise Agreement is terminated, SWGI will be entitled, at its option (and in its sole discretion), to either unilaterally prohibit, on a permanent or temporary (a "suspension") basis, Franchisee from purchasing and/or reselling Resale Line Turf or terminate this Agreement, immediately upon notice to Franchisee, without the opportunity to cure.

8. The provisions of Sections 25 through 42 of the Franchise Agreement are incorporated herein by this reference.

**EXECUTED** as of the date first set forth above

\_\_\_\_\_  
[Name of Franchisee]

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

**Southwest Greens International, LLC**

By: \_\_\_\_\_  
Robert Hambrick, Operations Manager

**EXHIBIT H  
GENERAL RELEASE**

Franchisee and its shareholders and members, on their own behalf and on behalf of their respective affiliates and their respective, shareholders, members, directors, officers, employees, representatives and agents (collectively, the "Franchisee Parties"), hereby release, discharge and acquit Southwest Greens International LLC, a Georgia limited liability company ("SWGI"), and its affiliates and their respective shareholders, members, directors, officers, employees, representatives and agents (collectively, the "SWGI Parties") for, from and against any and all claims, demands and causes of action that accrued on or prior to the date hereof (whether now existing or hereafter arising, known or unknown) that the Franchisee Parties (or any of them) may now or in the future have against the SWGI Parties (or any of them), including, without limitation, claims, demands and causes of action that resulted, result or may result from, arise out of or relate to that certain Franchise Agreement, dated as of [date], by and between SWGI and Franchisee, the operation of Franchisee's Southwest Greens Business, the offering and sale of Franchisee's Southwest Greens Business franchise and/or the relationship among SWGI (or the other SWGI Parties) and the Franchisee Parties (or any of them) in connection with any of the foregoing.

The above does not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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

Franchisee: \_\_\_\_\_

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

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

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

\_\_\_\_\_  
[Name of Shareholder/Member]

\_\_\_\_\_  
[Name of Shareholder/Member]

\_\_\_\_\_  
[Name of Shareholder/Member]

[the form you may be required to sign may differ from the above]

## Attachment 1

### Additional Disclosures Required by Certain State Laws

## **ADDENDUM TO SOUTHWEST GREENS INTERNATIONAL, LLC DISCLOSURE DOCUMENT FOR THE STATE OF CALIFORNIA**

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning transfer, termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

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

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

YOU MUST SIGN A GENERAL RELEASE IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE SECTION 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE SECTIONS 31000 THROUGH 31505). BUSINESS AND PROFESSIONS CODE SECTION 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE SECTIONS 20000 THROUGH 20043).

Neither Southwest Greens International, LLC, nor any person in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in this association or exchange.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

OUR WEB SITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEB SITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker

or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

Any provision of a franchise agreement, franchise disclosure document, acknowledgment, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

(a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.

(b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.

(c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.

(d) Violations of any provision of this division.

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.

**ADDENDUM TO SOUTHWEST GREENS INTERNATIONAL, LLC DISCLOSURE  
DOCUMENT FOR THE STATE OF ILLINOIS**

Illinois law shall apply to and govern the Franchise Agreement(s).

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place out of Illinois.

Franchisees' rights upon Termination and Non-Renewal are set forth in sections 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 the Illinois Franchise Disclosure Act or any other law 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.

## **ADDENDUM TO SOUTHWEST GREENS INTERNATIONAL, LLC DISCLOSURE DOCUMENT FOR THE STATE OF MARYLAND**

The following information applies to franchises and franchisees subject to Maryland statutes and regulations. Item numbers correspond to those in the main body of the disclosure document:

1. Item 17.

The Franchise Agreement provides for termination if you are insolvent under any applicable state or federal law. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 et seq.).

2. Item 17.

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

3. Item 17.

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

4. Item 17.

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



**ADDENDUM TO SOUTHWEST GREENS INTERNATIONAL, LLC DISCLOSURE  
DOCUMENT FOR THE STATE OF MINNESOTA**

1. Item 13, “Trademarks,” shall be amended by the addition of the following:

We will indemnify you for all costs and expenses you incur in any action or proceeding brought against you by any third party as a result of your authorized use of our trademarks.

2. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by the addition of the following paragraphs:

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

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that 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.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

**ADDENDUM TO SOUTHWEST GREENS INTERNATIONAL, LLC DISCLOSURE  
DOCUMENT FOR THE STATE OF NEW YORK**

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as

defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for a franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**: You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum,”** and Item 17(w), titled **“Choice of law”**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York

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

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

**ADDENDUM TO SOUTHWEST GREENS INTERNATIONAL, LLC DISCLOSURE  
DOCUMENT FOR THE STATE OF VIRGINIA**

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

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

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

No statement, questionnaire or acknowledgement 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.

### **State Effective Dates**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
California	Pending
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Not Registered
Maryland	Pending
Michigan	Not Registered
Minnesota	Pending
New York	Pending
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Pending
Washington	Not Registered
Wisconsin	Not Registered

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.

**ITEM 23**  
**RECEIPTS**

At the end of this Disclosure Document are two copies of a Receipt. One copy must be signed by you and returned to us; the other copy is for your files.

## RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Southwest Greens International, LLC ("SWG") offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Applicable state law in (a) Michigan requires us to provide you this Disclosure Document at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale and (b) New York and Oklahoma require us to provide you this Disclosure Document the earlier of the first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If SWGI does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state agency listed in Exhibit A.

See Exhibit A for our registered agent authorized to receive service of process

Issuance Date: July 8, 2024

I received a Disclosure Document dated July 8, 2024 that included the following Exhibits and Attachments:

Exhibit	Name		Exhibit	Name
A	List of Agents for Service of Process/ State Administrators		E	Application for Franchise
B	Financial Statements		F	Form of Franchise Agreement F-1 - Form of SBA Addendum
C	Table of Contents of Operating Manual		G	Form of Resale Line Turf Agreement
D	List of Franchisees/Licensees		H	General Release (Specimen)
Attachment	Name			
1	Additional Disclosures Required by Certain State Laws			

The Disclosure Document was received on \_\_\_\_\_.

The franchise sellers offering the franchise to me are:

Name	Principal Business Address	Telephone No.
Robert Hambrick	185 S. Industrial Blvd., Mail Drop 0DY-01, Calhoun, Georgia 30701	(877) 260-7888
Franchisor's other employees, representatives, agents, subfranchisors and third-party brokers who are/were involved in franchise sales activities with the franchisee:		
Name	Principal Business Address	Telephone No.

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

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

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

Entity Signing on Behalf of: \_\_\_\_\_

**(KEEP THIS COPY)**

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This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

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If SWGI does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state agency listed in Exhibit A.

See Exhibit A for our registered agent authorized to receive service of process

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Franchisor's other employees, representatives, agents, subfranchisors and third-party brokers who are/were involved in franchise sales activities with the franchisee:		
Name	Principal Business Address	Telephone No.

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

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

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

Entity Signing on Behalf of: \_\_\_\_\_

**(RETURN THIS COPY TO SWGI)**