

FRANCHISE DISCLOSURE DOCUMENT



STEEL COATED FLOORS FRANCHISING, LLC

A Utah Limited Liability Company

1295 E 5600 S

Ogden, Utah 84403

(888) 474-6361

Steelcoatedfloors.com

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We franchise the right to operate a “mobile-services” business (each, a “Business”) focused on providing a designated line of epoxy flooring products and services, primarily for residential garages as well as industrial and commercial garages, along with any other products and services we designate or authorize for sale in the future, all while using the proprietary marks we designate (including our current proprietary mark STEEL COATED FLOORS) and system of operations that we have developed.

The total investment necessary to begin operation of a Steel Coated Floors Business is between \$44,000 and \$155,500. This includes an estimated \$38,000 to \$57,500 that must be paid to the franchisor and/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 us or an affiliate in connection with the proposed franchise sale. **Note, however that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats contact our President, Manuel Cypers, at 1295 E. 5600 S, Ogden, Utah 84403 or by phone at (888) 474-6361.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “[A Consumer’s Guide to Buying a Franchise](#),” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington DC 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: March 16, 2023

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends that 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 D.

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 or litigation only in Utah. Out-of-state mediation or litigation may force you accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Utah than in your own state.
2. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

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

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ITEM 1
FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

The Franchisor is STEEL COATED FLOORS FRANCHISING, LLC (“we,” “us,” and “our”). “You” or “your” means the person(s), corporation, and/or other entity whom/which purchases a Steel Coated Floors Franchised Business. If the franchise is awarded in whole or in part to a legal or business entity, “you” or “your” includes both the entity and the owners of the entity.

We were organized under the laws of Utah as a limited liability company on May 22, 2018. Our principal business address is at 1295 E 5600 S, Ogden, Utah 84403, and our telephone number for purposes of this Disclosure Document is (888) 474-6361. We only do business under our legal name and our then-current proprietary marks that, as of the Issuance Date, includes our primary mark STEEL COATED FLOORS.

We first began offering franchises for the right to operate a Franchised Business in the United States in September 2018.

We have not operated any businesses that are similar to the Franchised Business. We do not offer or sell franchises in any other line of business and, except as described in this Item, we are not otherwise engaged in any other business activity.

Our agents authorized to receive service of process are those persons/entities listed in Exhibit D of this Disclosure Document.

Predecessor, Parent and Affiliates

We do not have a parent or any predecessors. We also do not have any affiliates that offer or operate franchises in any line of business.

As of the Issuance Date, we do not have any affiliates that (a) serve as our designated or approved supplier for any item you are required to purchase in connection with your Franchised Business, and (b) have offered or awarded any franchises in any line of business. We do, however, reserve the right to designate ourselves and/or any affiliate as the designated or approved supplier of any such item.

The Business We Offer

We offer, to those who meet our qualifications, the opportunity to be awarded a Steel Coated Floors Franchised Business focused on providing our proprietary epoxy flooring product (the “Designated Epoxy Product”) and services, primarily for residential garages but also for industrial and commercial garages, with a lifetime guarantee, and other products or services that we authorize for offer or sale at the Franchised Business (the “Approved Products” and/or “Approved Services” as applicable). In order to own and operate a Franchised Business, you must enter into our current form of franchise agreement that is attached as Exhibit B to this Disclosure Document (the “Franchise Agreement”).

Each Franchised Business is operated according to a unique system we have developed through our principals which includes certain proprietary systems, methods, know how, computer software programs, and other associated trade secrets with respect to the Steel Coated Floors Business (the “Franchise System”). We have created a general operations manual (the “Operations Manual”) which provides guidelines and details regarding the Franchise System and provides you with the information needed to

establish and operate the Franchised Business. All services will be rendered in accordance with the Operations Manual.

The Franchised Business will operate under our then-current proprietary marks, trade dress, logos and other indicia of origin we designate in writing (collectively, the “Proprietary Marks”). As of the Issuance Date, these marks include our current primary mark STEEL COATED FLOORS.

You will operate from an approved location (the “Approved Location”) that must be located in the geographical region wherein you are awarded the right to operate the Franchised Business and provide the Approved Services and Approved Products to new and existing clientele (your “Territory”).

We expect that a home office may serve as the Approved Location, provided that you have a quiet and organized work space at home which may be dedicated to the Franchised Business. You will also need sufficient storage space, between 250 square feet to 2,000 square feet, to properly store and maintain the Franchised Business’s inventory and equipment. This storage space may also be part of your home or other office space, provided it is easily accessible and otherwise meets all System standards and specifications.

Market and Competition

Steel Coated Floors Businesses offer their services to the general public. The Franchised Business will compete primarily with other flooring providers in proximity to the location of your Steel Coated Floors Business. The flooring industry in general is a mature and highly competitive industry, and is not seasonal in nature. Your competitive advantage will be based on our unique and proprietary products, your adherence to our System standards and guidelines, as well as your entrepreneurial and managerial abilities, sales aptitude and focus on customer service.

Industry Specific Regulations

The Franchised Business is subject to laws and regulations in your county, state or municipality regarding the operation of a Franchised Business. You are advised to examine these laws and regulations before purchasing a franchise from us. You must comply with all laws and regulations pertaining to businesses generally and any laws pertaining to the regulation of flooring providers, consumer protection, operations and licenses (including, without limitation, all government regulations relating to occupational hazards and health, consumer protection, trade regulation, worker’s compensation, and unemployment insurance). Additionally, you must ensure that you and each of your employees obtain all of the proper federal, state and local licenses in order to operate the Steel Coated Floors Business and provides services through the Steel Coated Floors Business.

You are also subject to employment laws such as the Fair Labor Standards Act and various state laws governing such matters as minimum wages, overtime and working conditions. You will also be subject to other laws or regulations that are not specific to the industry, but applicable to businesses generally, including labor laws, insurance requirements, business licensing laws and tax regulations, and the Americans with Disabilities Act.

We have not investigated the laws or regulations applicable to your Franchised Business. You are solely responsible for investigating all applicable federal, state, and local laws and regulations, and your cost to comply with such laws and regulations, and you should do so before purchasing a franchise from us. We strongly suggest that you consult with an attorney, consultant and/or financial advisor regarding such regulations prior to purchasing a franchise from us. Applicable laws and regulations are subject to change.

ITEM 2
BUSINESS EXPERIENCE

Manuel Cypers– Co-Founder/Managing Partner

Manuel has been a Managing Partner since our inception and has also served as the President of Third Generation Painting since 2005 in Ogden, Utah.

Mitchell Cypers – Co-Founder/Managing Partner

Mitchell has been a Managing Partner since our inception and has also served as the Vice President of Third Generation Painting since 2005 in Ogden, Utah.

ITEM 3
LITIGATION

No litigation must be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy information must be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

When you sign a Franchise Agreement, you must pay a lump sum initial franchise fee (“Initial Franchise Fee”) that will be (a) \$1,500, plus (b) \$.05 for each person that are residing within the geographical area that we designate and award as your Territory.

As more fully described in Item 12 of this Disclosure Document, we expect that a single Territory will typically contain a population of anywhere between 200,000 and 300,000 individuals.

You must enter into our then-current form of franchise agreement for each franchised Territory wherein you wish to acquire the right to operate your Franchised Business – and you must pay us an Initial Franchise Fee for each such franchised Territory upon execution of that franchise agreement.

Initial Inventory and Equipment Package

Prior to opening your Franchised Business, we will collect certain amounts from you to cover the costs associated with: (i) certain equipment that is necessary to purchase in connection with establishing the Franchised Business (the “Equipment Package”), which we estimate will typically cost between \$13,500 and \$25,000 (depending on the size and demographics of your Territory and client demand); and (ii) the initial stock of the Designated Epoxy Product inventory, which we estimate will typically cost between \$3,000 and \$6,000 (the “Initial Inventory Package”).

Initial Marketing Kit, Training Fee and Territory Mapping Fee

At the time you execute your Franchise Agreement, you must pay us a Territory Mapping Fee amounting to \$1,500 as consideration for demographic and mapping services necessary to determine your Territory.

Prior to opening, you must purchase our initial marketing kit from us, which will cost \$3,500.

Prior to attending the initial training program described more fully in Item 11 of this Disclosure Document (the “Initial Training Program”), you must pay us an initial training fee of \$5,000 (the “Initial Training Fee”), that is designed to help us cover certain of the costs and expenses we incur in connection with the initial training program.

Related Disclosures

The fees set forth in this Item are not refundable under any circumstances and are deemed fully earned upon payment. Except as otherwise disclosed in this Item, all fees described herein are calculated and imposed uniformly on franchisees.

ITEM 6 **OTHER FEES**

TYPE OF FEE⁽¹⁾	AMOUNT	DUE DATE	REMARKS
Royalty Fee (or “Royalty”)	The greater of (i) 6% of the Gross Sales generated by your Franchised Business, or (ii) the applicable minimum royalty that is based on the number of franchised Territory(ies) you have been awarded (the “Minimum Royalty”)	Either (a) deducted via EFT monthly on the 10 th day of each month, or (b) automatically debited at the time of payment via your POS system on a per-transaction basis	<p>Your Royalty Fee will begin once your Franchised Business opens. Please note that “EFT” means Electronic Funds Transfer program. If collected monthly, the Royalty Fee will be based on the Gross Sales of your Franchised Business during the preceding calendar month. If collected on a per-transaction basis, the Royalty Fee will be equal to the Gross Sales generated by the Franchised Business as a result of the applicable transaction.</p> <p>Your Minimum Royalty payment will amount to: (i) \$1,000 if you have been awarded the right to operate in one (1) to three (3) franchised Territories; (ii) \$2,000/month if you have been awarded the right to operate in four (4) to six (6) franchised Territories; (iii) \$3,000 if you have been awarded the right to operate in seven (7) to nine (9) franchised Territories; and (iv) an additional \$1,000/ month once you have been awarded three additional franchised territories (10-12, 13-15, etc.).</p> <p>Please recall that each franchised Territory must be governed by its own, distinct form of</p>

TYPE OF FEE ⁽¹⁾	AMOUNT	DUE DATE	REMARKS										
			<p>franchise agreement that we determine to enter into with you – and, as such, each franchised Territory constitutes a “Franchised Business” for purposes of this Disclosure Document.</p> <p>If you generate the following level(s) of Gross Sales at any point during a given calendar year of operations, you will be eligible to have your applicable Minimum Royalty requirement waived for any three (3) months in that calendar year (which you may provide to us in writing):</p> <table><tr><th>Number of Franchised Territories (Businesses) Awarded</th><th>Gross Sales Level</th></tr><tr><td>1-3</td><td>\$180,000</td></tr><tr><td>4-6</td><td>\$360,000</td></tr><tr><td>7-9</td><td>\$540,000</td></tr><tr><td>Each Additional 4 (e.g., 10-12, 13-15, etc.)</td><td>An additional \$10,000 per 3 additional franchised Territories</td></tr></table> <p>Upon achieving the appropriate Gross Sales Level above, you will have the option of applying the Minimum Royalty waiver (a) retroactively to calendar months that already occurred in that calendar year, or (b) to upcoming months in the same calendar year. If applied retroactively, we will reimburse you any difference between the Royalty Fee paid during that month and the amount equal to 6% of Gross Sales during the month.</p> <p>Please note that you will not be eligible for the minimum monthly Royalty Fee waiver until the first full calendar year your Franchised Business is actively operating.</p> <p>Please see notes 1, 2 and 3.</p>	Number of Franchised Territories (Businesses) Awarded	Gross Sales Level	1-3	\$180,000	4-6	\$360,000	7-9	\$540,000	Each Additional 4 (e.g., 10-12, 13-15, etc.)	An additional \$10,000 per 3 additional franchised Territories
Number of Franchised Territories (Businesses) Awarded	Gross Sales Level												
1-3	\$180,000												
4-6	\$360,000												
7-9	\$540,000												
Each Additional 4 (e.g., 10-12, 13-15, etc.)	An additional \$10,000 per 3 additional franchised Territories												

TYPE OF FEE ⁽¹⁾	AMOUNT	DUE DATE	REMARKS										
Brand Fund Contribution	<p>Currently, we require that you contribute the following amounts to the Fund (your “Fund Contribution”):</p> <p>2% of the Gross Sales generated by your Franchised Business during your first six (6) months of operation; and</p> <p>After this initial 6-month period of operations, you will be required to contribute the greater of (a) the 2% of Gross Sales disclosed above, and (b) the applicable minimum Fund Contribution that is based on the number of franchised Territories you have been awarded (the “Minimum Contribution”)</p>	Collected at the same time and in the same manner as the Royalty Fee	<p>We have established a brand development fund (the “Fund”) to promote our Proprietary Marks, System and/or brand generally. We will collect your Fund Contribution at the same time and in the same manner as we collect your Royalty Fee (either monthly via EFT, or via your POS system on a per-transaction basis).</p> <p>Once you have been operating your (initial) Franchised Business for six (6) months, your minimum Fund Contribution will be based on the number of franchised Territories you have been awarded as follows:</p> <table><tr><th>Number of Franchised Territories (Businesses) Awarded</th><th>Applicable Minimum Contribution</th></tr><tr><td>1-3</td><td>\$400/month</td></tr><tr><td>4-6</td><td>\$800/month</td></tr><tr><td>7-9</td><td>\$1,200/month</td></tr><tr><td>Each Additional 4 (e.g., 10-12, 13-15, etc.)</td><td>An additional \$400/month per additional 3 franchised Territories</td></tr></table> <p>See Notes 1, 2 and 3.</p>	Number of Franchised Territories (Businesses) Awarded	Applicable Minimum Contribution	1-3	\$400/month	4-6	\$800/month	7-9	\$1,200/month	Each Additional 4 (e.g., 10-12, 13-15, etc.)	An additional \$400/month per additional 3 franchised Territories
Number of Franchised Territories (Businesses) Awarded	Applicable Minimum Contribution												
1-3	\$400/month												
4-6	\$800/month												
7-9	\$1,200/month												
Each Additional 4 (e.g., 10-12, 13-15, etc.)	An additional \$400/month per additional 3 franchised Territories												
Local Advertising Requirement	2% of the Gross Sales of your Franchised Business over the preceding calendar month	Must be expended monthly	<p>All advertising materials must be approved by us prior to use/publication. This is the minimum amount you must expend each month on local advertising and promotion of your Franchised Business within your Territory, but we encourage you expend additional amounts as you and your business advisors deem appropriate.</p> <p>We may require you to (a) expend any portion of your Local Advertising Requirement on services and/or collateral and/or other campaigns that are provided by one (1) or more of our Approved Supplier(s), and/or (b) provide us with monthly reports and supporting invoices to demonstrate that you are complying with this Local Advertising Requirement.</p>										

TYPE OF FEE⁽¹⁾	AMOUNT	DUE DATE	REMARKS
Ongoing Product Purchases	Varies based on sales within your Territory	Payable prior to, or at, delivery	<p>You are required to purchase our Designated Epoxy Products on an ongoing basis as necessary to service your customers. You are required to purchase a minimum of \$25,000 of Designated Epoxy Products from us or our affiliate(s) each calendar year, beginning the first full calendar year after your Franchised Business has been open and operating for at least twelve (12) months.</p> <p>We may also require you to purchase additional items from us or our affiliate as necessary to service your customers. See Item 8 of this disclosure document for additional information.</p>
Customer Relations Management (CRM) Software	<p>Then-current fee charged by our then-current Approved Supplier for this software</p> <p>Currently, \$144 per year</p>	As incurred	As of the Issuance Date, we collect the annual subscription/license fee associated with the CRM software we require for use in connection with the Franchised Business and remit this amount to the third-party Approved Supplier that licenses this software.
Technology Fee	Then-current fee that we or our Approved Supplier determines to charge (the "Technology Fee")	As incurred	<p>We may require that you pay us or our third-party provider a fee to help defray the costs/expenses associated with various technology related expenses. Currently, the Technology Fee is \$100 per month, however we reserve the right to increase the monthly Technology Fee upon written notice via the Manuals or otherwise.</p> <p>See Note 5.</p>

TYPE OF FEE ⁽¹⁾	AMOUNT	DUE DATE	REMARKS
Training Fee	<p>Our then-current training fee for additional, refresher or remedial training</p> <p>Currently, \$500/day per trainer</p>	As incurred	<p>We may require you and your Designated Manager (if any) to attend: (i) up to five (5) days of refresher/additional training in a given year (“Additional Training”); and (ii) up to ten (10) days of remedial training that we have the right to require you to attend in complete if you are not operating your Restaurant in compliance with the Franchise Agreement or our Manuals (“Remedial Training”).</p> <p>We will not charge you our then-current training fee (the “Training Fee”) in connection with any Additional Training that we require, but we reserve the right to charge our then-current training fee in connection with any (1) Additional Training that you request, or (2) Remedial Training. You will be responsible for all costs and expenses that you and your trainees incur in connection with attending any Additional Training or Remedial Training. We may also charge you this Training Fee if we are required to provide on-site assistance at your Franchised Business at your request, in which case you will also be responsible for the costs and expenses we incur in connection with providing such on-site assistance.</p> <p>We will not charge you a Training Fee in connection with any day-to-day assistance we provide to you remotely via the telephone, e-mail, Skype or related channel or for any Additional Training that we require and that you have not requested.</p>
Renewal Fee (Franchise Agreement Only)	\$2,500	Prior to renewal	You must also satisfy certain conditions enumerated in the Franchise Agreement in order to renew.
Transfer Fee	The greater of: (i) \$5,000; or (ii) 10% of the sale price for the Franchised Business	Prior to our approval of the Transfer	There are other conditions that you and the proposed transferee must meet in order for us to approve any proposed transfer/assignment.
Insurance	Will vary according to circumstances	Upon demand	If you fail to obtain required insurance, we may obtain such insurance at your expense (but are not required to do so) and charge you a service fee to do so. Otherwise, these payments are made directly to your third-party insurance

TYPE OF FEE⁽¹⁾	AMOUNT	DUE DATE	REMARKS
			<p>provider.</p> <p>You must name us and any Approved Supplier we designate as an additional insured.</p>
Taxes on Payments to Us	Amount of tax or assessment	When imposed by taxing authority	If any taxing authority, wherever located, imposes any future tax, levy or assessment on any payment you make to us, in addition to all payments due to us, you must pay the tax, levy or assessment.
Indemnification	Amount of claim or judgment	When incurred	You must reimburse us for our attorneys' fees and other costs that we incur in connection with any third-party claims brought against us that arise out of, or are related to, the operation of your Franchised Business.
Alternate Supplier and/or Non-Approved Item Testing	Reimbursement of actual costs/expenses incurred	Upon Franchisor's written decision to Franchisee	<p>As discussed more fully in Item 8, you may propose a non-approved item or non-approved supplier that you would like to use in connection with your Franchised Business.</p> <p>If you make such a proposal, we reserve the right to be reimbursed for the actual expenses/costs we incur in evaluating your proposal.</p>
Audit Fees	Actual cost of audit	Within 30 days of invoice	<p>Payable if audit reveals that you have underreported the Gross Sales of your Franchised Business by 2% or more for any designated reporting period.</p> <p>See Note 4.</p>
Interest	The lesser of 1.5% per month or higher rate as permitted by applicable law	Upon demand	Payable on all delinquent payments due to us for more than thirty (30) days. See Note 6.
Late Fee	\$200/week	Upon demand	Payable each week on all delinquent payments due to us for more than thirty (30) days.
Legal Fees and Expenses	Costs and expenses.	As incurred	You shall pay us for any costs and expenses we incur if you fail to pay amounts when due or if you fail to comply with the Franchise Agreement in any way. These costs and expenses include but are not limited to attorneys' fees.
Annual Convention Fee	Then-current fee we determine to charge to System franchisees	At least 30 days prior to Convention	We reserve the right to conduct an annual conference and/or convention for all System owners and operators, including System

TYPE OF FEE ⁽¹⁾	AMOUNT	DUE DATE	REMARKS
	Currently, we expect that this fee will be between \$1,000 and \$1,5000 (per attendee)		franchisees, and we may require that you and any Designated Manager you have in connection with your Franchised Business attend and participate in this annual event for a period of up to five (5) business days.

Explanatory Notes

Generally. Except as otherwise stated in this Item, all fees listed in this Item 6 Chart are imposed by, and payable to, us and are uniformly imposed on all of the franchisees in our System. These fees are payable in U.S. dollars and are non-refundable unless otherwise stated in this Item.

1. **Royalty Fee and Other Fees.** Your Royalty Fee, as well as any other fees payable to us or our affiliates under the Franchise Agreement, may be collected by us via EFT from the bank account you are required to designate solely for use in connection with your Franchised Business (your “EFT Account”). You must provide us with the details of your EFT Account prior to opening and execute all documents necessary to authorize us to make withdrawals from this account throughout the term of your Franchise Agreement, including our then-current EFT Withdrawal Authorization form that is attached as an Exhibit to your Franchise Agreement. You must provide us with advance written notice of any change to the information related to your EFT Account.
2. **Collection Interval.** Your Royalty and Brand Fund Contribution are payable either monthly via EFT, or via your POS System on a per transaction basis (as described in the chart above). We will notify you of the timing and manner in which your Royalty and Brand Fund Contribution must be paid. All other fees are payable monthly via EFT. We reserve the right to change the interval at which we collect your Royalty Fee, Fund Contribution and other recurring fees payable to us or our affiliates under the Franchise Agreement upon written notice to you. For example, we may collect these recurring fees on a weekly rather than monthly basis. Regardless, you are required to provide us with a monthly Gross Sales report detailing your Gross Sales from the preceding calendar month, along with your calculated Royalty Fee, Fund Contribution (if appropriate) and other information that we reasonably require (the “Gross Sales Report”) on or before the 5th day of each calendar month if we are unable to access that information through the POS System.
3. **Definition of Gross Sales.** “Gross Sales” shall include all revenue from the sale of all products and performance of services from the Franchised Business, whether in the form of cash, credit, barter or rebates, and regardless of collection in the case of credit, and income of every kind and nature related to the Franchised Business, including any consideration that Franchisee receives from third-party vendors/suppliers. The term Gross Sales does not include the amount of any applicable sales tax imposed by any federal, state, municipal or other governmental authority if these taxes are stated separately when the customer is charged and you pay these amounts as and when due to the appropriate taxing authority. Also excluded from Gross Sales are the amount of any documented refunds, chargebacks, credits and allowances given to customers in good faith. All barter and exchange transactions for which Franchisee furnishes services or products in exchange for goods or services to be provided to Franchisee by a vendor, supplier or customer will be valued at the full retail value of the goods or services provided to Franchisee. Gross Sales does not exclude any kind of gratuity or other compensation that is paid by the client to the Franchised Business or any of its

personnel, unless we specifically agree otherwise in a separate writing signed by us both.

4. **Right to Inspect/Audit.** We have the right to inspect your books and other financial information associated with your Franchised Business during the term of the Franchise Agreement, as well as inspect the Premises for compliance with our System standards of food and service quality. If we conduct an audit and it reveals that you have underreported your Gross Sales by two percent (2%) or more, then we may require you to pay the costs we incur in connection with conducting the audit of your Franchised Business (including any fees paid to auditors and/or attorneys). If we conduct an inspection of your Premises and we find that you are in default of our System standards, you will be responsible for our costs in conducting such inspection.
5. **Technology Fee.** We may require you to license and use designated software from us or third-party suppliers, specified by us in the Operations Manual. The amount of software fees and the manner and timing of payment may change from time to time as we update the Franchise System's software requirements. Additionally, we reserve the right to require that you pay us or our designated vendor(s) a fee (which may be collected monthly, quarterly, or annually) associated with other technology requirements, including but not limited to maintaining required computer hardware and software, hosting and payment card processing services, hosting a call center and any other technology used in the operation of your Steel Coated Floors Business, and such payment shall be made in the manner prescribed by us or the designated vendor(s), as applicable ("Technology Fee"). We currently impose a Technology Fee of \$100 per month, and reserve the right to increase the Technology Fee to a maximum of \$250 per month. The Technology Fee must be paid monthly via EFT, or as we otherwise set forth in writing. We reserve the right to change the amount of the Technology Fee or incorporate additional technology fees as changes are made to the System's hardware, software and other computer requirements or as required by the third-party vendor(s) or by any regulatory agency.
6. **Interest on Late Payments.** Interest begins to accrue on the due date of any payment that has not been timely received or is not paid in full.

ITEM 7 **ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	ACTUAL OR ESTIMATED AMOUNT (LOW)	ACTUAL OR ESTIMATED AMOUNT (HIGH)	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (Note 1)	\$11,500	\$16,500	Lump Sum	Upon signing your Franchise	Us
Lease Deposit (Note 2)	\$0	\$3,000	As Arranged	As Arranged	Third-party suppliers
Leasehold Improvements (Note 3)	\$0	\$10,000	As Arranged	As Arranged	Third-party suppliers
Equipment Package (Note 4)	\$13,500	\$25,000	Lump Sum	Before Opening	Us

Initial Inventory (Note 5)	\$3,000	\$6,000	Lump Sum	Before Opening	Us
Vehicle, Trailer, or Other Equipment (Note 6)	\$0	\$50,000	As Arranged	Before Opening	Third-Party Suppliers
Marketing Kit (Note 7)	\$3,500	\$3,500	Lump Sum	Before Opening	Us
Grand Opening Advertising (Note 8)	\$2,500	\$2,500	As Arranged	Before Opening	Third-party suppliers
Initial Training Fee (Note 9)	\$5,000	\$5,000	Lump Sum	Before Initial Training Program	Us
Training Expenses (Note 10)	\$1,500	\$9,500	As Arranged	As Incurred	Third-parties
Computer Equipment (Note 11)	\$0	\$2,000	As Arranged	As Arranged	Third-party suppliers
Signage (Note 12)	\$0	\$2,500	As Arranged	Before Opening	Third-party suppliers
Territory Mapping (Note 13)	\$1,500	\$1,500	Lump Sum	Upon Signing Franchise Agreement	Us
Licenses and Professional Services (Note 14)	\$0	\$2,000	As Arranged	Before Opening	Attorneys, accountants
Prepaid Insurance Premium (Note 15)	\$0	\$4,500	As Arranged	Before Opening	Third-Party Insurance Agency
Additional Funds – 3 Months (Note 16)	\$2,000	\$12,000	As Incurred	After opening.	Approved Supplier; other third-party suppliers; possibly a lessor of third- party space; various other parties
Totals (Note 17)	\$44,000	\$155,700			

Explanatory Notes:

Generally, The Chart above relates to the operation of the Approved Location from a home office. If you have a quiet and organized work space at home, we would expect that you would work from a home office dedicated to the Franchised Business. You will need approximately 250 to 2,000 square feet of secure storage for inventory and equipment. If you have such storage capabilities at home, then you do not need

to acquire dedicated storage. If you do not have sufficient storage capabilities at home, you are permitted to rent storage space, but you are expected to do so in a public storage facility or private garage. If you choose to operate your Steel Coated Floors Business from a location other than from your home and/or rent storage space, you will incur additional expenses, such as lease payments and leasehold improvements. We reserve the right, but not the obligation, to review, inspect and approve your proposed rented storage space that you will dedicate for the operation of your Steel Coated Floors Business.

All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. Actual costs will vary for each franchise location depending on a number of factors, including market condition and the geographic location of your Steel Coated Floors Business.

1. Initial Franchise Fee. The Initial Franchise Fee will be an amount equal to \$1,500 plus \$.05 for each person in the Territory. The low estimate assumes that there will be 200,000 people in the Territory, and the high estimate assumes there will be 300,000 people in the Territory. Your actual Initial Franchise Fee may be lower or higher depending upon the number of people in your Territory. The initial Franchise Fee is deemed fully earned and non-refundable upon payment.
2. Lease Deposit. If you do not have a quiet organized space at home to be your office and/or do not have 250 to 2,000 square feet of storage space, you will need to secure a retail office premises and/or commercial storage space for the Franchised Business. The low estimate assumes you will not need to lease office and/or storage space, and the high estimate assumes you will lease a total of 3,000 square feet at a cost of \$1 per square foot. It is extremely difficult to estimate lease acquisition costs because of the wide variation in these costs depending upon location. Lease costs will also vary based upon variance in square footage, cost per square footage, local market commercial lease rates, and required maintenance costs. This estimate covers your cost for the security deposit. The remainder of the rent expense during the first three months is covered under Additional Funds. The amounts paid are typically not refundable except for a security deposit, which may be refunded.
3. Leasehold Improvements. Franchisees may have additional costs if they do not work out of a home office or need to lease storage space. Your cost for leasehold improvements to an existing building will vary depending upon the size of your Approved Location, the condition of the premises, and its geographic location. If you are converting an existing office space into an Approved Location, your costs may be higher or lower depending on the available assets, fixtures and conversion costs. Construction costs in some areas of the country may exceed these estimates. Your landlord may provide some or all of these improvements at no additional cost. You may also be provided free rent for a period of time by your landlord.
4. Equipment Package. You must purchase the Equipment Package from us, which is necessary to establish the Franchised Business. The Equipment Package includes an EDCO grinder and related products, cords, blowers, drills, brooms, rollers, brushes, poles, safety gear and other various hand tools and supplies necessary to provide the Approved Services.
5. Initial Inventory. You must purchase the Initial Inventory from us, which is necessary to establish the Franchised Business. The Initial Inventory includes two parts of epoxy products (in two colors), flake (in various colors), and sealer. As of the Issuance Date, we will compile your Initial Inventory Package and collect the amount payable for your particular package.
6. Vehicle, Trailer, or Other Equipment. You must have a vehicle that meets our specifications. It is not necessary to have the vehicle wrapped with our trade dress, but it must be equipped as specified

by us. The high range we have estimated is for the purchase of a new vehicle. The low range assumes you already have a vehicle to use in connection with the Steel Coated Floors Business.

7. Marketing Kit. As of the Issuance Date, you must purchase your Initial Marketing Kit from us. The Marketing Kit includes: door hangers, social media marketing, yard signs, and vehicle decals.
8. Initial Marketing Spend. You must spend a minimum of \$2,500 to develop and implement an opening advertising campaign beginning two weeks prior to opening and ending two (2) weeks after you launch your Franchised Business operations (the "Initial Marketing Spend"). The Initial Marketing Spend is in addition to the Fund Contribution and Local Advertising Requirement. All promotional activities must be approved in advance by us. The amounts you spend for initial marketing and advertising are typically not refundable.
9. Initial Training Fee. Prior to attending the Initial Training Program, you must pay us an Initial Training Fee. The Initial Training Fee will cover your attendance of the Initial Training Program and two other personnel, provided that all of these individuals attend training at the same time as you and prior to the opening of the Franchised Business.
10. Training Expenses. This estimate is for the cost for you plus 2 (two) to attend the initial training program held at our corporate headquarters in Ogden, Utah or other areas we deem appropriate. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation and living expenses (food, transportation, etc.). This estimate does not include any wages or salary for you or your trainee(s) during training.
11. Computer Equipment. You must use a computer and POS system meeting our standards and specifications, including hardware and software. The low estimate assumes that you have a personal computer and related equipment that meets our standards and specifications. The high estimate assumes that you will need to purchase a computer or laptop, and/or related computer hardware or software.
12. Signage. If you secure a third-party space for your home office, you may, but are not required to, obtain exterior or interior signage for your Franchised Business.
13. Territory Mapping. You must pay a \$1,500 a territory mapping fee at the time you execute your Franchise Agreement to cover the costs and expenses we incur determining the local demographics and preparing a map of your exclusive territory.
14. Licenses and Professional Services. You may need the assistance of an attorney, accountant or other consultants to assist in establishing your Franchised Business. These fees may vary from location to location depending upon the prevailing local rate of attorneys', accountants' and consultants' fees. These fees are typically not refundable.
15. Prepaid Insurance Premium. Business insurance coverage will vary from state to state and will depend on your prior loss experience, if any, and/or the prior loss experience of your insurance carrier in the state or locale in which you operate your Franchised Business, and national or local market conditions.
16. Additional Funds. This range estimates the amount of additional working capital you will need during the first three months of operation to pay other expenses, including payroll for employees, purchasing ongoing supplies and additional expenses, primarily other job costs that must be

expended prior to receiving payment. These amounts do not include any estimates for debt service. These figures are estimates and we cannot guarantee that you will not have additional expenses in starting the business. Your costs will depend on factors such as: how closely you follow our methods and procedures; your management skills, experience, and business acumen; local economic conditions; the local market for our products and services; the prevailing wage rate; competition; and the level of sales reached during the start-up phase of the business.

17. Total. We have based these estimates on our conversations with vendors, retail prices of equipment, the price of the Equipment Package, Initial Inventory, Marketing Kit, Grand Opening Advertising, and other reasonable information and sources of information. We do not directly or indirectly offer financing for your initial investment. Your costs may vary based on a number of factors including but not limited to the geographic area in which you operate, local market conditions, and the time it takes to build up initial sales of your Franchised Business. We strongly recommend that you use these categories and estimates as a guide to develop your own business plan and budget and investigate specific costs in your area.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Franchised Business according to our “System Standards,” as described in the Franchise Agreement, including mandatory and suggested specifications, standards, operating procedures, and rules which may require you to purchase various goods, services, or other supplies, and the Operations Manual and various other confidential manuals and writings prepared for use by you in operating a Franchised Business, and which we may change at our sole discretion. We will formulate and modify the System Standards based on our franchisees’ experiences in operating their respective Franchised Business. Our System Standards may impose requirements for performance, reputation, quality, and appearance. We reserve the right to modify the System Standards from time to time in writing and which you must comply with such modification within the time period we prescribe.

Approved Products and Services

You must use the supplies, equipment, computer hardware and software, and product samples and promotional materials that comply with our then-current standards and specifications, which we will establish and modify at our discretion. You may incur an increased cost to comply with such changes at your own expense.

You must offer for sale all Approved Products and Services which we prescribe and only those products and services which we prescribe. You may not offer any other products or services for sale without having received our prior written authorization. You must at all times maintain sufficient levels of inventory as specified in the Operations Manual, to adequately satisfy consumer demand. You must offer, use and sell all private label products which we may now or in the future designate for sale by System franchisees.

At all times, you are required to maintain sufficient levels of inventory as determined by us, including our proprietary products and other equipment and supplies used at project sites, in order to adequately meet consumer demand.

Designated and Approved Suppliers

Recognizing that preservation of the System depends upon product and service uniformity and the maintenance of our trade dress, you must purchase specified products and other supplies, services, furnishings, fixtures, computer hardware and software, and other equipment from us or from approved or designated suppliers that we will specify, from time to time, in the Operations Manual and otherwise in writing (each an “Approved Supplier”). We, our affiliate or a designated third party may be one of several, or the only, Approved Supplier of any item. We reserve the right to require you to purchase any products and services, including computer hardware and software, directly from us or our affiliate. We and our affiliates have the right to realize a profit or otherwise derive revenue on any products or services that we, our affiliates or our Approved Suppliers supply and/or provide to you. You must currently purchase from us the Initial Inventory, Equipment Package, and Marketing Kit, and certain Designated Epoxy Products that are necessary to conduct your Franchised Business.

You are required to purchase an initial stock of Designated Epoxy Products that amounts to \$25,000. We will arrange for that initial inventory to be compiled and shipped to your Approved Location. Once you have your Initial Inventory Package, we expect that you will purchase additional Designated Epoxy Product and the recurring inventory/supplies directly from our Approved Supplier (which, as of the Issuance Date, is a third party).

We may establish business relationships, from time to time, with suppliers who may produce and/or provide certain goods or services that you are required to purchase from only that supplier (each a “System Supplier”). These System Suppliers may provide, among other things, supplies, fixtures, technology, software, and equipment, all in accordance with our proprietary standards and specifications or private label goods that we have authorized and prescribed for sale by System Steel Coated Floors businesses. You recognize that such products and services are essential to the operation of your Franchised Business and to the System generally. Your failure to pay System Suppliers may interfere with such suppliers’ willingness to supply the System and may result in other System Steel Coated Floors businesses’ inability to obtain a product or an ability to obtain a product only on less favorable credit terms. Accordingly, you must pay System Suppliers as and when due. You must use products purchased from approved suppliers solely in connection with the operation of your Steel Coated Floors Business and not for any competitive business purpose.

Ownership Interest in a Supplier/ Revenue Derived from a Supplier

We do not presently receive any material benefits from your use of our designated and Approved Suppliers. Our officers currently do not have any ownership interests in suppliers except for us.

Your obligations to purchase certain products or services from us or our Approved Suppliers, and to purchase goods, services, supplies, fixtures, equipment, computer hardware and software, training and real estate that meet our specifications, are considered “Required Purchases.” We estimate that your Required Purchases will account for approximately 80% of your total costs incurred in establishing your Franchised Business, and approximately 45% of your ongoing costs to operate the Franchised Business after the initial start-up phase.

We and our affiliates reserve the right to derive revenue from the Required Purchases you make from us and our affiliates, as well as purchases made from our designated and approved suppliers. During our fiscal year ending December 31, 2022, we did not derive any revenue from franchisee required purchases.

We are currently receiving rebates from one third-party vendor in connection with required franchisee

purchases. We reserve the right to collect these types of rebates or other consideration from additional vendors or suppliers in the future. If we receive these rebates or payments, there will be no restriction on our use of these monies. During our past fiscal year ending December 31, 2022, we received approximately \$7,746.66 in rebates or 1.4% of our total revenue of \$552,910 generated during the 2022 calendar year.

Alternative Product or Supplier Approval

If you wish to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, you must provide us the name, address and telephone number of the proposed supplier, a description of the item you wish to purchase, and the purchase price of the item, if known. At our request, you must provide us, for testing purposes, a sample of the item you wish to purchase. We are not required to approve any particular product or supplier. We may base our approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation we consider necessary or desirable in our System as a whole, as well as the maintenance of our Confidential Information. We have the right to receive payments from suppliers on account of their dealings with you and other Steel Coated Floors businesses and to use all amounts we receive without restriction (unless instructed otherwise by the supplier) for any purposes we deem appropriate. We are not required to approve an unreasonable number of suppliers for a given item if we believe that such approval may result in higher costs or prevent the effective or economical supervision of approved suppliers. If we incur any costs in connection with testing a particular product or evaluating an unapproved supplier at your request, you must reimburse us for our reasonable testing costs, regardless of whether we subsequently approve the item or supplier.

We will use reasonable efforts to notify you in writing whether or not your request is approved or denied within 30 days of: (i) our receipt of all supporting information from you regarding your request; and (ii) our completion of any necessary inspection or testing associated with your request. If we do not provide written approval within this time period, then your request will be deemed denied.

We may, but are not required to, provide your proposed supplier or provider with its specifications for the item that you wish the third-party to supply, provided that third-party executes our required non-disclosure agreement form. Each supplier that we approve of must comply with our requirements regarding insurance, indemnification and non-disclosure. If we approve any supplier, you may enter into supply contracts with that third party, but under no circumstances will we guarantee your performance of any supply contract.

We may re-inspect and revoke our approval of particular products or suppliers if we determine that such products or suppliers no longer meet our standards. Once you receive written notice from us that we have revoked our approval, you must immediately cease purchasing products from that supplier.

Home Office

As discussed more fully in Items 7 and 12, you may operate your Franchised Business from a home office, provided that you have a quiet and organized work space. Additionally, you will need approximately 250 to 2,000 square feet of secure storage for inventory and equipment – which may be part of your home/residence as well or could be a separate third-party space. If you have such storage capabilities at home, then you do not need to acquire dedicated storage. We reserve the right, but not the obligation, to review, inspect and approve your proposed office and storage space for the Approved Location.

Advertising and Promotional Materials

All advertising and promotional materials and other items we designate must bear the Proprietary Marks in the form, color, location and manner we prescribe. In addition, all your advertising and promotion in any medium must be conducted in a dignified manner and must conform to the standards and requirements we prescribe in the Operations Manual or otherwise. You must obtain our approval before you use any advertising and promotional materials or plans in connection with your Franchised Business if we have not prepared or approved them during the twelve (12) months prior to the date of your proposed use.

Insurance

You must purchase and maintain, at your own expense, insurance covering the operation and location of your Franchised Business as we may require. You must purchase the required insurance at least 20 days before opening your Franchised Business or upon signing a lease agreement for the premises of your Franchised Business (if you are not operating from a home office), or upon signing an agreement with a storage facility (if you are not storing inventory and equipment at a home office), whichever comes first. The limits described in the paragraph below are the minimum amounts that you are required to purchase. We reserve the right to modify the minimum amounts upon written notice. If you are located in a jurisdiction or sign a lease or contract that requires a higher level of coverage than the amounts provided below, then you must obtain the higher level of coverage that is required by the jurisdiction or the terms of the lease or contract. If you sign a lease or contract that does not require as much coverage, you must still purchase enough insurance to meet our requirements.

You must purchase and maintain the following types and amounts of insurance: (i) Commercial General Liability Insurance to cover all premises operating under your Franchised Business in the minimum amount of \$1,000,000 per occurrence, \$2,000,000 aggregate; (ii) Business Automobile Liability insurance, including owned, leased, non-owned and hired automobiles coverage in an amount not less than \$1,000,000, and (iii) Workers' Compensation and Employer's Liability Insurance in an amount that complies with the statutory requirements of the state in which your Franchised Business is operated; (iv) Products Liability Insurance not less than \$2,000,000 per incident and \$2,000,000 in the aggregate; (v) Umbrella Liability in the minimum amount of \$5,000,000 in excess of all other policies; (vi) such insurance as necessary to provide coverage under the indemnity provisions set forth in the Franchise Agreement.

We must approve all insurance carriers in advance and in writing. All insurance policies must be issued by insurance companies with a rating of A-VII or better as reported in the most recent edition of A.M. Best's Insurance Reports. Our acceptance of an insurance carrier does not constitute our representation or guarantee that the insurance carrier will be capable of meeting claims during the term of the insurance policy. You must carry insurance required by the lease of your Approved Location or by any of your lenders or equipment lessors and such workers compensation insurance as may be required by applicable law. You must deliver a certificate of insurance to us at least 20 days before opening your Franchised Business and 10 days before any renewal of the required policies as evidence that all insurance requirements have been met. All insurance policies you hold will be primary to any policy or policies held by us or our affiliates.

You must add us and any other parties we may choose to all insurance contracts as additional insureds under the insurance policies (except Workers' Compensation Insurance) at your expense. All insurance policies will contain a waiver of subrogation in our favor and anyone we select.

Computer Hardware and Software

You must purchase any computer hardware, software and peripherals that meet our System standards and specifications. Please see Item 11 of this disclosure document for additional information regarding our computer hardware and software purchasing requirements.

Purchasing and Distribution Cooperatives

We currently do not have any purchasing or distribution cooperatives, however we reserve the right to establish these types of cooperatives in the future. We may negotiate certain purchase arrangements (including price terms) for the purchase of certain items with suppliers for the benefit of franchises. There are currently no purchasing or distribution cooperatives for our System franchisee network – but we reserve the right to establish such cooperatives at any time in the future.

ITEM 9 **FRANCHISOR’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 Franchise Agreement	Item in Disclosure Agreement
a. Site selection and acquisition/lease	1.2, 1.3, 7.1	Items 7, 11 and 12
b. Pre-opening purchases/leases	7.1, 7.4, 7.8, 7.11	Items 5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	7.1, 7.2 and 9	Items 6, 7, 8 and 11
d. Initial and ongoing training	6.5, 7.2, 7.6.4, 8.1 through 8.3	Item 11
e. Opening	7.3	Item 11
f. Fees	2.2.9, 3, 3.9, 6.3 through 6.5, 8.1.2, 8.1.3, 8.2, 8.2.3, 8.3, 9.5, 12.3, 14.3.2.7, and 22.8	Items 5 and 6
g. Compliance with standards and policies/Operations Manual	6.1, 7.4 through 7.8, 7.14, 7.15, 7.17, 11, and 12.1	Items 8 and 11
h. Trademarks and proprietary information	4, 5, 7.8 and 7.14	Items 13 and 14
i. Restrictions on products/services offered	1.2 through 1.6, 7.4 and 7.5	Items 8, 12 and 16
j. Warranty and customer service requirements	7.6, 7.7, 7.10, 7.15, and 12.3.2	Item 15
k. Territorial development and sales quotas	Not Applicable.	Items 6, 12 and 17
l. Ongoing product/service purchases	7.4 and 7.5, 7.6.8, 7.8.3, and 7.17	Items 8 and 11
m. Maintenance, appearance and remodeling requirements	7.1.2, 7.6.2, 7.6.3, 7.7, and 7.17	Items 6, 8 and 11
n. Insurance	9	Items 6 and 8

o. Advertising	3.4, 3.5, 7.10, and 12	Items 6 and 11
p. Indemnification	13.2	Item 6
q. Owner's participation/management/staffing	7.6.3 through 7.6.6, 7.9 and 7.10	Items 11 and 15
r. Records and reports	3.2, 3.3, 10 and 11	Item 6
s. Inspections and audits	7.7, 10 and 11	Items 6 and 11
t. Transfer	14	Item 17
u. Renewal	2.2	Item 17
v. Post-termination obligations	16 and 17.2	Item 17
w. Non-competition covenants	17	Item 17
x. Dispute resolution	18	Item 17

ITEM 10 **FINANCING**

We may finance the Initial Franchise Fee, the Territory Mapping Fee, the Initial Inventory and Equipment Package, the Initial Marketing Kit and Training Fee for qualified franchisees. If you qualify, you must pay us a down payment as set forth in the chart below, which will vary depending on whether you are a new or existing franchisee, on your initial costs and expenses and on the total amount financed. You must issue a promissory note in the form attached to the Franchise Agreement as Exhibit E (the "Note") for the amount financed when you sign the Franchise Agreement. If the franchisee is not an individual, its owners must personally guaranty the Note and sign a guaranty in the form attached to the Franchise Agreement as Exhibit A (the "Guaranty"). The Note is payable in 48 to 57 equal monthly installments. We may require you to pay amounts due under the Note by electronic funds transfer or by authorizing us to debit your credit card or bank account, or by any other payment system. If we do so require, you must promptly take any actions and execute any documents that may be necessary to implement the required manner of payment and otherwise make or authorize such payments in the manner we direct.

Item Financed	Amount	Down Payment	Term	APR%	Monthly Payment	Prepayment Penalty	Security Required	Liability Upon Default
Initial Franchise Fee, Territory Mapping fee, Initial Inventory and Equipment Package, Market Kit and Training Fee	\$11,500 to \$21,500 for new franchisees; \$10,000 to \$20,000 for franchisees purchasing additional territory	\$14,500 to \$20,000 for new franchisees; \$500 to \$7,500 for existing franchisees purchasing additional territory	48 -57 months	0-5%	Variable	None	Personal Guaranty	Acceleration of all unpaid amounts due under the Note and termination of Franchise Agreement, payment of attorney fees and court costs incurred in collecting the debt

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

Except as listed below, Steel Coated Floors is not required to provide you with any assistance.

A. Pre-Opening Obligations.

Before you open your Franchised Business, we will provide you with the following assistance:

1. Define your Territory. (Franchise Agreement, Section 1.2).
2. We will work with our suppliers to compile and send you the Initial Marketing Kit, Initial Inventory Package, and Equipment Package after you have paid the fees for such items and materials. (Franchise Agreement, Section 6).
3. Provide you with our list of all items and equipment needed to open your Franchised Business, along with our proprietary list of Approved Suppliers for those items (as applicable). (Franchise Agreement, Sections 6).
4. Loan you one copy of our 46-page confidential Operations Manual. You must operate the Franchised Business in accordance with the Operations Manual and all applicable laws and regulations. The Operations Manual may be amended or modified to reflect changes in the System. You must keep the Operations Manual confidential and current, and may not copy any part of any Operations Manual. (Franchise Agreement, Section 6). The table of contents for our Operations Manual as of the Issuance Date of this Disclosure Document is attached as Exhibit F.
5. Provide you and up to 2 additional employees with initial training that you must attend and complete to our satisfaction, in accordance with the initial training chart below. (Section 8 of the Franchise Agreement).

INITIAL TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Brand Awareness	2	0	Ogden, Utah, or another location we designate
Product Knowledge	2	0	Ogden, Utah, or another location we designate
Marketing/Customer Relations	2	0	Ogden, Utah, or another location we designate
Bid, Payments, Accounting	0	2	Ogden, Utah, or another location we designate
Floor Prep	0	4	Ogden, Utah, or another location we designate

Grinding Floors	0	4	Ogden, Utah, or another location we designate
Product Applications	0	6	Ogden, Utah, or another location we designate
Equipment Maintenance	0	2	Ogden, Utah, or another location we designate
TOTALS	6	18	

The Initial Training Program must be completed prior to opening the Franchised Business and within 90 days of signing the Franchise Agreement. Instructional materials, including the Operations Manual, will be provided to you as necessary as you proceed through each of the components of the Initial Training Program. The Initial Training Program is subject to change without notice to reflect updates in the materials, methods and manuals and changes in personnel. The subjects taught and the time periods allocated for each subject may vary based on the experience of the people being trained. We do not currently have a set training schedule, but our Initial Training Program will be made available on an as-needed basis subject to the availability of our personnel.

At the conclusion of the Initial Training Program, we, at our sole discretion, will either certify that you have successfully completed the Initial Training Program, or we will require you to complete further training in order to be certified. If you have not completed the Initial Training Program to our complete satisfaction, you will not be permitted to commence operations of the Franchised Business.

Our training managers and their years of experience within the industry and with Steel Coated Floors are listed below. Our training managers may utilize other employees to assist them with all aspects of training. Failure to complete initial training to our satisfaction within the applicable time period may result in termination of the Franchise Agreement. (Section 8.1 of the Franchise Agreement).

Instructor	Years of Experience in the Industry	Years of Experience with Franchisor or the Affiliate/Business Generally
Manuel Cypers	27+	17
Mitch Cypers	27+	17

We will train any additional or replacement personnel, subject to the availability of our personnel, at our corporate headquarters, or any other location we may select. We reserve the right to charge our then-current training tuition fee, which is presently \$5,000 per trainee plus expenses. (Franchise Agreement, Section 8.1). You may only use the training materials we provide you with to train your other employees. We will provide updated training materials to you as we develop them. All training materials we provide you with will remain our property, and you agree not to challenge our or our affiliates' title or rights in or to the training materials. You may not make any disclosure, duplication, or other unauthorized use of any portion of the training materials. (Franchise Agreement, Section 8.1).

B. Site Selection Assistance.

1. If you have a quiet and organized work space at home, we expect that you would work from a home office dedicated to the Franchised Business. You will need approximately 250 to 2,000 square feet of secure storage for inventory and equipment. If you have such storage capabilities at home, then you

do not need to acquire dedicated storage space. If you do not have sufficient storage capabilities at home or your existing business, you are permitted to rent storage space, but you are expected to do so in a public storage facility or private garage. We may permit or require you to operate your Franchised Business from a separate office space if: (i) your primary residence is not located within the Territory; (ii) we determine that you are not operating your Franchised Business in a professional and organized manner from your home office; or (iii) you expressly request to operate your Franchised Business from an existing business office or a separate office space and we approve your proposed site. We reserve the right, but not the obligation, to review, inspect and approve your proposed office and storage space for the Approved Location. In deciding whether to approve a business office or separate office space, we may consider (i) demographic characteristics, (ii) traffic patterns, (iii) competition from other businesses selling similar products and services, (iv) zoning restrictions, and (v) other physical characteristics of the proposed site. You will be required to locate and obtain the Approved Location within 120 days of the date you execute your franchise agreement. If we cannot agree on a site or you do not obtain a location within 120 days of the date you execute the franchise agreement, we may terminate the franchise agreement. All costs of and connected with the design, construction, leasehold improvements, equipment, furnishings, fixtures, signs, and zoning compliance are your responsibility. (Franchise Agreement, Section 7.1)

2. We estimate that it will take approximately 90 days from signing the Franchise Agreement for you to open your Franchised Business. The actual length of this period will depend upon factors such as whether you choose to operate your business from home, whether you need to acquire outside storage space, whether you can acquire acceptable financing arrangements, our training schedules, and time necessary to obtain zoning permits, licenses, and variances in your area. You must open your Franchised Business within 120 days of executing your Franchise Agreement or we may terminate your Franchise Agreement once we have provided you with notice of your failure to open and a 15-day cure period. (Franchise Agreement, Sections 7.3 and 15.3).

C. Post-Opening Obligations.

After you open your Franchised Business, we will provide you with the following assistance:

1. We may provide you with continuing consultation and advice, as we deem necessary in our sole discretion, regarding the management and operation of the Franchised Business. We may provide this assistance by telephone, facsimile, intranet communication or on-site visits, as we deem advisable and subject to the availability of our personnel. We may use an online training portal (the “Online Training Portal”) to provide some of our ongoing/refresher training in the future. (Franchise Agreement, Section 6.5).

2. We may schedule, and require you to attend, additional or refresher training to further assist you in the operation of your Franchised Business. If we schedule this additional training as part of our regular course of business, we will provide this training to you and your employees at our corporate headquarters or other training facility we designate tuition-free on the dates we schedule, provided: (i) there is capacity in the scheduled class; (ii) our personnel is available; and (iii) you have substantially complied with the terms of the Franchise Agreement. You will be solely responsible for any expenses you and your designated trainees incur in attending this training, including travel, lodging, meals and employee wages. We may require you and up to three (3) individuals to attend up to five (5) days of additional training each year. (Franchise Agreement, Section 8.2).

3. We will hold an Annual Convention every year in which attendance is mandatory. The cost is the then current Annual Convention fee, but not to exceed \$1,200 and must be paid whether or not you attend. The fee for the Convention will be withdrawn via electronic funds transfer (“EFT”) at least 30 days

before the Convention. You will be solely responsible for any expenses you and your designated employees incur in attending this Convention, including travel, lodging, meals and employee wages.

4. Upon your request, or as we deem necessary in our sole discretion, we may provide on-site training or consultation at the location of your Franchised Business, subject to the availability of our personnel. If we provide such assistance, you will be solely responsible for paying us our then-current training fee, which is presently \$500 per trainer, as well as any expenses we incur in providing such assistance. We may also provide you with remedial training if we determine, in our sole discretion after conducting an audit or inspection of your Franchised Business, that you are not complying with our System standards and specifications. The purpose of remedial training is to get you back on track and in compliance with our standards and specifications. We can require you to attend up to five days of remedial training each year, and we may schedule this training to take place on-site or at our corporate headquarters or other designated location. We may charge you our then-current training tuition fee to provide remedial training, and you will be solely responsible for: (i) any expenses we incur in providing any on-site remedial training; and (ii) any expenses you incur in attending any remedial training at our corporate headquarters or other designated location. (Franchise Agreement, Section 8.2).

5. We may revise the Operations Manual, as we deem necessary or prudent in our sole discretion, which may, among other things, provide new operations concepts and ideas. We may provide you with these updates through various mediums, including mail, e-mail and our Online Training Portal. (Franchise Agreement, Section 6.1).

6. Administer and maintain Brand Development Fund as described in further detail below. (Franchise Agreement, Section 12.3).

7. You may only offer for sale all products and services which we prescribe, and only those products and services. You must offer, use and sell all private label products that we may now, or in the future, designate for sale by System franchises. (Franchise Agreement, Section 7.5).

D. Advertising and Marketing.

1. *Generally*

All advertising must prominently display the Proprietary Marks and must comply with any standards we establish as specified in the Operations Manual or in any other writing. All advertising and promotional materials that you use in connection with your Franchised Business must be approved by us. We may make available to you from time to time, at your expense, certain promotional materials, including newspaper mats, coupons, merchandising materials, point-of-purchase materials, special promotions, and similar advertising and promotional materials. You must also participate in certain promotions and advertising programs that we establish as an integral part of our System, provided these activities do not contravene regulations and laws of appropriate governmental authorities. (Franchise Agreement, Section 12).

If you wish to use any advertising or promotional materials other than those that we have previously approved or designated within the preceding 12 months, then you must submit the materials you wish to use to us for our prior written approval at least 30 days prior to publication. We will use commercially reasonable efforts to notify you of our approval or disapproval of your proposed materials within 30 days of the date we receive the materials from you. If you do not receive our written approval during that time period, however, the proposed materials are deemed disapproved and you may not use such materials. Once approved, you may use the proposed materials unless we: (i) prescribe a different time period for use; or (ii) require you to discontinue using the previously approved materials in writing. We may require you to

discontinue the use of any advertising or marketing material, including materials we previously approved, at any time, and at your own cost and expense. (Franchise Agreement, Section 12). Except as otherwise provided in this Item, we are not required to spend any amount on advertising near your Franchised Business.

2. *Grand Opening Advertising*

You are required to expend at least \$2,500 to promote and advertise the opening of your Franchised Business (the “Grand Opening Advertising”), which must be expended over the period(s) of time prior to, during and/or after the opening of the Franchised Business that we designate or otherwise approve in a separate writing. We may require that you expend all or any portion of the Grand Opening Advertising on initial marketing/advertising and/or public relations materials or services that are purchased from an Approved Supplier. (Franchise Agreement, Section 12).

3. *Brand Development Fund*

We have established a Brand Development Fund for the benefit of the entire System. Currently, we require you to contribute an amount equal to the greater of 2% percent of the Gross Sales of your Franchised Business, and (ii) once you have been operating for a period of six (6) months, the applicable Minimum Contribution disclosed more fully in Item 6 of this Disclosure Document (the “Fund Contribution”). (Franchise Agreement, Section 12.3).

We have the right to use the Fund, in our sole discretion, to develop, produce, and distribute national, regional and/or local marketing materials and to create advertising materials and public relations materials which promote, in our sole judgment, the services offered by System franchisees. We may use the Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including the cost of preparing and producing Internet, television, radio, magazine, and newspaper advertising campaigns; the cost of direct mail and outdoor billboard advertising; the cost of soliciting National Accounts; the cost of public relations activities and advertising agencies; the cost of developing and maintaining an Internet website; personnel and other departmental costs for advertising that we internally administer or prepare; and building partnerships with national and regional brands. Not all System franchisees will benefit directly or on a pro rata basis from such expenditures. While we do not anticipate that any part of the Fund will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use the Fund for public relations or recognition of our brand, for the creation and maintenance of a web site, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating “Franchises Available.” (Franchise Agreement, Section 12.3).

If we do not spend all Fund Contributions by the end of a given fiscal year, the funds will be carried forward into the next fiscal year. You must contribute to the Fund regardless of amounts due from other System franchisees. We will provide you with an unaudited accounting of the Fund within one hundred twenty (120) days after our fiscal year end (upon your written request). There is no requirement that the Fund be independently audited. We have the right, but not the obligation, to incorporate the Fund as a separate business entity. The Fund is not a trust or our asset and we are not a fiduciary to you with respect to, or a trustee of, the Fund or the monies therein. (Franchise Agreement, Section 12.3).

We have the sole right to determine how to spend contributions and expenditures from the Fund, or any other advertising program, and sole authority to determine, without limitation, the selection of the advertising materials and programs. We are not required, under the Franchise Agreement, to spend any amount on advertising in your Territory. We have the right to reimbursement from the Fund for reasonable

costs and overhead, if any, as we may incur in activities which are reasonably related to directing and implementing the Fund. Company or affiliate-owned Steel Coated Floors businesses may contribute to the Fund, but they are not required to do so. (Franchise Agreement, Section 12.3).

During our fiscal year ended December 31, 2022, the Brand Fund contributions were spent as follows: (i) 65% on digital marketing, (ii) 15% on professional grade digital ads, (iii) 5% on branded merchandise (water clanks, notebooks, etc.), and (iv) 10% on paper marketing. In the event funds are not allocated at the end of a year, those funds will remain in the Brand Fund and will be used during a subsequent year.

4. *Local Advertising*

Recognizing the importance of promoting your Franchised Business within your Territory, you must expend a minimum of two percent (2%) of the Gross Sales of your Franchised Business each calendar month (based on the Gross Sales of the Franchised Business during the preceding calendar month) on local advertising and marketing. You must use only those materials that we have previously approved or designated, and we may require that you provide us with reports and other evidence of your local advertising expenditure each month. (Franchise Agreement, Section 12).

5. *Advertising Cooperatives and Franchisee Advisory Council*

Currently, we have not established an advertising cooperative or franchisee advisory council. We will have the right to change, modify or dissolve an advertising cooperative or franchisee advisory council (if created) at any time. (Franchise Agreement, Section 12).

E. Computer System

We have the right to specify or require that you use certain brands, types, makes, and/or models of computer hardware and software in connection with the Franchised Business, including without limitation: (i) a laptop or other computer that meets our System specifications and is capable of running accounting software such as QuickBooks; (ii) printers and other peripheral hardware/devices; (iii) a POS System we designate; (iv) other required software applications and programs; and (vii) Internet access mode and speed that meets our requirements; (collectively, the “Computer System”). We may also require you to use designated software in connection with the Computer System and Franchised Business.

We have the right, but not the obligation, to develop or otherwise designate: (i) computer software programs that you must use in connection with any component of the Computer System (the “Required Software”), which you must install at your sole expense; (ii) updates, supplements, modifications, or enhancements to the Required Software, which you must also install at your expense; (iii) the tangible media upon which you record data; and (iv) the database file structure of the Computer System. At our request, you must purchase or lease, and thereafter maintain, the hardware necessary to support Required Software. You agree, at your own expense, to keep your Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to your Computer System or Required Software as we direct from time to time in writing. (Franchise Agreement, Section 7.8.).

You will also be required to purchase approved accounting software for your Computer System, such as QuickBooks which costs approximately \$200. We may require you to enter into license agreements, with us or with third parties, to use certain software programs, including Microsoft Office Suite. We estimate that the cost to obtain your Computer System and any Required Software will be between \$2,000 and \$1,500, but it may be lower if you already have such hardware and software that meets our then-current standards. Thereafter, we estimate that the annual costs you will incur in maintenance and support contract,

as well as any upgrade to your Computer System and Required Software, will be approximately \$100 to \$150 each month.

We may require that your Computer System be programmed to automatically transmit data and reports about the operation of the Franchised Business to us. We have the right to independently access, monitor, and retrieve any data you input or collect electronically, including access to your Computer System or for any other purpose we deem necessary. You must deliver to us all access codes, static internet protocol ("IP") addresses and other information to facilitate our access to the data within 30 days of opening the Franchised Business (Franchise Agreement, Section 7.8).

We are the sole owners of all databases, lists, templates, programs and any other software components that have been created and/or customized by us using the Computer System and/or Required Software (the "Proprietary Software"). In the future, we may customize the Proprietary Software and create proprietary programs that conduct other activities. You are required to obtain the computer hardware that is necessary to implement the Proprietary Software and comply with all of our specifications and standards as provided in the Operations Manual. This Proprietary Software will be our proprietary product and the information collected from it will be our confidential information. (Franchise Agreement, Section 7.8).

You are required to participate in any System-wide computer network, intranet system, or extranet system that we implement and may be required to use the computer network, intranet system, or extranet system to, among other things: (i) submit your reports due under the Franchise Agreement to us on-line; (ii) view and print portions of the Operations Manual; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; and (v) to complete initial or ongoing training as we designate. You must use the computer network, intranet system or extranet system that strictly complies with the standards, protocols, and restrictions provided in the Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements. You will be solely responsible for any licensing and/or maintenance fee(s) associated with any intranet or extranet described above. (Franchise Agreement, Section 7.8).

F. Website and Internet Use

You must have and maintain adequate hardware and software in order to access the Internet at the bit speed we require from time to time. We have the right, but not the obligation, to establish and maintain a website that provides information about the System and the products and services offered by Steel Coated Floors franchises. If we exercise our right to create such a website, we will have sole discretion and control over it. We also have the right, but not the obligation, to create interior pages on our website(s) that contain information about your Franchised Business and other Steel Coated Floors locations. If we do create such a page, we may require you to prepare all or a portion of the page for the Franchised Business, at your sole expense, and may require you to use a template that we provide. (Franchise Agreement, Section 12).

Unless you obtain our prior written consent, you are prohibited from establishing or maintaining a separate website, or otherwise maintaining a splash page or other presence on the Internet through any social networking site in connection with the operation of your Franchised Business, including without limitation, Facebook, LinkedIn, YouTube, Instagram, Twitter, Plaxo and Pinterest, that uses any variation of the Proprietary Marks or references the System. If you seek and obtain our approval to create a separate website or other web presence, you must: (i) establish and operate the website according to our standards and policies as we describe in the Operations Manual or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create and/or modify your site(s). We may require you to update the content of any social media and/or networking site at the times and in the manner we decide. (Franchise Agreement, Section 12.2).

We have the right to modify our policies regarding both our and your use of Internet websites as we deem necessary or appropriate for the best interests of the System. We are currently the sole registrant of the domain name Steelcoatedfloors.com and we will be the sole registrant of any other domain names we decide to register in connection with the System in the future. You are prohibited from registering any domain name that contains words used in, or similar to, any trademark or service mark owned or used by us or our affiliate, or any colorable variation thereof (including any abbreviation, acronym, phonetic variation or visual variation). (Franchise Agreement, Section 12.2).

G. Provision of Services by Certain Third Parties

At our option, certain third parties may act as our representative in fulfilling certain of our obligations to you. Such obligations include, but are not limited to, site evaluation, training, supervision, advice and guidance with respect to operations, marketing, business procedures and compliance with any requirement of the System. Further, certain third parties may be responsible for monitoring and cooperating in the enforcement of your obligations under the Franchise Agreement.

ITEM 12
TERRITORY

Approved Location and Relocation

You will operate the Franchised Business at the Approved Location agreed upon by you and us. Your Approved Location may be a home office, provided that you have a quiet and organized work space. Additionally, you will need approximately 250 to 2,000 square feet of secure storage for inventory and equipment.

If you have such storage capabilities at home, then you do not need to acquire dedicated storage. If you do not have sufficient storage capabilities at home, you are permitted to rent storage space, but you are expected to do so in a public storage facility or private garage.

We may permit or require you to operate your Franchised Business from a separate office space if: (i) your primary residence is not located within the Territory; (ii) we determine that you are not operating your Franchised Business in a professional and organized manner from your home office; or (iii) you submit a request in writing to operate your Franchised Business from a separately leased office space, which meets our then-current standards. We reserve the right, but not the obligation, to review, inspect and approve your proposed office and storage space for the Approved Location.

You may relocate the Approved Location only with our prior written consent, which we will not unreasonably withhold provided that the proposed new location meets our then-current criteria for a Franchised Business and is located within your Territory.

Territory

We will grant you an exclusive Territory within which to develop your Franchised Business. The size of your Territory may vary from other System franchisees based on the location and demographics surrounding your Approved Location. Generally speaking, the number of people in a Territory can typically range from 200,000 to 300,000, which will be drawn by using geographical and/or political boundaries, such as counties, cities, zip codes, census tracts, travel related boundaries (i.e., roads, waterways, etc.) and/or a combination of these factors. Your Territory will not be modified by Franchisor for any reason so

long as you are not in default of your Franchise Agreement. With that said, there is no minimum Territory that we must award under a given Franchise Agreement.

Upon designating your Territory in your Franchise Agreement, neither we nor our affiliates will open or operate, or license any third-party franchisee the right to open or operate, a Franchised Business within your Territory. For this reason, your Territory is deemed “exclusive” under applicable franchise disclosure laws (subject to our reserved rights disclosed below in this Item).

You are required to purchase a minimum amount of Proprietary Epoxy Products from us or our affiliate(s) each calendar year, beginning the first calendar year after your Franchised Business has been open and operating for at least twelve (12) months, up to a maximum of \$25,000 per calendar year (per franchise/Territory awarded). If you fail to meet your purchasing requirement, we may send you a notice of default and may (i) terminate the franchise agreement, (ii) remove exclusivity from all or a portion of your Territory, or (iii) require you and/or any key role personnel we designate to attend Remedial Training.

Permitted Activities Within and Outside Territory

You are prohibited from directly marketing to or soliciting customers whose principal residence or business is outside of your Territory; however, you may sell products and provide services to customers located outside of your Territory, provided that: (a) the customer is not located in the Territory of another franchisee; (b) the customer initiates the contact with you; (c) you receive our express written consent; (d) no more than 15% of your total annual Gross Sales are derived from customers located outside of your Territory; and (e) you follow any applicable policies and procedures in our Manuals. Any work performed outside of your Territory that does not comply with these requirements constitutes a default under your Franchise Agreement and will result in you forfeiting all revenue received from the provision of such work. If you are provided with such notice and subsequently fail to comply with these territorial restrictions, then we may, in our sole discretion: (i) terminate your Franchise Agreement; (ii) remove exclusivity from all or a portion of your Territory; or (iii) require you, your management and any key role personnel we designate to attend Remedial Training as part of your cure actions.

Rights Reserved By Us

Generally

We and our affiliates also reserve the exclusive right to: (i) establish and operate, and license third parties the right to establish and operate, other Franchised Businesses using the Proprietary Marks and System at any location outside of the Territory; (ii) acquire, merge with, engage in joint ventures with, or otherwise affiliate with, and thereafter own and operate and franchise others the right to own and operate, any business of any kind, including businesses that offer products that are similar to those provided by your Franchised Business, within or outside your Territory; (iii) open and operate, or license third parties the right to open or operate, businesses that offer products and services similar to the Franchised Business under marks other than the Proprietary Marks at any location; and (iv) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited under your Franchise Agreement.

Alternate Channels of Distribution

We, our affiliates, or third parties may distribute our and our affiliates’ products and services in your Territory, including those already developed and those yet to be developed, through alternate channels of distribution that we may choose. These alternate channels of distribution may include, but are not limited

to, the sale and distribution of the products and services via the Internet and through joint marketing with partner companies under terms and conditions that we deem appropriate. This does not give you the right to: (i) to distribute such products or services; or (ii) to share in any of the proceeds that a party received through these alternate channels.

National Accounts and Franchisor Programs

We will have the exclusive right to negotiate and enter into agreements or approve forms of agreement to provide services to “National Accounts,” including National Accounts that you have solicited. You may not solicit any National Accounts outside of your Territory, or solicit any National Accounts within or outside of your Territory who are already under contract with us. The term “National Account” means any business or businesses under common control, ownership, or branding, which operate locations in or have undertaken construction projects in more than one designated territory, regardless of the volume of services or referrals. Any dispute as to whether a particular customer is a National Account will be determined by us in our sole discretion and our determination will be final and binding. Your compensation for sales made to National Accounts or customers referred by National Accounts will be subject to the terms of our agreement with that National Account.

Other Required Disclosures

The Franchise Agreement does not afford or provide you with any right or option to open and operate any additional Franchised Business and/or operate your Franchised Business within any additional Territory. Each Franchised Business – and corresponding Territory – you are awarded must be governed by its own specific form of Franchise Agreement.

Neither we nor any of our affiliates have established other franchises or company-owned outlets or another distribution channel offering or selling similar products or services under a different trademark. We have not established, nor do we presently intend to establish, other franchised or company-owned businesses that are similar to the Franchised Business and that sell our Approved Products and Approved Services under a different trade name or trademark, but we reserve the right to do so in the future without your consent.

ITEM 13 **TRADEMARKS**

Under your Franchise Agreement with us, you will be have a limited license to use the Proprietary Marks that we designate and license to you for use in connection with your Franchised Business, provided you use those marks in accordance with the terms of your agreement, Manuals and as we otherwise direct. We are the current owner of the following Proprietary Marks that registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

MARK	REGISTRATION NO.	REGISTRATION DATE
STEEL COATED FLOORS	6375826	June 8, 2021

We expect and intend to file all appropriate affidavits and other documents with the USPTO to maintain the federal registration(s) described above. We are not aware of any agreements in effect that significantly limit our right to use, or license the use of, the Proprietary Marks that are material to the franchise.

You must strictly comply with our standards, specifications, rules, requirements, and instructions regarding the use of the Proprietary Marks. The goodwill associated with our Proprietary Marks will remain our exclusive property, and you will receive no tangible benefit from our goodwill, except from the operation or possible sale of the Franchised Business during the term of the Franchise Agreement. Any increase in the goodwill associated with our Proprietary Marks during the term of the Franchise Agreement will benefit us. All rights to use our Proprietary Marks will automatically revert to us without cost and without the execution or delivery of any documents, upon the expiration or termination of your Franchise Agreement.

There is no litigation pending arising out of our Proprietary Marks, and we are not aware of any superior rights in, or infringing uses of, our Proprietary Marks that could materially affect your right to use these marks. Presently, there are not any effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, province, territory, or region, or any court adverse to our rights in the Proprietary Marks, nor are there any pending infringement, opposition or cancellation proceedings, or any material litigation, involving the Proprietary Marks. Lastly, besides the license agreement described above, there are no agreements in effect that significantly limit our right to use, or license the use of, the Proprietary Marks that are material to the franchise.

You may not use all or any portion of our Proprietary Marks as part of your company name and, without our prior written consent, as part of your trade name or “d/b/a”. You may not modify the Proprietary Marks with words, designs or symbols, except those that we license to you. You may not use our Proprietary Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. During the term of the Franchise Agreement and continuing after the expiration or termination of the Franchise Agreement, neither you nor any of your managers will, directly or indirectly, contest, challenge or assist in the contesting or challenging of, our right, title, ownership, or interest in our Proprietary Marks, trade secrets, methods, procedures, and advertising techniques that are part of our franchise System, or contest our sole right to register, use, or license others to use, our Proprietary Marks, trade secrets, methods, procedures, advertising techniques, and any other mark or name that incorporates the terms “Steel” or “Coated” or any design elements that are similar to those used in any of our Proprietary Marks.

You must immediately notify us, in writing, if you become aware of any unauthorized use of our Proprietary Marks or other proprietary information, and you must permit us to participate in any litigation involving you and our Proprietary Marks. We will take the action we think appropriate. We will indemnify, defend and hold you harmless in connection with any third-party claims that are brought against you that arise solely out of your authorized use of any Proprietary Marks in the manner we prescribe, provided you immediately notify us of the proceeding (within three (3) calendar days) and you have complied with our directions with regard to the proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel, unless we approve of your use of such counsel in writing prior to you engaging counsel. We will not reimburse you for disputes where we challenge your use of our Proprietary Marks.

You must modify or discontinue using any of the Proprietary Marks, and add new names, designs, logos or commercial symbols to the Proprietary Marks as we instruct. We may, at our sole discretion, impose changes whenever we believe the change is advisable. We do not have to compensate you for any costs you incur to make the changes we require. You will receive written notice of any change, and will be given a reasonable time to conform to our directions (including changing signage, marketing displays, trade dress and other advertising), at your sole expense.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not own any registered patents or pending patent applications that are material to the franchise. We do, however, claim common law copyright and trade secret protection for several aspects of the franchise System including our proprietary recipes and other confidential information, Manuals, training materials, advertising, and business materials.

There are no current determinations, proceedings or litigation involving any of our copyrighted materials. Should you become aware that any unauthorized third party is using any of our copyrighted materials, we request that you notify us of such unauthorized use. We may revise our System and any of our copyrighted materials in our discretion, and may require that you cease using any outdated copyrighted material. You will be responsible for printing any revised or new advertising, marketing or other business materials.

During the term of the Franchise Agreement you will receive information which we consider trade secrets and confidential information. You may not, during the term of the Franchise Agreement or any time after that, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any of these trade secrets, copyrighted materials, methods and other techniques and know-how concerning the operation of the Franchised Business (the “Confidential Information”). You may divulge such Confidential Information only to your employees who must have access to it in order to perform their employment obligations.

You must require your Designated Manager and any personnel having access to any of our Confidential Information to sign our then-current form of Confidentiality and Non-Competition Agreement that is attached to the Franchise Agreement as an Exhibit, where these individuals agree that they will maintain the confidentiality of information they receive in connection with their employment and restrict their right to work for a competitor while they are employed by you. This confidentiality agreement, which will be in a form that we prescribe, will identify us as a third-party beneficiary to the agreement and will give us independent enforcement rights.

The Franchise Agreement provides that if you, your employees, or principals develop any inventions, discoveries, and improvements, whether or not patentable or copyrightable, that are conceived or made by Franchisee or its employees or agents that are in any way related to the establishment or operation of the Franchised Business (collectively, the “Improvements”), you must disclose those Improvements to us and all such Improvements will automatically and without further action be owned by us without compensation to you (including all intellectual property rights therein). Whenever requested to do so by us, you will execute any and all applications, assignments, or other instruments that Franchisor may deem necessary to apply for and obtain intellectual property protection or to otherwise protect Franchisor’s interest therein. These obligations shall continue beyond the termination or expiration of this Agreement. If a court should determine that Franchisor cannot automatically own certain of the Improvements that may be developed, then Franchisee hereby agrees to grant Franchisor a perpetual, royalty-free worldwide license to use and sublicense others to use such Improvements.

We may revise any of our copyrighted materials at our discretion, and may require that you cease using any outdated item or portion of the Manuals.

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

You (or at least one of your principals if you are a corporation or partnership) must personally supervise the day-to-day operations of the Franchised Business. You must devote your personal full-time attention and best efforts to the management and operation of the Franchised Business. You may, however, delegate the day-to-day operation of your Franchised Business to a designated manager (the “Designated Manager”). We must approve your Designated Manager and your Designated Manager must successfully complete our initial training program before assuming any managerial responsibility. The Designated Manager is not permitted to seek or maintain other employment or engage in any other business activities during the term of the Franchise Agreement.

Your Franchised Business must, at all times, be staffed with at least one individual who has successfully completed our initial training program. You will keep us informed at all times of the identity of any employee acting as Designated Manager of the Franchised Business. The Designated Manager, however, is not required to have an ownership interest in your Franchised Business. Each of your employees, as well as members of their immediate families, is required to sign a Confidentiality and Non-Compete Agreement in the form attached as an Exhibit to the Franchise Agreement prior to hiring. If you are an entity, each of your principal owners must sign the Personal Guaranty that is attached as an Exhibit to the Franchise Agreement.

You will be solely responsible for all personnel decisions associated with the operations of your Franchised Business, including those decisions related to hiring, firing, scheduling, advancement and/or compensation. Nothing in the Franchise Agreement or franchise being offered in this Disclosure Document will, or may be construed to, create any kind of employer or joint employer relationship between (a) you and your Franchised Business personnel, and (b) us.

ITEM 16
RESTRICTION ON WHAT THE FRANCHISEE MAY SELL

You may only offer the Approved Products and Services that we expressly approve for your Franchised Business. You may not offer or sell any other products or services for sale without having received our prior written authorization. You may not offer or sell any products or services that do not meet our then-current standards and specifications. We may supplement, revise and/or modify our Approved Products or Services as we deem appropriate from time to time, as well as our System standards and specifications associated with the provision of these products/services. These changes will be outlined in our Manuals or otherwise in writing, and there are no contractual limitations on our right to make these types of changes. You must offer and sell all private label products and items which we may now or in the future designate for sale by System franchisees.

If we discontinue any Approved Product or Service offered by the Franchised Business, then you must cease offering or selling such product/service within a reasonable time, unless such product/service represents a health or safety hazard (in which case you must immediately comply upon receipt of notice from us).

You must operate the Franchised Business in accordance with all applicable laws and regulations, and in accordance the requirements of any lease or sublease you may enter into. You may not conduct any other business at the Approved Location without our prior written consent.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

	Provision	Article in Franchise Agreement	Summary
a.	Length of the franchise term	2.1	Term is 5 years from effective date of the Franchise Agreement
b.	Renewal or extension of the term	2.2	You have the right to renew for one (1) additional five (5) year term, subject to meeting certain conditions.
c.	Requirements for franchisee to renew or extend	2.2.1 through 2.2.9	You must: (i) provide notice of your renewal no fewer than ninety (90) days and no greater than one hundred eighty (180) days prior to the end of the term; (ii) demonstrate to our satisfaction that you have the right to operate the Franchised Business at the Approved Location for the duration of the renewal term or, if you are unable to continue operating at the Approved Location, secure a substitute location that is acceptable to us; (iii) complete to our satisfaction, no later than ninety (90) days prior to expiration of your then-current term, all maintenance, refurbishing, renovating, updating and remodeling of the Franchised Business premises (whether or not a home office or storage space), as well as any updated to require hardware and software, as necessary to bring the Franchised Business and all equipment into full compliance with our then-current System standards and specifications for new franchisees; (iv) not be in breach of any provision of the Franchise Agreement, or any other agreement with us, our affiliates, approved/designated suppliers and vendors, and also have been in substantial compliance with these agreements during their respective terms; (v) satisfy all monetary obligations you have to us, our affiliates, and approved or designated suppliers/vendors; (vi) execute our then-current form of franchise agreement, the terms of which may materially vary from the terms of your current Franchise Agreement; (vii) satisfy our then-current training requirements for renewing franchisees at your sole expense, if any, as of the date of such renewal; (viii) execute a general release in favor of us and our affiliates in the form we prescribe; and (ix) pay a renewal fee.
d.	Termination by Franchisee	Not Applicable.	Not Applicable.
e.	Termination by franchisor without cause	Not Applicable.	Not Applicable.
f.	Termination by franchisor with cause	15.1 through 15.4	We may terminate your agreement upon your default and, in some instances, failure to cure. Termination is effective upon delivery of written notice, except as otherwise provided in the Franchise Agreement.

			<p>conduct that materially impairs the goodwill associated with the System or Proprietary Marks and fails to cease and correct such activities or conducts within twenty-four (24) hours of being notified of this breach; (iv) if you or your principals make any misrepresentation or omission in connection with your franchise application, including but not limited to any financial misrepresentation; (v) if you fail to complete the Initial Training Program in the time period prescribed in Section 8 of the Franchise Agreement; (vi) if we send you two (2) or more written notices to cure any of the defaults set forth in Sections 15.3 and 15.4 of the Franchise Agreement in any twelve (12) month period, regardless of whether or not you subsequently cure these defaults; (vii) if you or your principal(s) materially breach any other agreement with us or our affiliates, or threaten any material breach of these agreements, or any lease for the Approved Location, and fail to cure such breach within the prescribed time period set forth in that agreement; (viii) your or your principals misuse of our Proprietary Marks or Confidential Information in any manner; (ix) your violation of any law, ordinance or regulation, as well as your operation of the Franchised Business in a manner that presents a health or safety hazard to Steel Coated Floors clients or the general public; (x) your violation of the any of the restrictive covenants set forth in the Franchise Agreement; (xi) if a levy or writ of attachment or execution or any other lien is placed against you or any of your principals or any of their assets which are not released or bonded against within thirty (30) days; (xii) insolvency of you or your principals; (xiii) if you voluntarily or otherwise abandon the Franchised Business for a period of five (5) consecutive business days, or take any other action that constitutes an abandonment as defined in the Franchise Agreement; (xiv) if you offer any unauthorized or unapproved products or services at or from the Franchised Business; (xv) if you order or purchase supplies, signs, furnishings, fixtures, equipment or inventory from an unapproved supplier; (xvi) you misuse, or make unauthorized use of, any Proprietary Software that we may develop; (xvii) your failure to maintain the required insurance or repay us for insurance we paid for you, or otherwise fail to comply with the requirements set forth in Section 9 of the Franchise Agreement; (xviii) if you fail, within fifteen (15) calendar days after notification of non-compliance by federal/state/local government authorities, to comply with any law or regulation applicable to the Franchised Business; (xix) if the government takes any action against you that results in an obligation upon us that we believe is uneconomical, not in our best interest, or which would result in having an unintended relationship or obligation; (xx) if you fail to comply with the anti-terrorism provision set forth in the Franchise Agreement (Section 22.7); (xxi) if you take any assets or property of the Franchised Business for personal use; and (xxii) if there are insufficient funds</p>
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			in your EFT bank account to cover any payment to Franchisor three (3) or more time in any twelve (12) month period.
i.	Franchisee's obligations on termination/non-renewal	16	Upon termination or expiration of the Franchise Agreement, your obligations include: (i) immediately cease all operations of the Franchised Business; (ii) immediately pay all amounts owed to us, our affiliates and our major suppliers and vendors; (iii) immediately discontinue using the Proprietary Marks; (iv) within ten (10) days, return all proprietary materials, including the Operations Manual, confidential information and any other materials displaying our Proprietary Marks, to us and allow us and permanently cease all use of these materials; (v) immediately cease use of all telephone and facsimile numbers, and related listing, as well as any permitted domain names and/or social media pages, that were used in connection with the Franchised Business (collectively, the "Assigned Property") and take all necessary steps to assign the Assigned Property to us or our designee; (vi) within ten (10) days, return all stationery, printer matter, signs, advertising materials and other items containing our Proprietary Marks; (vii) cease holding yourself or the Franchised Business out as part of our System; (viii) cease all contact with Steel Coated Floors clients; (ix) take all actions necessary to amend or cancel any assumed name, business name or equivalent registration that contains any trade name or Proprietary Mark, and furnish evidence to us that you have complied with this obligation within fifteen (15) days; (x) permit us to make a final inspection of your financial records, books and other accounting records within one (1) month of the termination/expiration of your Franchise Agreement; (xi) comply with your post-term restrictive covenants set forth in Section 17 of the Franchise Agreement; (xii) cease advertising or using in other any other manner any methods, procedures or techniques associated with us or the System; and (xiii) execute from time to time any necessary papers, documents, and assurances to effectuate Section 16 of the Franchise Agreement.
j.	Assignment of contract by franchisor	14.5	There are no restrictions on our right to sell, transfer, or assign the Franchise Agreement.
k.	"Transfer" by franchisee – defined	14.1 and 14.4	A sale, transfer or assignment requiring our prior written consent occurs: (i) if you are a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of your voting stock or any increase in the number of outstanding shares of your voting stock which results in a change of ownership; (ii) if you are a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if you are a limited liability company, upon the assignment, sale, pledge or transfer or any ownership interest in the limited liability company.
l.	Franchisor approval of transfer by franchisee	14.1 and 14.4	You may not transfer any rights in the franchise without our prior written consent. We have the right to condition our approval of any sale, transfer, assignment or encumbrance as described below.

m.	Conditions for franchisor approval of transfer	14.3.2.1 through 14.3.2.17	<p>Our approval of a proposed transfer is conditioned upon the satisfaction of the following conditions, as applicable: (i) all of your accrued monetary obligations to us, our affiliates, suppliers, and vendors have been paid; (ii) you have cured all existing defaults under the Franchise Agreement, and any other agreement with us our affiliates and designated/approved suppliers, within the time period permitted for cure and have substantially complied with these agreements during their respective terms; (iii) you and your principals and the transferee (if it had any prior relationship with us or our affiliates) must execute a general release under seal in favor of us and our affiliates (including our officers, directors, shareholders and employees, in their corporate and individual capacities) in the form we prescribe; (iv) you or the transferee has provided us with a copy of the executed purchase agreement for the Franchised Business, as well as all other documents relevant to the transaction, and we agree to the terms of the agreement; (v) transferee must satisfactorily demonstrate to us, in our sole discretion, that it meets our educational, managerial and business standards to operate the Franchised Business, and also possesses good moral character, business reputation and credit rating; transferee has adequate financial resources and capital to perform under the Franchise Agreement; transferee is not in the same business as us as licensor, franchisor, independent operator or licensee of any other business that is similar to the Franchised Business, except that the transferee may be an existing Franchised Business franchisee; (vi) transferee must execute our then-current form of franchise agreement, which may contain materially different terms than your Franchise Agreement, and assume a full term as set forth in the then-current form of franchise agreement for new franchisees; (vii) you or transferee must pay us a transfer fee that is equal to the greater of \$5,000 or 10% of the sale price for the Franchised Business; (viii) transferee must satisfactorily complete our Initial Training Program at its own expense within the time frame we set forth; (ix) you, your principals and members of their respective immediate families must comply with the post-termination provisions of the Franchise Agreement; (x) transferee must obtain and maintain all permits and licenses required for the operation of the Franchised Business within the time limits we set; (xi) if you are operating from a lease location, the lessor of that location must approve the assignment of the lease to the transferee; (xii) the transfer must comply with any state and federal laws that apply to the transfer; (xiii) you must insure that all projects in progress at the time of the transfer will be continued without interruption, and the transferee must promptly notify all current customers of the change in ownership; (xiv) you must request that we provide the transferee with our current form of disclosure documents; and our approval of your transfer does not constitute a waiver of any claims we might have against you; (xv) our approval of your transfer does not constitute a waiver of any claims we might have against you; (xvi) we may</p>
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		14.4	<p>disclose to any prospective transferee financial information concerning you and your Franchised Business which you have supplied to us under the Franchise Agreement; and (xvii) we may withhold or condition our consent to any transfer as we deem appropriate based on the circumstances of the transfer or otherwise.</p> <p>You do not need to pay a transfer fee and our right of first refusal will not apply if you are an individual and you wish to transfer the Franchise Agreement to a corporation or limited liability company, provided the following conditions are met: (i) the business entity is newly organized and its activities are confined to operating the Franchised Business; (ii) you remain, at all times, the owner of at least fifty-one percent (51%) of the outstanding shares of the corporation or limited liability company; (iii) the business entity agrees to assume all of your obligations under the Franchise Agreement; and (iv) all stockholders of the corporation, or members of the limited liability company, personally guarantee all of the transferee entity's obligations under the Franchise Agreement will be performed.</p>
n.	Franchisor's right of first refusal to acquire franchisee's interest	14.3.1	<p>We have the right to match any bona fide third-party offer to buy your franchise rights, assets or controlling interest that is the subject of a proposed transfer (other than a transfer from an individual franchisee to a business entity as described in Section 14.4, or a transfer as a result of the death, permanent disability or incapacitation as set forth in Section 14.2). If the third party offers to buy your Franchised Business with property or other consideration, we will be entitled to offer cash or cash equivalents equal to the fair market value of the property or other consideration. We may exercise this right of first refusal within thirty (30) days of the date you provide us with a copy of the third-party offer and any other information that we request. If we do not exercise this option, you must complete the transfer to the third-party within sixty (60) days, subject to the conditions set forth in Section 14.3.2. Any material change in the terms of the offer shall be considered to be a new proposal subject to our right of first refusal.</p>
o.	Franchisor's option to purchase franchisee's business	16.2	<p>Upon the termination or expiration of the Franchise Agreement, we may purchase personal property used in connection with the operation of the Franchised Business by: (i) providing you with notice of our election to do so within sixty (60) calendar days of the expiration/termination of your Franchise Agreement; and (ii) pay you the book value for such personal property within sixty (60) days of providing you with this notice.</p>
p.	Death or disability of franchisee	14.2.1	<p>Upon the death, disability, physical or mental incapacity of any person with an interest in the Franchise Agreement, the franchisee, or in all or substantially all of the assets of the Franchised Business, the personal representative of such person shall have the right to continue operation of the Franchised Business if: (i) within one hundred eighty (180) days from the</p>

		14.2.2	<p>death/disability/incapacity (the “180 Day Period”), the representative has obtained our prior written approval and has executed our then-current form of franchise agreement for the unexpired terms of the franchise, or has otherwise furnished a personal guaranty of any business entity franchisee’s obligations to us and our affiliates; and (ii) this person successfully completes our then-current Initial Training Program, which will be provided at our then-current training tuition rate.</p> <p>We may, but are not obligated to, operate the Franchised Business during the 180-day period following the death/incapacity/disability, and we may pay ourselves a reasonable amount to reimburse us for providing management services and our other costs.</p>
q.	Non-Solicitation and Non-Competition covenants during the term	17.1	<p>During the term of the Franchise Agreement, neither you, nor your owners, officers, directors, principals, Designated Managers, or any employee, nor any member of the their immediate families may directly or indirectly: (i) own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business that, directly or indirectly, by itself or through licensees or franchisees, offers flooring products or services, or any other products and/or services authorized or offered for sale by System franchisees (“Competitive Business”), provided that Section 17.1.1 does not apply to your ownership of a Franchised Business under a Franchise Agreement with us; and/or (ii) solicit any current, former, or prospective Steel Coated Floors client solicited by your Franchised Business or any other Steel Coated Floors client that you become aware of as a result of access to our System and other franchisees, and attempt to provide such Steel Coated Floors client with competitive services.</p>
r.	Non-competition covenants after the franchise is terminated or expires	17.2	<p>For a period of two (2) years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, your owners, officers, directors, principals, or employees, nor any member of the immediate family of you or your owners, officers, directors, principals, or employees may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation: (i) own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any Competitive Business within (a) the Territory, (b) a 25-mile radius of the Territory or (c) a 25-mile radius of any other protected territory franchised or licensed by us to a Steel Coated Floor Business or any Steel Coated Floor Business we operate, provided that this does not apply to your ownership of a Franchised Business under a Franchise Agreement with us; and/or (ii) solicit any current, former, or prospective Steel Coated Floors client solicited by your Franchised Business or any other Steel Coated Floors client that you have become aware of as a result of access to our System and other franchisees, for any competitive</p>

			purpose.
s.	Modification of the agreement	22.1	The Franchise Agreement may not be modified except by a written agreement that both of us sign.
t.	Integration/merger clause	22.1	Only the terms of the Franchise Agreement and the Franchise Disclosure Document are binding (subject to state law). Any representations or promises made outside of the disclosure document and franchise agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations we made in this Disclosure Document.
u.	Dispute resolution by mediation and arbitration	18.2 18.3 18.3.1	<p>All claims arising under the Franchise Agreement must first be brought to our President or CEO to determine whether the dispute can be resolved by Internal Dispute Resolution at our corporate headquarters.</p> <p>At our option, any disputes and claims that are not resolved by Internal Dispute Resolution must, at our option, be submitted to mediation. The mediation will take place in Ogden, Utah, under the auspices of the American Arbitration Association (“AAA”) in accordance with the AAA’s Commercial Mediation Rules then in effect. Before commencing any legal action against us or our affiliates with respect to any such claim or dispute, you must submit a notice to us, which specifies, in detail, the precise nature and grounds of such claim or dispute. We will have a period of thirty (30) days following receipt of such notice within which to notify you as to whether we or our affiliates elect to exercise the option to submit such claim or dispute to mediation.</p> <p>Franchisee may not commence any action against us or our affiliates with respect to any such claim or dispute in any court unless we fail to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by us. Our right to mediation, as set forth herein, may be specifically enforced by us. Each party shall bear its own cost of mediation, except that we will share the mediator’s fees with you equally. This agreement to mediate will survive any termination or expiration of the Franchise Agreement.</p> <p>The parties shall not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in Section 18.3 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (i) any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information; (ii) any claims pertaining to or arising out of any warranty issue; or (iii) any of the restrictive covenants contained in this Agreement.</p>

v.	Choice of forum	Article 18.4	All claims not subject to mediation must be brought before a court of general jurisdiction in Weber County, Utah, or the United States District Court for the District of Utah. You consent to the personal jurisdiction and venue of any court of general jurisdiction in Weber County, Utah, and the United States District Court for the District of Utah (subject to state law).
w.	Choice of law	Article 18.1	The franchise agreement is governed by the laws of the State of Utah (subject to state law).

ITEM 18 **PUBLIC FIGURES**

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

ITEM 19 **FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing 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.

BACKGROUND

In Part I of this Item 19, we disclose the following information: (i) the average and median Gross Sales achieved by six (6) System franchisees, which operated in a total of 11 Territories during the 2020 calendar year (the "2020 Measurement Period"); (ii) the average and median Gross Sales achieved by eight (8) System franchisees, which operated in a total of 24 Territories during the 2021 calendar year (the "2021 Measurement Period"); and (iii) the average and median Gross Sales achieved by 13 System franchisees, which operated in a total of 25 Territories during the 2022 calendar year (the "2022 Measurement Period").

In Part I, we excluded (i) four (4) System franchisees operating in a total of six (6) Territories since those franchisees did not operate during the entire 2020 Measurement Period, (ii) seven (7) System franchisees operating in a total of ten (10) Territories since those franchisees did not operate during the entire 2021 Measurement Period, and (iii) one (1) franchisee operating in a total of three (3) Territories since this franchisee received an assignment of the territories during the 2022 Measurement Period and otherwise did not operate the entire 2022 Measurement Period. All of the System franchisees excluded during the Measurement Periods were new franchisees and not franchisees adding an additional Territory.

If one of the System franchisees started out a Measurement Period operating a single Franchised Business and then acquired additional franchised Territories (each of which must be governed by its own form of franchise agreement with us and constitutes its own franchise) at some point in that Measurement Period, the Chart in Part I of this Item discloses the total number of franchised Territories that the System franchisees had as of the end of the Measurement Period at issue, even though the System franchisee was not actively operating in such additional territory(ies) for the entire Measurement Period.

In Part II of this Item, we disclose the Gross Sales generated by the Business that is owned and operated by our affiliate (the “Affiliate Business”) over the 2020, 2021, and 2022 Measurement Periods, along with certain other key performance indicators regarding: (i) the average number of “man hours” (which we refer to as “Labor Hours”) that was incurred per client project (each, a “Client Project”); and (ii) the average amount expended on the inventory and other materials per Client Project, over each of these Measurement Periods. Part II only discloses these additional key performance indicators for the Affiliate Business because the System Franchisees were not required to provide us with this level of detail or information about their respective Franchised Business(es) in the form/format disclosed below.

This information was recorded and reported to us by the owners of the Affiliate Business and the Franchised Businesses being disclosed in this Item and the data disclosed in this Item is based on the historical performance of each of the Franchised Business.

We have not independently audited this information. We believe that this data has been compiled using generally accepted accounting principles, no assurance can be offered that the data does not contain inaccuracies that an audit might disclose. Importantly, the success of your franchise will depend largely upon your individual abilities and your market, and the financial results of your franchise are likely to differ, perhaps materially, from the results summarized in this Item.

Written substantiation of the data used in preparing this information will be made available upon reasonable request.

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

Part I: Average and Median Gross Sales¹ Generated Over Each Measurement Period Amongst System Franchisees that Were Actively Operating at Start of that Measurement Period and Related Disclosures

Measurement Period	Number of System Franchisees in Group	Total Franchised Territories that System Franchisee(s) Were Operating at End of Calendar Year	Average Gross Sales per System Franchisee (and # of Franchisees that Met or Exceeded Average)	Median Gross Sales Amongst Franchisees (and # of Franchisees that Met or Exceeded Average)
2020	6	11	\$151,121 (3 or 50%)	\$168,209 (3 or 50%)
2021	8	24	\$211,123 (3 or 37%)	\$188,360 (4 or 50%)
2022	14	31	\$186,799 (4 or 29%)	\$126,026 (7 or 50%)

Part II: Gross Sales Generated by the Affiliate Business, as well as Number of Client Projects, Average Labor Hours per Client Project and Average Cost of Materials per Client Project, over each Measurement Period

Year	Gross Sales¹	Number of Client Projects²	Average Labor Hours per Client Project³	Average Cost of Materials per Client Project⁴
2020	\$309,400	65	12.75	\$1,125
2021	\$411,642	72	13.25	\$1,265
2022	\$461,000	73	10	\$1,425

Notes to Parts I and II Above:

1. **Definition of Gross Sales.** “Gross Sales” shall include all revenue from the sale of all flooring products and performance of epoxy flooring services (cleaning, preparation, application, and sealing of the floor), whether in the form of cash, credit, barter or rebates, and regardless of collection in the case of credit, and income of every kind and nature related to the business, including any consideration that the business receives from third-party vendors/suppliers. The term Gross Sales does not include: (i) any revenue from other products sold or services offered by the business which are not part of the Approved Products and Services offered under this Disclosure Document; and (ii) the amount of any applicable sales tax imposed by any federal, state, municipal or other governmental authority if these taxes are stated separately when the customer is charged and you pay these amounts as and when due to the appropriate taxing authority. Also excluded from Gross Sales are the amount of any documented refunds, chargebacks, credits and allowances given to customers in good faith. All barter and exchange transactions for which Franchisee furnishes services or products in exchange for goods or services to be provided to Franchisee by a vendor, supplier or customer will be valued at the full retail value of the goods or services provided to Franchisee.

2. **Client Project.** Each “Client Project” includes the cleaning, preparation, application, and sealing of customers’ floors. Each Client Project included in and accounted for in the Charts above involved the provision of the Approved Services and Approved Products that our System franchisees are currently authorized to provide as of the Issuance Date under their respective form(s) of franchise agreement.

3. **Labor Hours.** “Labor Hours” means the total number of hours necessary for all individuals working on a given job, in aggregate, to complete the job from start to finish.

4. **Cost of Materials.** Cost of Materials include all costs actually incurred by the Principal-Owned Business acquiring the epoxy, various tools and all other supplies necessary to provide the Approved Services.

5. **Average Gross Sales.** “Average” which is also known as the “mean,” is calculated by taking the sum of all generated and dividing that number by the number of data points in that set. Here, we took the sum of all Gross Sales generated and divided that number by the number of franchisees.

6. **Median Gross Sales.** “Median” means the data point that is in the center of all data points used. That number is found by examining the total number of data points and finding the middle number in that set. In the event the number of data points is an odd number, the median will be the center number. If the dataset contains an even number of data points, the median is reached by taking the two numbers in the middle, adding them together, and dividing by two. Here, we calculated the Median Gross Sales by taking

the Gross Sales generated by each franchisee and selecting the data point that was in the center of all data points.

GENERAL NOTES TO ITEM 19

1. You should not use the information set forth in the above charts as an indication of how well your franchise will do. Actual results vary from business to business, and we cannot estimate the performance of any existing or contemplated Franchised Business.

2. The Affiliate Business has been operated by our principal in the area of Ogden, Utah since 2005. Due to the operational history of the Affiliate Business, the brand may have a reputation that does not currently exist elsewhere in the country. With that said, the Affiliate Business did not commence operating under the Proprietary Mark STEEL COATED FLOORS until the start of the 2019 calendar year.

3. The Affiliate Business does not have a franchise agreement or license agreement with Steel Coated Floors Franchising, LLC. Accordingly, our affiliate does not pay us a royalty fee, brand fund contribution, or other ongoing fee that would be required for a franchised business operating pursuant to our current form of Franchise Agreement that you will be required to enter into with us.

4. In addition to epoxy coatings, the Affiliate Business also offers painting services in connection with a wide range of projects including new construction, remodels, additions, basements, repaints, garages, and large commercial projects. Client Projects comprised solely of these additional services and products were not included in this financial performance representation, and all Gross Revenue derived from the sale of these additional products and services was excluded from the data reported in the chart above.

5. With regards to Part II of this Item, please be advised that the Affiliate Business was open and operating prior to the 2019 Measurement Period. Accordingly, the Affiliate Business did not incur various other pre-opening expenses that you might incur in connection with the development of a new Franchised Business at any time during the 2020, 2021 and 2022 Measurement Periods.

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 our President, Manuel Cypers, at 1295 E 5600 S, Ogden, Utah 84403 or by phone at 615-230-5966, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1
System-Wide Outlet Summary
For Fiscal Years 2020, 2021, and 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	8	17	+9
	2021	17	34	+17
	2022	34	34	0
Company-Owned or Affiliate-Owned	2020	1	1	0
	2021	1	1	0
	2022	1	1	0
Total Outlets*	2020	9	18	+9
	2021	18	35	+17
	2022	35	35	0

*For purposes of this Item, each “Territory” is considered a franchised “Outlet” that is subject to its own, distinct form of franchise agreement with us.

Table 2
Transfers of Outlets from Franchisees to New Owners (other than Franchisor)
For Fiscal Years 2020, 2021, and 2022

State	Year	Number of Franchise Agreement Transfers
AZ	2020	0
	2021	1
	2022	0
ID	2020	0
	2021	0
	2022	3
UT	2020	0
	2021	2
	2022	3
Total	2020	0
	2021	3
	2022	6

Table 3
Status of Franchised Outlets
For Fiscal Years 2020, 2021, 2022

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non-Renewals	Re-Acquired By Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Arizona	2020	0	1	0	0	0	0	1
	2021	1	3	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Florida	2020	0	1	0	0	0	0	1
	2021	1	5	0	0	0	0	6
	2022	6	0	0	0	0	0	6
Idaho	2020	0	0	0	0	0	0	0
	2021	0	3	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Indiana	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Louisiana	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New Hampshire	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Nevada	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
North Carolina	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
South Carolina	2020	0	0	0	0	0	0	0
	2021	0	2	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Utah	2020	5	5	0	0	0	0	10
	2021	10	0	0	0	0	0	10
	2022	10	0	0	0	0	0	10
Virginia	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Wyoming	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Total	2020	8	9	0	0	0	0	17
	2021	17	17	0	0	0	0	34
	2022	34	0	0	0	0	0	34

Table 4
Status of Company-Owned and Affiliate-Owned Outlets
For Fiscal Years 2020, 2021 and 2022

State	Year	Outlets at the Start of the Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Utah	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Total	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1

Table 5
Projected Openings as of December 31, 2022

State	Franchise Agreement Signed But Facility Not Opened	Projected Franchise Openings in the Next Fiscal Year	Projected Company Openings in the Next Fiscal Year By Us
AZ	0	1	0
FL	0	1	0
UT	0	1	0
TOTAL	0	3	0

ITEM 21 **FINANCIAL STATEMENTS**

Exhibit A to this Disclosure Document contains our audited financial statements as of our last three (3) fiscal years ending December 31, 2022, December 31, 2021 and December 31, 2020, respectively. Our fiscal year end is December 31 of each year.

ITEM 22 **CONTRACTS**

The following agreements and other required exhibits are attached to this Disclosure Document in the pages immediately following:

- Exhibit B - Franchise Agreement (and exhibits)
- Exhibit E – State Addenda to the FDD and Franchise Agreement
- Exhibit G – Sample Termination and Release Agreement
- Exhibit H – Franchisee Certification/Compliance Questionnaire

ITEM 23
RECEIPTS

Exhibit J of this Franchise Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipts. You should retain one signed copy for your records and return the other signed copy to: Steel Coated Floors Franchising, LLC, 1295 E 5600 S, Ogden, Utah 84403, Attn: Manuel Cypers.

EXHIBIT A
TO THE
STEEL COATED FLOORS FRANCHISE DISCLOSURE DOCUMENT
FINANCIAL STATEMENTS

Steel Coated Floors Franchising, LLC

Financial Statements and Report

As of December 31, 2022 and 2021
and For the Years Ended
December 31, 2022, 2021 and 2020

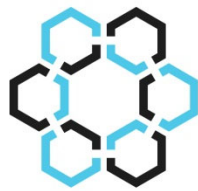


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Steel Coated Floors Franchising, LLC

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INDEPENDENT AUDITORS' REPORT

To the Members of
Steel Coated Floors Franchising, LLC
Ogden, Utah

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Steel Coated Floors Franchising, LLC (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, changes in members' capital, and cash flows for the years ended December 31, 2022, 2021 and 2020, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years ended December 31, 2022, 2021 and 2020 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 (GAAS). 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 [Entity Name] 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 for one year after the date that the financial statements are 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 GAAS 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 GAAS, we:

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

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

A handwritten signature in black ink that reads "Linked Accounting, LLP". The signature is written in a cursive, flowing style.

Linked Accounting, LLP
Kaysville, Utah
January 20, 2023

Steel Coated Floors Franchising, LLC
Balance Sheets as of
December 31, 2022 and 2021

	December 31, 2022	December 31, 2021
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 220,784	\$ 153,165
Accounts receivable, net	41,618	51,462
Notes receivable, current	51,983	85,750
Total Current Assets	<u>314,385</u>	<u>290,377</u>
Other Assets		
Notes receivable, net of current	68,317	169,619
Equipment, net	2,792	4,092
Trademark	2,247	2,247
Total Assets	<u><u>\$ 387,741</u></u>	<u><u>\$ 466,335</u></u>
LIABILITIES AND MEMBERS' CAPITAL		
Current Liabilities		
Accounts payable	\$ 3,086	\$ 6,855
Accounts payable, related party	4,350	-
Deferred franchise fee revenue, current	74,357	89,645
Total Current Liabilities	<u>81,793</u>	<u>96,500</u>
Deferred franchise fee revenue, net of current	122,328	237,021
Total Liabilities	204,121	333,521
Members' Capital	<u>183,620</u>	<u>132,814</u>
Total Liabilities and Members' Capital	<u><u>\$ 387,741</u></u>	<u><u>\$ 466,335</u></u>

Steel Coated Floors Franchising, LLC
Statements of Operations
For the Years Ended December 31, 2022, 2021 and 2020

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Revenue			
Product sales	\$ 83,379	\$ 235,424	\$ 170,883
Initial franchise fees	176,241	290,000	126,262
Royalties	293,290	222,143	88,177
Other revenue	-	6,919	2,514
Total Revenue	<u>552,910</u>	<u>754,486</u>	<u>387,836</u>
Cost of Goods Sold	<u>52,678</u>	<u>326,334</u>	<u>209,793</u>
Gross Profit	500,232	428,152	178,043
Operating Expenses			
Advertising, promotion and marketing	68,647	71,040	48,088
Professional services	23,566	25,618	13,400
Travel expense	6,781	9,819	4,822
Insurance expense	4,389	2,888	-
Merchant fees	2,076	606	4,612
Depreciation expense	1,300	1,300	1,108
Software costs	647	2,984	3,066
Training	-	24,500	16,574
Convention costs	3,589	8,716	6,000
Other	4,147	15,473	10,920
Total Operating Expenses	<u>115,142</u>	<u>162,944</u>	<u>108,590</u>
Operating Income	385,090	265,208	69,453
Other Income (Expenses)			
Interest income	4,583	5,149	109
Interest expense	(2,166)	(846)	(99)
Bad debt expense	(51,512)	-	-
Other income (expense)	883	(808)	5,000
Other Income (Expense)	<u>(48,212)</u>	<u>3,495</u>	<u>5,010</u>
Net Income	<u><u>\$ 336,878</u></u>	<u><u>\$ 268,703</u></u>	<u><u>\$ 74,463</u></u>

Steel Coated Floors Franchising, LLC
Statements of Members' Capital
For the Years Ended December 31, 2022, 2021 and 2020

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Members' Capital, Beginning of Year	\$ 132,814	\$ 22,311	\$ (52,152)
Net income	336,878	268,703	74,463
Member distributions	(286,072)	(158,200)	-
Members' Capital, End of Year	<u>\$ 183,620</u>	<u>\$ 132,814</u>	<u>\$ 22,311</u>

See accompanying notes to audited financial statements.

Steel Coated Floors Franchising, LLC
Statements of Cash Flows
For the Years Ended December 31, 2022, 2021 and 2020

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 336,878	\$ 268,703	\$ 74,463
Adjustments to reconcile net income to net cash used in operating activities:			
Depreciation expense	1,300	1,300	1,108
Bad debt expense	51,512	-	-
Changes in operating assets and liabilities:			
Accounts receivable	(31,096)	(39,122)	(6,397)
Accounts payable	(3,769)	(418)	5,798
Accounts payable, related party	4,350	(2,171)	2,171
Deferred franchise fee	(91,646)	(66,072)	594
Net cash provided by operating activities	267,529	162,220	77,737
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments received on notes receivable	86,162	50,071	15,733
Purchase of equipment	-	-	(6,500)
Net cash provided by investing activities	86,162	50,071	9,233
CASH FLOWS FROM FINANCING ACTIVITIES			
Member distributions	(286,072)	(158,200)	-
Net cash used in financing activities	(286,072)	(158,200)	-
Net change in cash and cash equivalents	67,619	54,091	86,970
Cash and cash equivalents, beginning of year	153,165	99,074	12,104
Cash and cash equivalents, end of year	<u>\$ 220,784</u>	<u>\$ 153,165</u>	<u>99,074</u>

See accompanying notes to audited financial statements.

Steel Coated Floors Franchising, LLC
Statements of Cash Flows
For the Years Ended December 31, 2022, 2021 and 2020

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Supplemental disclosure of cash flow information:			
Interest paid	\$ 2,166	\$ 846	\$ 99
Supplemental disclosure of noncash investing and financing activities:			
Financing of initial franchise fee			
through notes receivable	<u>\$ 15,000</u>	<u>\$ 119,056</u>	<u>\$ 202,117</u>

Steel Coated Floors Franchising, LLC

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Steel Coated Floors Franchising, LLC (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Operations

The Company was organized under the laws of the State of Utah on May 29, 2018, as a limited liability company. The Company is engaged in the business of franchising service companies offering epoxy floor coatings at locations throughout the United States. The Company sells franchises to individuals and groups and then provides training and certain franchise maintenance services to the franchisees.

Basis of Presentation

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and expenses, and related disclosures of contingent liabilities in the consolidated financial statements and accompanying notes. Estimates are used for, but not limited to, receivables valuation, revenue recognition, sales returns, inventory valuation, depreciable lives of fixed assets, intangible asset valuation, and contingencies. Actual results could differ materially from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits with banks, highly liquid money market funds, United States government securities, overnight repurchase agreements and commercial paper with maturities of three months or less when purchased.

Accounts Receivable and Allowance for Doubtful Accounts

The Company extends trade credit to its franchisees in the ordinary course of business for royalties, advertising fees, and other fees owed. The Company records accounts receivable at the calculated balance owed in the period earned. Uncollectible accounts are charged against the allowance for doubtful accounts in the period management determines that all collection efforts have been exhausted. The Company feels that the full balance of accounts receivable is collectable. Therefore, no allowance for doubtful accounts has been recognized as of December 31, 2022 or 2021.

Steel Coated Floors Franchising, LLC

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equipment

Equipment is recorded at cost. Depreciation is computed using straight-line amortization over the estimated useful life of 5-7 years. Equipment at December 31, 2022 and 2021 totaled \$6,500 with accumulated depreciation totaling \$3,708 and \$2,408, respectively. Depreciation expense for the years ended December 31, 2022, 2021 and 2020 totaled \$1,300, \$1,300 and \$1,108, respectively.

Intangible assets other than goodwill

The Company capitalizes and amortizes intangible assets other than goodwill over their estimated useful lives unless such lives are indefinite. Intangible assets other than goodwill acquired separately from third-parties are capitalized at cost while such assets acquired as part of a business combination are capitalized at their acquisition-date fair value. Intangible assets other than goodwill are amortized using the straight-line method of amortization over their useful lives, with the exception of certain intangibles (such as customer relationships and trademarks) which are not amortized until its remaining useful life is no longer indefinite. The remaining useful life of these assets are reviewed each reporting period. If the asset's life is subsequently determined to be finite, the asset is tested for impairment and amortized prospectively and accounted for as an intangible asset subject to amortization.

As of December 31, 2022 and 2021, the intangible assets of \$2,247 is made up of trademarks associated with the Company. The trademarks are considered to have indefinite lives and no amortization is currently expected.

Income Taxes

The Company was established as a limited liability company. In lieu of corporate income taxes, the members are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for income taxes is included in the financial statements.

The Company's Form 1065 for the years ending December 31, 2022 and 2021 will be subject to examination by the IRS, generally for three years after being filed. Generally accepted accounting principles require tax effects from an uncertain tax position to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. If an uncertain tax position meets the more-likely-than-not threshold, the largest amount of tax benefit that is greater than 50% likely to be recognized upon ultimate settlement with the taxing authority is recorded. Management has evaluated the tax positions reflected in the Company's tax filings and does not believe that any material uncertain tax positions exist.

Concentration of Credit Risk

The Company maintains cash and cash equivalents with financial institutions. These institutions are believed by management to be creditworthy and are insured by Federal Deposit Insurance Corporation (FDIC). Cash in bank deposit accounts may at times exceed federally insured limits. At December 31, 2022 and 2021, the Company's bank accounts did not exceed the federally insured limit. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Steel Coated Floors Franchising, LLC

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Revenue is recognized when, or as, control of promised products or services transfers to a customer and is recognized in an amount that reflects the consideration that the Company expects to receive in exchange for those products or services.

Franchisees pay an initial franchise fee related to the acquisition of the license of intellectual property from the Company. The portion of revenue that the initial franchise fee is associated with distinct preopening goods or services is recognized at the time the pre-opening activities are performed or satisfied based on the standalone selling price of good or service. Any portion of the initial franchise fee not associated with distinct pre-opening goods or services is a usage-based royalty promised in exchange for a license of intellectual property and is recognized as revenue spread over the term of the franchise agreement.

Under the terms of the franchise agreement, franchisees pay a monthly royalty and marketing fee based on cash receipts. These fees are recorded in the month earned if collectability is reasonably assured.

Revenue related to product sales is recognized upon shipment of the product to the franchisee. Franchisees may be required to purchase certain product from the Company. These products may be supplied from an affiliated company or an outside vendor. The affiliate company or vendor may pay the Company a rebate based on the purchases being made by the franchisees. These rebates are recognized as a reduction of product cost. For the years ended December 31, 2022, 2021 and 2020 there were no rebates received from affiliate companies or vendors.

Advertising Expense

The Company expenses advertising, promotion and marketing costs as they are incurred, and advertising communication costs the first time the advertising takes place. Advertising expense for the years ended December 31, 2022, 2021 and 2020 was \$68,647, \$71,040 and \$48,088, respectively.

Impairment of Long-Lived Assets

The Company reviews long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable, as measured by a comparison of undiscounted estimated future net cash flows to the carrying value of the asset. If an asset is considered impaired, the asset is written down to fair value. No impairment charges were recorded for the years ended December 31, 2022, 2021 and 2020.

Fair Value of Financial Instruments

The Company has a number of financial instruments, none of which are held for trading purposes. The Company estimates that the fair value of all financial instruments at December 31, 2022 and 2021 do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet.

Steel Coated Floors Franchising, LLC

Notes to Financial Statements

2. NOTES RECEIVABLE

The Company has notes receivable with franchisee's to finance the initial franchise payment ("Notes"). The Notes carry terms of repayment over 5 years, interest rates ranging 0% - 3.99% and monthly payments ranging \$143 to \$785. Notes are set to mature from February 2023 to February 2026. The Company recognizes interest income on the Notes as it is earned under the terms of the Notes. Total principal balance of notes receivable was \$120,300 and \$255,369 at December 31, 2022 and 2021, respectively.

The future maturities of notes receivable are as follows for the years ended December 31:

2023	\$ 51,983
2024	43,713
2025	21,509
2026	3,095
	<u>\$ 120,300</u>

3. DEFERRED FRANCHISE FEE REVENUE

The deferred franchise fee revenue is the portion of the initial franchise fee not associated with distinct pre-opening goods or services is a usage-based royalty promised in exchange for a license of intellectual property is recognized as revenue spread over the term of the franchise agreement. Payment has been received for all deferred franchise fee revenue recognized. Unamortized deferred franchise fees totaled \$196,685 and \$326,666 at December 31, 2022 and 2021.

The future recognition of the deferred franchise fee revenue is as follows for the years ended December 31:

2023	\$ 74,357
2024	66,320
2025	45,345
2026	9,663
2027	1,000
	<u>\$ 196,685</u>

4. RELATED PARTY TRANSACTIONS

A member of the Company is reimbursed for product and training services incurred that are charged to franchisee. Total cost of services and product provided during the years ended December 31, 2022 and 2021 totaled \$81,158 and \$341,220, respectively. The Company paid a total of \$76,808 and \$343,390, respectively, to the member during the years ended December 31, 2022 and 2021. Total balance due to the related party as of December 31, 2022 and 2021 was \$4,350 and \$0, respectively.

Steel Coated Floors Franchising, LLC
Notes to Financial Statements

5. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through the date the financial statements were available to be issued and have determined no events require disclosure.

Steel Coated Floors Franchising, LLC

Financial Statements and Report

As of December 31, 2021 and 2020
and For the Years Ended
December 31, 2021, 2020, and 2019



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Steel Coated Floors Franchising, LLC

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INDEPENDENT AUDITORS' REPORT

To the Members of
Steel Coated Floors Franchising, LLC
Ogden, Utah

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Steel Coated Floors Franchising, LLC (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, changes in members' capital, and cash flows for the years then ended, and the related notes to the financial statements. The operations of the Company for the year ended December 31, 2019 were audited by other auditors whose report dated January 28, 2020 expressed an unqualified opinion on these statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, 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 (GAAS). 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 for a reasonable period of time in accordance with section 570, *The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern*.

Auditor's Responsibilities for the Audit of the Financial Statements

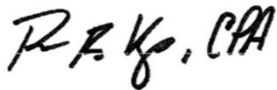
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's

report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, we:

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

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

A handwritten signature in black ink, appearing to read "R. R. K. CPA".

Linked Accounting, LLP
Kaysville, Utah
January 17, 2022

Steel Coated Floors Franchising, LLC
Balance Sheets as of
December 31, 2021 and 2020

	December 31, 2021	December 31, 2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 153,165	\$ 99,074
Accounts receivable, net	51,462	12,340
Notes receivable, current	85,750	48,914
Total Current Assets	<u>290,377</u>	<u>160,328</u>
Other Assets		
Notes receivable, net of current	169,619	137,470
Equipment, net	4,092	5,392
Trademark	2,247	2,247
Total Assets	<u><u>\$ 466,335</u></u>	<u><u>\$ 305,437</u></u>
LIABILITIES AND MEMBERS' CAPITAL		
Current Liabilities		
Accounts payable	\$ 6,855	\$ 7,273
Accounts payable, related party	-	2,171
Deferred franchise fee revenue, current	89,645	62,452
Total Current Liabilities	<u>96,500</u>	<u>71,896</u>
Deferred franchise fee revenue, net of current	237,021	211,230
Total Liabilities	<u>333,521</u>	<u>283,126</u>
Members' Capital	<u>132,814</u>	<u>22,311</u>
Total Liabilities and Members' Capital	<u><u>\$ 466,335</u></u>	<u><u>\$ 305,437</u></u>

Steel Coated Floors Franchising, LLC
Statements of Operations
For the Years Ended December 31, 2021, 2020 and 2019

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Revenue			
Product sales	\$ 235,424	\$ 170,883	\$ 5,334
Initial franchise fees	290,000	126,262	126,151
Royalties	222,143	88,177	14,835
Other franchise fees	6,919	2,514	6,486
Total Revenue	<u>754,486</u>	<u>387,836</u>	<u>152,806</u>
Cost of Goods Sold	326,334	209,793	85,834
Gross Profit	428,152	178,043	66,972
Operating Expenses			
Advertising, promotion and marketing	71,040	48,088	22,973
Training	24,500	16,574	24,359
Professional services	25,618	13,400	6,746
Commissions	-	6,000	59,721
Merchant fees	606	4,612	3,648
Convention costs	8,716	-	-
Depreciation expense	1,300	1,108	-
Travel expense	9,819	4,822	622
Software costs	2,984	3,066	925
Other operating expenses	18,361	10,920	1,202
Total Operating Expenses	<u>162,944</u>	<u>108,590</u>	<u>120,196</u>
Operating Income	265,208	69,453	(53,224)
Other Income (Expenses)			
Interest income	5,149	109	-
Interest expense	(846)	(99)	(490)
Other income (expense)	(808)	5,000	-
Other Income (Expense)	<u>3,495</u>	<u>5,010</u>	<u>(490)</u>
Net Income (Loss)	<u><u>\$ 268,703</u></u>	<u><u>\$ 74,463</u></u>	<u><u>\$ (53,714)</u></u>

Steel Coated Floors Franchising, LLC
Statements of Members' Capital
For the Years Ended December 31, 2021, 2020 and 2019

	Total Members' Capital
Balance, December 31, 2018	1,562
Net loss	<u>(53,714)</u>
Balance, December 31, 2019	(52,152)
Net income	<u>74,463</u>
Balance, December 31, 2020	22,311
Distributions to members	(158,200)
Net income	<u>268,703</u>
Balance, December 31, 2021	<u><u>\$ 132,814</u></u>

Steel Coated Floors Franchising, LLC
Statements of Cash Flows
For the Years Ended December 31, 2021, 2020 and 2019

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	\$ 268,703	\$ 74,463	\$ (53,714)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	1,300	1,108	-
Amortization of deferred franchise fee	82,981	30,650	9,849
Changes in operating assets and liabilities:			
Accounts receivable	(39,122)	(6,397)	(5,943)
Accounts payable	(418)	5,798	(587)
Accounts payable, related party	(2,171)	2,171	-
Deferred franchise fee	(149,053)	(30,056)	61,122
Net cash provided by operating activities	162,220	77,737	10,727
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments received on notes receivable	50,071	15,733	-
Purchase of equipment	-	(6,500)	-
Net cash provided by investing activities	50,071	9,233	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Member distributions	(158,200)	-	-
Net cash used in financing activities	(158,200)	-	-
Net change in cash and cash equivalents	54,091	86,970	10,727
Cash and cash equivalents, beginning of year	99,074	12,104	1,377
Cash and cash equivalents, end of period	<u>\$ 153,165</u>	<u>\$ 99,074</u>	<u>12,104</u>

Steel Coated Floors Franchising, LLC
Statements of Cash Flows (Continued)
For the Years Ended December 31, 2021, 2020 and 2019

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Supplemental disclosure of cash flow information:			
Interest paid	<u>\$ 846</u>	<u>\$ 99</u>	<u>\$ 490</u>
Supplemental disclosure of noncash investing and financing activities:			
Financing of initial franchise fee through notes receivable	<u>\$ 119,056</u>	<u>\$ 202,117</u>	<u>\$ -</u>

Steel Coated Floors Franchising, LLC

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Steel Coated Floors Franchising, LLC (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Operations

The Company was organized under the laws of the State of Utah on May 29, 2018, as a limited liability company. The Company is engaged in the business of franchising service companies offering epoxy floor coatings at locations throughout the United States. The Company sells franchises to individuals and groups and then provides training and certain franchise maintenance services to the franchisees.

Basis of Presentation

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and expenses, and related disclosures of contingent liabilities in the consolidated financial statements and accompanying notes. Estimates are used for, but not limited to, receivables valuation, revenue recognition, sales returns, inventory valuation, depreciable lives of fixed assets, intangible asset valuation, and contingencies. Actual results could differ materially from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits with banks, highly liquid money market funds, United States government securities, overnight repurchase agreements and commercial paper with maturities of three months or less when purchased.

Accounts Receivable and Allowance for Doubtful Accounts

The Company extends trade credit to its franchisees in the ordinary course of business for royalties, advertising fees, and other fees owed. The Company records accounts receivable at the calculated balance owed in the period earned. Uncollectible accounts are charged against the allowance for doubtful accounts in the period management determines that all collection efforts have been exhausted. The Company feels that the full balance of accounts receivable is collectable. Therefore, no allowance for doubtful accounts has been recognized as of December 31, 2021 or 2020.

Steel Coated Floors Franchising, LLC

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets other than goodwill

The Company capitalizes and amortizes intangible assets other than goodwill over their estimated useful lives unless such lives are indefinite. Intangible assets other than goodwill acquired separately from third-parties are capitalized at cost while such assets acquired as part of a business combination are capitalized at their acquisition-date fair value. Intangible assets other than goodwill are amortized using the straight-line method of amortization over their useful lives, with the exception of certain intangibles (such as customer relationships and trademarks) which are not amortized until its remaining useful life is no longer indefinite. The remaining useful life of these assets are reviewed each reporting period. If the asset's life is subsequently determined to be finite, the asset is tested for impairment and amortized prospectively and accounted for as an intangible asset subject to amortization.

As of December 31, 2021, and 2020, the intangible assets of \$2,247 is made up of trademarks associated with the Company. The trademarks are considered to have indefinite lives and no amortization is currently expected.

Income Taxes

The Company was established as a limited liability company. In lieu of corporate income taxes, the members are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for income taxes is included in the financial statements.

The Company's Form 1065 for the years ending December 31, 2021 and 2020 will be subject to examination by the IRS, generally for three years after being filed. Generally accepted accounting principles require tax effects from an uncertain tax position to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. If an uncertain tax position meets the more-likely-than-not threshold, the largest amount of tax benefit that is greater than 50% likely to be recognized upon ultimate settlement with the taxing authority is recorded. Management has evaluated the tax positions reflected in the Company's tax filings and does not believe that any material uncertain tax positions exist.

Concentration of Credit Risk

The Company maintains cash and cash equivalents with financial institutions. These institutions are believed by management to be creditworthy and are insured by Federal Deposit Insurance Corporation (FDIC). Cash in bank deposit accounts may at times exceed federally insured limits. At December 31, 2021 and 2020, the Company's bank accounts did not exceed the federally insured limit. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Revenue Recognition

Revenue is recognized when, or as, control of promised products or services transfers to a customer and is recognized in an amount that reflects the consideration that the Company expects to receive in exchange for those products or services.

Steel Coated Floors Franchising, LLC

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Franchisees pay an initial franchise fee related to the acquisition of the license of intellectual property from the Company. The portion of revenue that the initial franchise fee is associated with distinct preopening goods or services is recognized at the time the pre-opening activities are performed or satisfied based on the standalone selling price of good or service. Any portion of the initial franchise fee not associated with distinct pre-opening goods or services is a usage-based royalty promised in exchange for a license of intellectual property and is recognized as revenue spread over the term of the franchise agreement.

Under the terms of the franchise agreement, franchisees pay a monthly royalty and marketing fee based on cash receipts. These fees are recorded in the month earned if collectability is reasonably assured.

Revenue related to product sales is recognized upon shipment of the product to the franchisee. Franchisees may be required to purchase certain product from the Company. These products may be supplied from an affiliated company or an outside vendor. The affiliate company or vendor may pay the Company a rebate based on the purchases being made by the franchisees. These rebates are recognized as a reduction of product cost. For the years ended December 31, 2021, 2020 and 2019 there were no rebates received from affiliate companies or vendors.

Advertising Expense

The Company expenses advertising, promotion and marketing costs as they are incurred, and advertising communication costs the first time the advertising takes place. Advertising expense for the years ended December 31, 2021, 2020 and 2019 was \$71,040, \$48,088, and \$22,973, respectively.

Impairment of Long-Lived Assets

The Company reviews long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable, as measured by a comparison of undiscounted estimated future net cash flows to the carrying value of the asset. If an asset is considered impaired, the asset is written down to fair value. No impairment charges were recorded for the years ended December 31, 2021, 2020 and 2019.

Fair Value of Financial Instruments

The Company has a number of financial instruments, none of which are held for trading purposes. The Company estimates that the fair value of all financial instruments at December 31, 2021 and 2020 do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet.

PPP Loan

On April 21, 2020, the Company was granted a loan (the "PPP Loan") from Wells Fargo (the "Lender") in the aggregate amount of \$5,000, pursuant to the Paycheck Protection Program under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The PPP Loan is administered by the U.S. Small Business Administration (the "SBA").

Steel Coated Floors Franchising, LLC

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The interest rate of the PPP Loan is 0.98% per annum and accrues on the unpaid principal balance computed on the basis of the actual number of days elapsed in a year of 360 days. Commencing seven months after the effective date of the PPP Loan, the Company is required to pay the Lender equal monthly payments of principal and interest as required to fully amortize any unforgiven principal balance of the loan by the two-year anniversary of the effective date of the PPP Note (the "Maturity Date"). The Maturity Date can be extended to five years if mutually agreed upon by both the Lender and Company. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loan granted under the PPP.

As of December 31, 2020, the Company met the eligibility criteria for forgiveness and the full amount of the loan totaling \$5,000 was recorded as a gain on debt forgiveness in other income in the accompanying statement of operations. No interest was recorded on the PPP Loan due to the expected forgiveness of the loan.

Recently Issued Accounting Standards

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU will supersede most current revenue recognition guidance, including industry specific guidance. The core principle of the new guidance is that an entity will recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the considerations to which the entity expects to be entitled in exchange for those goods or services. The standard provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include the capitalization and amortization of certain contract costs, ensuring the time value of money is considered in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. Additionally, the guidance requires disclosures related to the nature, amount, timing, and uncertainty of revenue that is recognized. In August 2015, the FASB issued ASU No. 2015-14, revenue from contracts with customer (Topic 606), which changed the effective dates of ASU 2014-09. The provisions of ASU 2014-09 are effective for annual reporting periods beginning after December 15, 2018. The Company implemented this standard for the year ended December 31, 2019.

2. NOTES RECEIVABLE

The Company offers each new franchisee the ability to finance the upfront franchise costs through a note receivable ("Notes") with the Company. These Notes carry terms of repayment over 5 years, interest rates ranging 0% - 3.99% and monthly payments ranging \$100 - \$1,481. Maturity dates are through February 2026. The Company recognizes interest income on the Notes as it is earned under the terms of the Notes. Total principal balance of notes receivable was \$255,369 and \$186,384 at December 31, 2021 and 2020, respectively.

Steel Coated Floors Franchising, LLC

Notes to Financial Statements

2. NOTES RECEIVABLE (Continued)

The future maturities of notes receivable are as follows for the years ended December 31:

2022	\$	85,750
2023		68,915
2024		58,894
2025		38,714
2026		3,096
	<u>\$</u>	<u>255,369</u>

3. DEFERRED FRANCHISE FEE REVENUE

The deferred franchise fee revenue is the portion of the initial franchise fee not associated with distinct pre-opening goods or services is a usage-based royalty promised in exchange for a license of intellectual property is recognized as revenue spread over the term of the franchise agreement. Payment has been received for all deferred franchise fee revenue recognized. Total unearned deferred franchise revenue at December 31, 2021 and 2020 totaled \$326,666 and \$273,682, respectively. Accretion of deferred franchise fee revenue for the years ended December 31, 2021, 2020 and 2019 totaled \$82,981, \$30,731 and \$9,849, respectively.

The future recognition of the deferred franchise fee revenue is as follows for the years ended December 31:

2022	\$	89,645
2023		89,645
2024		81,607
2025		59,103
2026		6,666
	<u>\$</u>	<u>326,666</u>

4. RELATED PARTY TRANSACTIONS

A member of the Company is reimbursed for product and training services incurred that are charged to franchisee. Total paid to this related member during the years ended December 31, 2021 and 2020 totaled \$184,932 and \$184,143, respectively. Total payable to the member at year end was \$0 and \$2,171 at December 31, 2021 and 2020, respectively.

5. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through the date the financial statements were available to be issued and have determined no events require disclosure.

EXHIBIT B
TO THE
STEEL COATED FLOORS FRANCHISE DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT

STEEL COATED FLOORS FRANCHISING, LLC
FRANCHISE AGREEMENT

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EXHIBITS

Exhibit A – Personal Guaranty

Exhibit B – Conditional Assignment of Franchisee's Telephone Numbers, Facsimile
Numbers and Domain Names

Exhibit C – Confidentiality and Restrictive Covenant Agreement

Exhibit D – Electronic Funds Withdrawal Authorization

Exhibit E – Promissory Note

DATA SHEET

Franchisee: _____

Guarantors: _____

Effective Date: _____

Approved Location: _____

Protected Territory: _____

Telephone Number: _____

E-Mail Address: _____

Initial Franchise Fee: _____

**The terms of this Data Sheet are incorporated into the attached
Franchise Agreement.**

STEEL COATED FLOORS FRANCHISING, LLC
FRANCHISE AGREEMENT

This FRANCHISE AGREEMENT (the “Agreement”) is entered into and made effective on _____ (the “Effective Date”), by and between Steel Coated Floors Franchising, LLC, a Utah limited liability company with an address at 2183 Megan Circle, Ogden, Utah 84403 (Franchisor”) and _____, a _____ with an address at _____ (“Franchisee”).

RECITALS

A. Franchisor and its affiliate have developed a system related to the establishment, development and operation of businesses focused on providing proprietary epoxy flooring products and services, primarily for residential garages as well as industrial and commercial garages, with a lifetime guarantee, and other products and services Franchisor may authorize for sale in the future.

B. Franchisor is engaged in the business of granting qualified persons the right to operate a single Franchised Business within a defined geographical territory.

C. Franchisee desires to enter into an agreement with Franchisor to obtain the right and undertake the obligation to operate a Franchised Business using our proprietary epoxy flooring product (the “Proprietary Epoxy Product”) and our proprietary systems, methods, know how, computer software programs, and other associated trade secrets with respect to the Steel Coated Floors Business (the “Franchise System”).

D. The System is identified by Franchisor’s then-current proprietary trademarks, service marks, trade dress, logos and other indicia of origin including, without limitation, that includes the primary mark STEEL COATED FLOORS as of the date of this Agreement and all other marks designated by Franchisor or otherwise associated with the System (collectively, the “Proprietary Marks”). The rights to all such Proprietary Marks as are now, or shall later be, designated as part of the System will be owned exclusively by Franchisor or its affiliates and used for the benefit of Franchisor, its affiliates and System franchisees to identify to the public the source of the products and services marketed thereunder. Franchisor may continue to develop, expand, use, control, and add to the Proprietary Marks and System.

F. Franchisee has applied to Franchisor for a franchise to operate a Franchised Business and such application has been approved by Franchisor in reliance upon all of the representations made therein.

G. Franchisee hereby acknowledges that adherence to the terms of this Agreement and the standards and specifications of Franchisor are essential to the operation of its Franchised Business and to the operations of the System.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, commitments and understandings contained herein, Franchisor and Franchisee hereby agree as follows:

1 GRANT OF FRANCHISE

1.1 **Grant and Acceptance.** Franchisor hereby grants to Franchisee, upon the express terms and conditions contained in this Agreement, and Franchisee hereby accepts, a license to establish and operate one Franchised Business in the Protected Territory (as identified on the Data Sheet and defined in Section 1.2 below), and the right to use the System and Proprietary Marks in the operation of the Franchised Business. Franchisor has the right to supplement, improve or otherwise modify the System from time to time in Franchisor's discretion, and Franchisee agrees to comply with all changes which may include, without limitation, the offer and sale of new or different products or services as Franchisor may specify. Franchisee acknowledges and agrees that this Agreement does not grant Franchisee the option or right to purchase additional Franchised Businesses and/or additional territories.

1.2 **Protected Territory.** Except as otherwise provided in this Agreement and for so long as Franchisee is not in default of this Agreement, Franchisor shall not establish and operate, nor license any other third-party the right to establish and operate, any Franchised Business under the System and the Proprietary Marks within the protected area identified in the Data Sheet (the "Protected Territory"), the terms of which are incorporated herein by reference, during the term of this Agreement. Franchisor and its affiliates retain all other rights, including without limitation, those rights set forth in Sections 1.4 through 1.6 of this Agreement. Franchisee is permitted to conduct the Franchised Business outside of the Protected Territory provided that: (a) there is no other franchisee in that area; (b) the customer initiates the contact with Franchisee; (c) Franchisee receives Franchisor's express written consent; (d) no more than 15% of Franchisee's total annual Gross Sales are derived from customers located outside of the Protected Territory; and (e) Franchisee follows all off-site policies and procedures in the Manuals. Other than these operations, Franchisee is not permitted to operate the Franchised Business outside of the Protected Territory without Franchisor's prior written consent. Franchisee may not directly market to or solicit customers whose principal residence or business is outside of the Protected Territory. All sales and other activities conducted within or outside the Protected Territory must be conducted in accordance with the terms of this Agreement and Franchisor's operating methods, standards and specifications as set forth in Franchisor's operations manual.

Upon the occurrence of any breach of this Section 1.2, Franchisee must immediately upon receiving notice from Franchisor remit to Franchisor all revenue received from the provision of any work giving rise to such a breach. Any second or subsequent failure to comply with these territorial restrictions will immediately result, in Franchisor's sole discretion, in: (i) termination of the Franchise Agreement without further notice or opportunity to cure; (ii) removal of exclusivity from all or a portion of the Protected Territory; or (iii) mandatory Remedial Training for Franchisee, its management and/or any key role personnel Franchisor designates to attend.

1.3 **Approved Location.** Franchisee may operate the Franchised Business only at the approved location identified in the Data Sheet (the "Approved Location"). Franchisee may operate the Franchised Business from a home office, provided that Franchisee has a quiet and organized work space. Additionally, Franchisee will need between 250 square feet to 2,000 square feet, to properly store and maintain the Franchise Business's inventory and equipment. If Franchisee has such storage capabilities at home or an existing business, then Franchisee does not need to acquire dedicated storage. If Franchisee does not have sufficient storage capabilities at home or an existing business, Franchisee is permitted to rent storage space, but Franchisee is expected to do so in a public storage facility or private garage. Franchisor may permit or require Franchisee to operate the Franchised

Business from a separate office space if: (i) Franchisee's primary residence is not located within the Protected Territory; (ii) Franchisor determines that Franchisee is not operating its Franchised Business in a professional and organized manner from Franchisee's home office; or (iii) Franchisee submits a request in writing to operate the Franchised Business from an existing business office or a separately leased office space and the proposed office space meets Franchisor's then-current standards for a separately leased office space. Franchisor reserves the right, but not the obligation, to review, inspect and approve Franchisee's proposed rented storage space that Franchisee will dedicate for the operation of the Franchised Business. Franchisee may not relocate the Franchised Business without Franchisor's prior written consent.

1.4 Reservation of Rights. Franchisee acknowledges and agrees that Franchisor and any parties Franchisor designates will have the right to: (i) establish and operate, and license third parties the right to establish and operate, other Franchised Businesses using the Proprietary Marks and System at any location outside of the Protected Territory; (ii) acquire, merge with, engage in joint ventures with, or otherwise affiliate with, and thereafter own and operate and franchise others the right to own and operate, any business of any kind, including businesses that offer products or services that are similar to those provided by a Franchised Business, within or outside the Protected Territory; (iii) open and operate, or license third parties the right to open or operate, businesses that offer products and services similar to the Franchised Business under marks other than the Proprietary Marks at any location; and (iv) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited under this Agreement.

1.5 Alternate Channels of Distribution. Franchisee acknowledges and agrees that certain of Franchisor's or its affiliates' products and services, whether now existing or developed in the future, may be distributed in Franchisee's Protected Territory by Franchisor, Franchisor's affiliates, or other third parties that Franchisor designates, in such manner and through such alternative channels of distribution as Franchisor, in its sole discretion, shall determine. Such alternative channels of distribution will include, but are not limited to, the sale and distribution of the products and services via the Internet and through joint marketing with partner companies under terms and conditions that Franchisor deems appropriate. Franchisee understands that this Agreement grants Franchisee no rights: (i) to distribute such products or services as described in this Section 1.5; or (ii) to share in any of the proceeds received by any such party therefrom.

1.6 National Accounts. Franchisor will have the exclusive right, on behalf of itself, its affiliates, Franchisee, and/or other franchisees utilizing the Proprietary Marks, to negotiate and enter into agreements or approve forms of agreement to provide services to "National Accounts," including National Accounts that Franchisee has solicited. Franchisee may not solicit any National Accounts outside of Franchisee's Protected Territory, or solicit any National Accounts within or outside of the Protected Territory who are already under contract with Franchisor. The term "National Account" means any business or businesses under common control, ownership, or branding, which operate locations in or perform construction projects in more than one designated territory, regardless of the volume of services or referrals. Any dispute as to whether a particular business is a National Account will be determined by Franchisor in its sole discretion and Franchisor's determination will be final and binding. Franchisee's compensation for sales made to National Accounts or customers referred by National Accounts will be subject to the terms of Franchisor's agreement with such National Account.

1.6.1 **Franchisor Programs.** In addition to complying with Franchisor's standards and specifications regarding National Accounts, Franchisee is required to participate in and comply with Franchisor's standards and specifications with respect to any System-wide programs designated by Franchisor ("Franchisor Programs"). Franchisor reserves the right to change its standards and specifications with respect to Franchisor Programs, to create new Franchisor Programs, and to discontinue existing Franchisor Programs, in its sole discretion.

2 TERM AND RENEWAL

2.1 **Term.** The initial term of the Franchise is for a period of five (5) years, which will commence on the date Franchisor executes this Agreement.

2.2 **Renewal.** Franchisee has the right to renew this Agreement for one (1) successive, additional five (5) year period, provided Franchisee has met the following conditions:

2.2.1 Franchisee has notified Franchisor of Franchisee's intention to renew this Agreement in writing at least ninety (90) days, and no more than one hundred and eighty (180) days, prior to expiration of the current term;

2.2.2 Franchisee has demonstrated to Franchisor's satisfaction that Franchisee has the right to operate the Franchised Business at the Approved Location for the duration of the renewal term; or, if Franchisee is unable to operate the Franchised Business at the Approved Location, Franchisee has secured a substitute location acceptable to Franchisor;

2.2.3 Franchisee has completed, to Franchisor's satisfaction, no later than ninety (90) days prior to the expiration of the then-current term, and any updates to required equipment, hardware and software necessary to bring the Franchised Business into full compliance with Franchisor's then-current System standards and specifications;

2.2.4 Franchisee is not in breach of any provision of this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, or Franchisor's designated suppliers and vendors, and Franchisee has substantially complied with all such agreements during their respective terms;

2.2.5 Franchisee has satisfied all monetary obligations Franchisee owes Franchisor, Franchisor's affiliates, or Franchisor's designated suppliers and vendors;

2.2.6 Franchisee executes Franchisor's then-current form of franchise agreement, the terms of which may vary materially from the terms of this Agreement (which may include, without limitation, increased royalty and other fees and insurance requirements).

2.2.7 Franchisee satisfies Franchisor's then-current training requirements for renewing franchisees, if any, at Franchisee's sole expense;

2.2.8 Franchisee and its principals execute a general release in the form Franchisor prescribes; and

2.2.9 Franchisee pays a renewal fee of two thousand five hundred dollars (\$2,500) and satisfies the conditions stated in this Section.

3 FEES AND MANNER OF PAYMENT

3.1 **Initial Franchise Fee.** In consideration of the franchise granted to Franchisee by Franchisor, Franchisee must pay Franchisor a lump sum initial franchise fee amounting to \$_____ (the “Initial Franchise Fee”). This Initial Franchise Fee is due immediately upon execution of this Agreement and is deemed fully earned and non-refundable upon payment.

3.2 **Royalty Fee.**

3.2.1 *Royalty and Applicable Minimum Royalty.* Franchisee must pay Franchisor a royalty fee (the “Royalty” or “Royalty Fee”) amounting to the greater of: (i) six percent (6%) of the Gross Sales generated by the Franchised Business during the immediately preceding reporting period Franchisor designates for the System (by way of example, calendar month or “business week”); and (ii) the applicable minimum Royalty Fee that is based on the total number of franchised territories that Franchisor has awarded to Franchisee as follows:

Number of Franchises (Franchised Territories) Awarded to Franchisee (or its principal/affiliate)	Applicable Minimum Royalty
1-3	\$1,000/month
4-6	\$2,000/month
7-9	\$3,000/month
Each Additional Multiple of 3 (e.g., 10-12, 13-15, etc.)	An additional \$1,000 each time a multiple of 3 is reached (e.g., 10 to 12 = \$4,000, 13-15 = \$5,000)

3.2.2 *Payment of Royalty and Other Fees.* The Royalty Fee, as well as any other recurring fees or amounts due to Franchisor or its affiliates in connection with the Franchised Business, will be either (a) deducted via Electronic Funds Transfer (“EFT”) on the 10th day of each month, or (b) paid via an automatic debit functionality of Franchisee’s POS System at the time payment for a particular job is processed. Franchisor reserves the right to modify the interval or manner in which Franchisee must pay the Royalty.

3.2.3 *Commencement of Royalty.* Subject to the additional terms below regarding the Applicable Minimum Royalty, the Royalty will be due and payable commencing upon the date you commence operating your Franchised Business, and (b) the deadline by which you must open and commence operating your Franchised Business hereunder.

3.2.4 *Minimum Royalty Waiver.* In the event the Franchisee generates the target Gross Sales levels in a given year of calendar operations as set forth below in this Section 3.2.4 that will vary based on the total number of franchises (franchised territories) that Franchisee has been awarded by Franchisor pursuant to a franchise agreement (the “Applicable Gross Sales Level”), Franchisee will be entitled to designate three (3) calendar months in writing wherein Franchisor will agree to waive the Applicable Minimum Royalty due in connection with that month’s operations:

Number of Franchised Territories (Businesses) Awarded	Applicable Gross Sales Level (must be reached during a single calendar year of operations)
1-3	\$180,000
4-6	\$360,000
7-9	\$540,000
Each Additional 3 (e.g., 10-12, 13-15, etc.)	An additional \$180,000 per 3 additional franchised Territories

If Franchisee reaches the Applicable Gross Sales Level in a given calendar year of operations, Franchisee will have the then have the option of applying the Applicable Minimum Royalty waiver (a) retroactively to calendar months that already occurred in that calendar year, or (b) to upcoming months in the same calendar year. If applied retroactively, Franchisor will reimburse or credit Franchisee the difference between the Royalty Fee paid during each calendar month at issue and the eight percent (8%) of Gross Sales generated during that month of operations. Franchisee is not eligible for any waiver of the Applicable Minimum Royalty until after Franchisee has entered its first full calendar year of operating the initial Franchised Business acquires the right to own and operate pursuant to a franchise agreement with Franchisor (the “Initial Franchised Business”).

3.2.5 Definition of Gross Sales. “Gross Sales” shall include all revenue from the sale of all products and performance of services from the Franchised Business, whether in the form of cash, credit, barter or rebates, and regardless of collection in the case of credit, and income of every kind and nature related to the Franchised Business, including any consideration that Franchisee receives from third-party vendors/suppliers. The term Gross Sales does not include the amount of any applicable sales tax imposed by any federal, state, municipal or other governmental authority if these taxes are stated separately when the customer is charged and Franchisee must pay these amounts as and when due to the appropriate taxing authority. Also excluded from Gross Sales are the amount of any documented refunds, chargebacks, credits and allowances given to customers in good faith. All barter and exchange transactions for which Franchisee furnishes services or products in exchange for goods or services to be provided to Franchisee by a vendor, supplier or customer will be valued at the full retail value of the goods or services provided to Franchisee.

3.2.6 Gross Sales Report. Franchisee must send Franchisor a Gross Sales Report detailing Franchisee’s Gross Sales from the preceding calendar month, along with Franchisee’s calculated Royalty, Fund Contribution (if appropriate) and other information that Franchisor reasonably requires (the “Gross Sales Report”) on or before the 5th day of each calendar month if Franchisor is unable to access that information through the POS System.

3.3 Method of Payment. Franchisee will pay the Initial Franchise Fee directly to Franchisor at the time the Franchise Agreement is executed. The Royalty and Brand Fund Contribution may be either (a) deducted via EFT on the 10th day of each month, or (b) paid via an automatic debit functionality of Franchisee’s POS System at the time payment for a particular job is processed. Franchisee shall pay all other fees and other amounts due to Franchisor and/or its affiliates under this Agreement through an electronic funds transfer program (the “EFT Program” also referred to as the automated clearing house or “ACH”), under which Franchisor electronically deducts all payments owed to Franchisor under this Agreement, or any other agreement between Franchisee and Franchisor or its affiliates, from the bank account Franchisee provides to Franchisor for use in connection with EFT Program (the “EFT Account”). Franchisee shall immediately deposit all revenues from operation of the Franchised Business into the EFT Account immediately upon receipt, including cash, checks, and credit card receipts. At least ten (10) days prior to opening the Franchised

Business, Franchisee shall provide Franchisor with: (i) Franchisee's bank name, address and account number; and (ii) a voided check from such bank account. Franchisee shall also sign and provide to Franchisor and Franchisee's bank all documents, including Franchisor's form of EFT Authorization Form attached as Exhibit D to this Agreement, necessary to effectuate the EFT Program and Franchisor's ability to withdraw funds from such bank account via electronic funds transfer. Franchisee shall immediately notify Franchisor of any change in Franchisee's banking relationship, including any change to the EFT Account. Franchisor reserves the right to change the manner or timing of payment from time to time in Franchisor's sole discretion.

3.4 Brand Fund Contribution. As set forth more fully in Section 12.3 of this Agreement, Franchisor has established a brand development fund for advertising and brand promotion (the "Brand Development Fund"). During the first six (6) months the Franchised Business is open and operating, Franchisee will make a monthly Brand Fund contribution equal to two percent (2%) of the Gross Sales of the Franchised Business. After six (6) months of operations, Franchisee will make a monthly Brand Fund Contribution of (a) two percent (2%) of the Gross Sales or (b) \$400.00, whichever is greater (the "Brand Fund Contribution"). Presently, Franchisor collects the Fund Contribution at the same time and in the same manner as the Royalty.

3.5 Technology Fee. Franchisee is required to license and use designated software from Franchisor or third-party suppliers, specified by Franchisor in the Operations Manual. The amount of software fees and the manner and timing of payment may change from time to time as Franchisor updates the Franchise System's software requirements. Additionally, Franchisor reserves the right to require Franchisee to pay Franchisor or Franchisor's designated vendor(s) a fee (which may be collected monthly, quarterly, or annually) associated with other technology requirements, including but not limited to maintaining required computer hardware and software, hosting and payment card processing services, hosting a call center and any other technology used in the operation of Franchisee's Steel Coated Floors Business, and such payment shall be made in the manner prescribed by Franchisor or the designated vendor(s), as applicable ("Technology Fee"). The Technology Fee must be paid monthly in the manner prescribed in Section 3.3, subject to Franchisor's right to alter the timing or manner of payment by providing Franchisee with written notice of any such change. Franchisor reserves the right to change the amount of the Technology Fee or incorporate additional technology fees as changes are made to the System's hardware, software and other computer requirements or as required by the third-party vendor(s) or by any regulatory agency.

3.6 Late Payments and Interest. Any late payment or underpayment of the Royalty, Brand Fund Contribution, or any other charges or fees Franchisee owes Franchisor or Franchisor's affiliates, will bear interest from the due date until paid at the lesser of one and one-half percent (1.5%) per month or the higher rate which may be charged for commercial transactions in the state where the Franchised Business is located. Nothing contained in this Section shall prevent Franchisor from exercising, in Franchisor's sole judgment, any other rights or remedies available to Franchisor under this Agreement. Additionally, if any payments are not received when due, Franchisee will be charged a late fee of \$200/week payable each week on all delinquent payments due to us for more than thirty (30) days.

3.7 Initial Marketing Kit. Prior to opening the Franchised Business, Franchisee must purchase Franchisor's initial marketing kit at a cost of \$3,500.

3.8 Initial Inventory and Equipment Package. Prior to opening the Franchised Business, Franchisee is required to purchase certain proprietary materials and equipment from Franchisor, Franchisor's affiliate, or other third party that will be used in the operation of Franchisee's business. Specifically, Franchisee must purchase: (i) certain equipment that is used in connection with establishing the Franchised Business (the "Equipment Package"); and (ii) the initial stock of the Proprietary Epoxy Product inventory (the "Initial Inventory"). Franchisee is required to purchase the Proprietary Epoxy Products prescribed by Franchisor on an ongoing basis as necessary to service Franchisee's customers. Franchisor may also require Franchisee to purchase additional items from Franchisor, Franchisor's affiliate, or other third party as necessary to service Franchisee's customers.

3.9 Territory Mapping Fee. Contemporaneously with the execution of this Agreement, Franchisee must pay Franchisor a territory mapping fee equal to \$1,500 as consideration for certain demographic and mapping services necessary to determine Franchisee's Protected Territory.

3.10 Annual Convention Fee. Franchisor reserves the right to hold an Annual Convention every year in which attendance is mandatory. Franchisor reserves the right to set the Annual Convention fee each year, which is not to exceed \$1,200 and must be paid whether or not Franchisee attends. The fee for the Convention will be withdrawn via electronic funds transfer ("EFT") at least 30 days before the Convention. Franchisee will be solely responsible for any expenses Franchisee and Franchisee's designated employees incur in attending this Convention, including travel, lodging, meals and employee wages.

3.11 No Right to Set-Off. Franchisee shall not be entitled to set off any payments required to be made under this Agreement against any monetary claim it may have against Franchisor.

3.12 Taxes on Payments. In the event any taxing authority, wherever located, imposes any future tax, levy or assessment on any payment Franchisee makes to Franchisor, Franchisee must, in addition to all payments due to Franchisor, pay such tax, levy or assessment.

3.13 Ongoing Proprietary Epoxy Product Purchases. Franchisee is required to purchase a minimum amount of Proprietary Epoxy Products from Franchisor or its affiliate(s) each calendar year, beginning the first calendar year after your Franchised Business has been open and operating for at least twelve (12) months, up to a maximum of \$25,000 per calendar year (per franchise/Territory awarded). If Franchisee fails to meet the minimum Proprietary Epoxy Product purchasing requirement set forth by Franchisor during a given calendar year, Franchisor may send Franchisee a notice of default. If Franchisee receives such a notice and subsequently fail to purchase a prorated portion of the minimum Proprietary Epoxy Product purchasing requirement during the next calendar quarter, Franchisor may, in its sole discretion: (i) terminate the Franchise Agreement; (ii) remove exclusivity from all or a portion of the Protected Territory; or (iii) require Franchisee, its management and any key role personnel we designate to attend Remedial Training.

4 PROPRIETARY MARKS

4.1 Franchisee's Use of the Proprietary Marks and Other Proprietary Material.

4.1.1 Franchisee shall use only the Proprietary Marks which Franchisor designates in connection with the operation of the Franchised Business, and shall use them only in the manner Franchisor authorizes and permits.

4.1.2 Franchisee shall use the Proprietary Marks only for the marketing and operation of the Franchised Business and only in the Protected Territory.

4.1.3 Franchisee shall use all Proprietary Marks without prefix or suffix and in conjunction with the symbols "TM," "SM," "S," or "®," as applicable. Franchisee may not use the Proprietary Marks in connection with the offer or sale of any services or products which Franchisor has not authorized for use in connection with the System. Franchisee may not use the Proprietary Marks as part of Franchisee's corporate or other legal name. Franchisee's corporate name and all fictitious names under which Franchisee proposes to do business must be approved by Franchisor in writing before use. Franchisee must use Franchisee's corporate or limited liability company name either alone or followed by the initials "d/b/a" and the business name "STEEL COATED FLOORS" of [NAME OF GEOGRAPHIC REGION SERVICED], or another name that is approved by Franchisor. Franchisee must promptly register at the office of the county in which Franchisee's Franchised Business is located, or such other public office as provided for by the laws of the state in which Franchisee's Franchised Business is located, as doing business under such assumed business name.

4.1.4 Franchisee must identify itself as the independent owner of the Franchised Business (in the manner Franchisor prescribes) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, customer forms and questionnaires, business stationery, and advertisements, as well as at such conspicuous locations as Franchisor may designate in writing at the Franchised Business premises.

4.1.5 Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights.

4.1.6 Franchisee shall not use the Proprietary Marks to incur any obligation or indebtedness on Franchisor's behalf.

4.1.7 Franchisee shall execute all documents Franchisor deems necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

4.1.8 Franchisee must promptly notify Franchisor of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to Franchisor's ownership of, Franchisor's right to use and to license others to use, or Franchisee's right to use, the Proprietary Marks or Franchisor's operations manual, proprietary software, or any other proprietary material (collectively the "Proprietary Material"). Franchisee acknowledges that Franchisor has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Material, including any settlement thereof. Franchisor has the right, but

not the obligation, to take action against uses by others that may constitute infringement of Franchisor's rights to the Proprietary Material. Franchisor shall defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Proprietary Material. If Franchisor, in Franchisor's sole discretion, determines that Franchisee has used the Proprietary Material in accordance with this Agreement, Franchisor shall bear the cost of such defense, including the cost of any judgment or settlement. If Franchisor, in Franchisor's sole discretion, determines that Franchisee has not used the Proprietary Material in accordance with this Agreement, Franchisee shall bear the cost of such defense, including the cost of any judgment or settlement. In the event of any litigation relating to Franchisee's use of the Proprietary Material, Franchisee shall execute any and all documents and do such acts as may, in Franchisor's opinion, be necessary to carry out such defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Proprietary Material in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for Franchisee's out-of-pocket costs in performing such acts.

4.1.9 Franchisee expressly understands and acknowledges that:

4.1.9.1 Franchisor or its affiliates own all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and Franchisor has the right to use, and license others to use, the Proprietary Marks;

4.1.9.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System;

4.1.9.3 During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of, or Franchisor's ownership of, or right to use and to license others to use, the Proprietary Marks or any other Proprietary Material;

4.1.9.4 Franchisee's use of the Proprietary Material does not give Franchisee any ownership interest or other interest in or to the Proprietary Material;

4.1.9.5 Any and all goodwill arising from Franchisee's use of the Proprietary Material shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System, the Proprietary Marks, or any other Proprietary Material;

4.1.9.6 Except as specified in this Agreement, the license of the Proprietary Marks granted to Franchisee hereunder is non-exclusive and Franchisor retains the right, among others, to: (i) use the Proprietary Marks itself in connection with selling products and services; (ii) grant other licenses for the Proprietary Marks; and (iii) develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to Franchisee; and

4.1.9.7 Franchisor reserves the right, in Franchisor's sole discretion, to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. Franchisee shall discontinue using all Proprietary Marks which Franchisor has notified Franchisee, in writing, have been modified or discontinued within (10) days of receiving written

notice and, at Franchisee's sole cost and expense, shall promptly begin using such additional, modified or substituted Proprietary Marks.

5 CONFIDENTIAL INFORMATION

5.1 **Nondisclosure.** During the term of this Agreement, Franchisee will receive information which Franchisor considers its trade secret and confidential information. Franchisee may not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person or entity any of Franchisor's trade secrets and confidential information, including the design and specifications of Franchisor's proprietary products or materials; Franchisor's operations manual; price lists and standards and specifications for the products and services; standards and specifications related to Franchisor's proprietary software, and other methods, techniques and know-how concerning the of operation of the Franchised Business that may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation of the Franchised Business ("Confidential Information"). Franchisee may only divulge Confidential Information to Franchisee's employees who must have access to it in order to perform their employment obligations. Franchisee also acknowledges and agrees that certain information, including: (i) current customer and prospective customer names and addresses; (ii) information about credit extensions to customers; (iii) customer service purchasing histories; (iv) rates charged to customers; and (v) sources of suppliers, also constitute the trade secrets and Confidential Information of Franchisor. Any and all information, knowledge, know-how, techniques, and other data which Franchisor designates as confidential will be deemed Confidential Information for purposes of this Agreement. Upon termination or expiration of this Agreement, regardless of reason, Franchisee shall return all copies of such Confidential Information to Franchisor immediately and Franchisee may not use the Confidential Information for any purpose other than operating the Franchised Business in accordance with Franchisor's standards and specifications.

5.2 **Employees.** All of Franchisee's managers and employees must execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by Franchisee. Such covenants shall be in a form satisfactory to Franchisor and substantially similar to the Confidentiality and Restrictive Covenant Agreement attached as Exhibit C to this Agreement. This agreement must include, without limitation, specific identification of Franchisor as a third party beneficiary of such covenants with independent rights to enforce them.

5.3. **New Concepts.** If Franchisee, Franchisee's employees, or Franchisee's principals develop any new concept, process or improvement in the operation or promotion of the Franchised Business, including, but not limited to, any modifications or additions to the Proprietary Material, Franchisee shall promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any such concept, process or improvement shall become Franchisor's sole property and Franchisor shall be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related thereto. Franchisee and Franchisee's principals and agents hereby assign to Franchisor any rights they may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. Franchisee and Franchisee's principals and agents agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all jurisdictions and further agree to execute and provide Franchisor with all necessary documentations for obtaining and enforcing such rights. Franchisee and Franchisee's principals and agents hereby irrevocably designate and appoint Franchisor as their agent and attorney-in-fact to execute and file any such documentation and to do

all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that the foregoing provisions of this Section 5.3 are found to be invalid or otherwise unenforceable, Franchisee and Franchisee's principals and agents hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe Franchisee's rights therein.

5.4 Customer Privacy. Franchisee agrees to adhere to the terms of Franchisor's customer privacy policies Franchisor may now or in the future develop. Franchisee may not divulge personal information regarding any customers, except as necessary to operate the Franchised Business.

6 FRANCHISOR'S OBLIGATIONS

6.1 Operations Manual. Franchisor will loan Franchisee one copy of Franchisor's proprietary and confidential operations manual and any other manual or writing Franchisor may now or hereafter designate for use in operating the Franchised Business (collectively, the "Operations Manual"). Franchisee shall operate the Franchised Business in strict compliance with the Operations Manual, as it may be reasonably changed from time to time. The Operations Manual shall remain confidential and Franchisor's exclusive property. Franchisee shall not disclose, duplicate or make any unauthorized use of any portion of the Operations Manual. The provisions of the Operations Manual constitute provisions of this Agreement as if fully set forth herein. Franchisee shall ensure that Franchisee's copy of the Operations Manual is current and up to date, and keep a copy of the Operations Manual at the Approved Location. If there is a dispute relating to the contents of the Operations Manual, the master copy, which Franchisor maintains at Franchisor's corporate headquarters, will control. Franchisor reserves the right to disclose updates to the Operations Manual in writing in any manner, including electronic means such as e-mail, Franchisor's website and any intranet or extranet that Franchisor establishes in connection with the System.

6.2 Initial Supplies. Franchisor will provide Franchisee with a list of all items and equipment needed to commence operation of the Franchised Business, along with Franchisor's proprietary list of approved suppliers for such items (as applicable). Franchisor reserves the right to require Franchisee to purchase all initial inventory items directly from Franchisor.

6.3 Ongoing Assistance. Franchisor may provide Franchisee continuing consultation and advice, as Franchisor deems necessary and appropriate in its sole discretion, regarding the management and operation of the Franchised Business. Franchisor will provide such assistance, in Franchisor's discretion, by telephone, facsimile, intranet communication or on-site visits. If Franchisee requires and requests additional on-site assistance from Franchisor, subject to the availability of Franchisor's personnel, Franchisor may provide Franchisee with such assistance at Franchisor's then-current training fee, plus expenses, including Franchisor's travel and lodging expenses, as Franchisor deems necessary in its sole discretion.

6.4 Call Center. Franchisor reserves the right to establish and maintain a centralized call center for the purpose of accepting telephone inquiries from potential clients and forwarding such client information to the appropriate franchisee (the "Call Center"). Franchisee must comply with Franchisor's procedures for using the Call Center as Franchisor specifies in the Operations

Manual or otherwise in writing, including any fees Franchisee must pay in connection with administering and maintaining this service.

6.5 Additional Training. As set forth more fully in Section 8.2 of this Agreement, Franchisor may, in Franchisor's sole discretion, hold refresher and ongoing training courses, or training courses to provide additional information and/or updates regarding Franchisor's System and/or the operation of the Franchised Business. Except as otherwise provided in this Agreement, Franchisor may require Franchisee and Franchisee's personnel to attend such additional training up to five (5) days per year at a location to be selected by Franchisor. All expenses, including Franchisee and Franchisee's employees' transportation, meal, and lodging expenses to attend such training shall be Franchisee's sole responsibility. If training is conducted at Franchisee's Approved Location or in Franchisee's Protected Territory, Franchisee will be responsible for all of Franchisor's employees' expenses to attend such training, including transportation, meal, and lodging expenses. Franchisor may also use an online training portal (the "Online Training Portal") to provide some of the ongoing/refresher training in the future. In the event Franchisor establishes such an Online Training Portal, Franchisor reserves the right to require Franchisee to pay a subscription fee to use the portal as part of Franchisee's ongoing training obligations. Franchisee is solely responsible for payment of any recurring subscription fees incurred in connection with the Online Training Portal, whether those fees are paid to Franchisor or its designee.

7 FRANCHISEE'S OBLIGATIONS

7.1 Site Location and Lease Approval. Franchisee may operate the Franchised Business from a home office or an existing office, provided that Franchisee has a quiet and organized work space at home or the existing office. Additionally, Franchisee will need approximately 250 to 2,500 square feet of secure storage for inventory and equipment that meets Franchisor's specifications. If Franchisee has such storage capabilities at home or an existing office, then Franchisee does not need to acquire dedicated storage. If Franchisee does not have sufficient storage capabilities at home or an existing office, Franchisee is permitted to rent storage space, but Franchisee is expected to do so in a public storage facility or private garage. Franchisor may permit or require Franchisee to operate the Franchised Business from a separate office space if: (i) Franchisee's primary residence is not located within the Protected Territory; (ii) Franchisor determines that Franchisee is not operating its Franchised Business in a professional and organized manner from Franchisee's home office; or (iii) Franchisee submits a request in writing to operate the Franchised Business from a separately leased office space and the proposed office space meets Franchisor's then-current standards for a separately leased office space. Franchisor reserves the right, but not the obligation, to review, inspect and approve Franchisee's proposed office or lease for the Approved Location prior to execution. All costs of and connected with the design, construction, leasehold improvements, equipment, furnishings, fixtures, signs, and zoning compliance are Franchisee's responsibility.

7.1.1 Relocation. Franchisee may not relocate the Franchised Business without Franchisor's prior written consent. If, for any reason, Franchisee cannot continue to operate the Franchised Business from the Approved Location, Franchisee must relocate Franchisee's Franchised Business to a mutually acceptable site within Franchisee's Protected Territory to complete the unexpired portion of the term of this Agreement. Franchisee must notify Franchisor of Franchisee's intention to relocate, procure a site acceptable to Franchisor within ninety (90) days prior to closing operations at Franchisee's current Approved Location, and open for business at the new Approved Location within thirty (30) days of closing business at Franchisee's existing Approved Location.

Franchisor may require Franchisee to reimburse Franchisor for its reasonable costs and expenses associated with evaluating Franchisee's relocation request and/or any locations proposed by Franchisee for relocation.

7.1.2 Franchised Business Appearance and Construction. If Franchisee is authorized to operate the Franchised Business from a separately leased space, the Franchised Business must conform to Franchisor's standards and specifications for the appearance, layout, and design of a Franchised Business. Franchisee is solely responsible for the preparation of architectural and working drawings necessary to complete construction and/or build-out at the Approved Location and must ensure that plans meet with applicable ordinances, building codes, permits requirements, and any other applicable local, state, or federal law.

7.2 Training. Franchisee must attend and successfully complete Franchisor's Initial Training Program as set forth more fully in Section 8 of this Agreement.

7.3 Opening Requirements. Franchisee shall open and commence operating the Franchised Business within one hundred and twenty (120) days following the effective date of this Agreement.

7.4 Purchasing Requirements.

7.4.1 Compliance with Standards. Franchisee acknowledges and agrees that Franchisee's obligations set forth in this Agreement and the Operations Manual are reasonable and necessary for the operation of the Franchised Business and to maintain uniformity throughout the System. Franchisee shall adhere to the standards and specifications set forth in this Agreement and the Operations Manual and any revisions or amendments to same. Franchisee shall use the vehicle(s), furnishings, supplies, fixtures, equipment, computer hardware and software, product samples and promotional materials that comply with Franchisor's then-current standards and specifications, which Franchisor will establish and modify at Franchisor's discretion. Franchisee acknowledges that Franchisee may incur an increased cost to comply with such changes at Franchisee's expense.

7.4.2 Designated and Approved Suppliers. Franchisee must use Franchisor's designated suppliers for the following: (i) Franchisor's proprietary products; (ii) Franchisor's proprietary computer software; (iii) equipment and supplies used at project sites; (iv) other materials and merchandise bearing the Proprietary Marks; and (v) any other products or services as Franchisor may designate from time to time in Franchisor's sole discretion. Recognizing that preservation of the System depends upon product and service uniformity and the maintenance of Franchisor's trade dress, Franchisee agrees to purchase product samples and other supplies, services, furnishings, fixtures, computer hardware and software, and other equipment from Franchisor or from approved or designated suppliers as Franchisor shall specify, from time to time, in the Operations Manual and otherwise in writing (each an "Approved Supplier"). Franchisee must use products and services purchased from Approved Suppliers solely in connection with the operation of the Franchised Business and not for any competitive business purpose. Franchisee hereby acknowledges that Franchisor, Franchisor's affiliate and/or a third party may be one of several, or the only, Approved Supplier of any item. Franchisee further acknowledges and agrees that Franchisor and/or Franchisor's affiliates have the right to realize a profit or otherwise derive revenue on any products or services that Franchisor, Franchisor's affiliates or Franchisor's Approved Suppliers provide to Franchisee.

7.4.3 Supplier Approval. In the event Franchisee wishes to purchase any unapproved item, including inventory, or acquire approved items from an unapproved supplier, Franchisee must provide Franchisor with the name, address and telephone number of the proposed supplier, a description of the item Franchisee wishes to purchase, and the purchase price of the item, if known. At Franchisor's request, Franchisee must provide Franchisor, for testing purposes, a sample of the item Franchisee wishes to purchase. Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier. Franchisor may base Franchisor's approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation Franchisor deems necessary or desirable in Franchisor's System as a whole, as well as the maintenance of Franchisor's Confidential Information. Franchisor has the right to receive payments from suppliers on account of their dealings with Franchisee and other franchisees and to use all amounts Franchisor receives without restriction for any purposes Franchisor deems appropriate. Nothing herein shall require Franchisor to approve an unreasonable number of suppliers for a given item, which approval might, in Franchisor's reasonable judgment, result in higher costs or prevent the effective or economical supervision of Approved Suppliers.

7.4.3.1 Franchisee shall reimburse Franchisor for any costs Franchisor incurs in connection with testing a particular product or evaluating an unapproved supplier at Franchisee's request, regardless of whether Franchisor subsequently approves the item or supplier.

7.4.3.2 Franchisor will use commercially reasonable efforts to notify Franchisee in writing whether or not Franchisee's request is approved or denied within thirty (30) days of: (i) Franchisor's receipt of all supporting information from Franchisee; and (ii) if applicable, Franchisor's completion of any inspection or testing associated with Franchisee's request. If Franchisor does not provide written approval within this time period, then Franchisee's request will be deemed denied.

7.4.3.3 Franchisor may, but is not obligated to, provide Franchisee's proposed supplier with its specifications for the item that Franchisee wishes the third-party to supply, provided that proposed supplier executes Franchisor's prescribed form of non-disclosure agreement.

7.4.3.4 Each supplier that Franchisor approves must comply with Franchisor's requirements regarding insurance, indemnification and non-disclosure. If Franchisor approves any supplier, Franchisee may enter into supply contracts with such supplier, but under no circumstances will Franchisor guarantee Franchisee's performance of any supply contract.

7.4.3.5 Franchisor may re-inspect and revoke Franchisor's approval of particular products or suppliers when Franchisor determines, in Franchisor's sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products from such supplier.

7.4.4 System Suppliers. Franchisor may establish business relationships, from time to time, with suppliers who may produce or provide certain goods or services that Franchisee is required to purchase from that supplier (each a "System Supplier"). These System Suppliers may provide, among other things, supplies, fixtures, technology, hardware, software, or equipment. Franchisee recognizes that such products and services are essential to the operation of the Franchised Business and to the System generally. Franchisee further recognizes that Franchisee's failure to pay System Suppliers may interfere with such suppliers' willingness to supply the System and may result

in other System franchisees' inability to obtain product or ability to obtain product only on less favorable credit terms. Accordingly, Franchisee expressly agrees to pay System Suppliers as and when due.

7.5 Authorized Products and Services. Franchisee shall offer for sale all products and services which Franchisor prescribes and only those products and services which Franchisor prescribes. Franchisee may not offer any other products or services for sale without having received Franchisor's prior written authorization. Franchisee shall at all times maintain sufficient levels of inventory, as may be specified in the Operations Manual, to adequately satisfy consumer demand. Franchisee may only sell products to a client in conjunction with the services Franchisee provides to said client. Franchisee is prohibited from selling any products to a client unless Franchisee is also simultaneously providing related services to said client, without first obtaining Franchisor's written authorization. Franchisee must offer, use and sell all private label products which Franchisor may now or in the future designate for sale by System franchisees.

7.6 Operations.

7.6.1 Hours of Operation. Franchisee must operate the Franchised Business for at least those days and number of hours Franchisor specifies in the Operations Manual.

7.6.2 Maintenance of Project Sites. Franchisee must maintain all project sites in a clean, safe and organized manner, and in accordance with all applicable requirements of law, including all federal, state and local health laws, as well as this Agreement and the Operations Manual. Franchisee and Franchisee's employees must give prompt, courteous and efficient service to the public and otherwise operate the Franchised Business so as to preserve, maintain and enhance the reputation and goodwill of the System.

7.6.3 Personnel/Staffing. Franchisee must employ a sufficient number of qualified, competent personnel, offer prompt, courteous and efficient service to the public, and otherwise operate the Franchised Business in compliance with the System so as to preserve, maintain and enhance the reputation and goodwill of the System. All employees engaged in the operation of the Franchised Business during working hours shall dress conforming to Franchisor's standards, shall present a neat and clean appearance in conformance with Franchisor's reasonable standards, and shall render competent, efficient service to the customers of the Franchised Business.

7.6.4 Compliance with Operations Manual and Training of Employees. Franchisee agrees to conduct the Franchised Business in accordance with the Operations Manual. Franchisee shall immediately train and instruct Franchisee's employees in accordance with the Operations Manual, and shall continue such training and instruction as long as each employee is employed. The Operations Manual shall set forth the practices, procedures and methods to be utilized in the Franchised Business and Franchisor may require Franchisee to conform Franchisee's practices to national programs that Franchisor has designed as part of Franchisor's System.

7.6.5 Management Participation. Franchisee (or one of Franchisee's principals if Franchisee is an entity, or a third-party designee if approved in writing by Franchisor) must devote his or her personal full-time attention and best efforts to the management and operation of the Franchised Business. Franchisee may, however, delegate the day-to-day operation of the Franchised Business to a designated manager (the "Designated Manager"). Franchisee and the Designated Manager (if applicable) must successfully complete Franchisor's initial training program prior to

hiring or operating the Franchised Business. The Franchised Business must, at all times, be staffed with at least one (1) individual who has successfully completed Franchisor's initial training program as set forth in Section 8.1. Franchisee will keep Franchisor informed at all times of the identity of any employee acting as Designated Manager of the Franchised Business. In the event that a Designated Manager resigns or is otherwise terminated from the Franchised Business, the replacement must be trained pursuant to Franchisor's then-current standards. The new Designated Manager must successfully complete training within thirty (30) days of hiring. The Designated Manager is not permitted to seek or maintain other employment or engage in any other business activities during the term of this Agreement.

7.6.6 *Working Capital.* Franchisee must at all times maintain such working capital as may be reasonably necessary to enable Franchisee to properly and fully carry out and perform all of Franchisee's duties, obligations and responsibilities hereunder and to operate the Franchised Business in a businesslike, proper and efficient manner.

7.6.7 *Inventory.* Franchisee must at all times maintain sufficient levels of inventory, including but not limited to equipment and supplies used at project sites, as required by Franchisor to adequately meet consumer demand.

7.7 **Franchised Business Inspection.** Franchisee agrees that in order to maintain the high quality and uniform standards associated with the System and to protect its goodwill and reputation, Franchisee will permit Franchisor to inspect Franchisee's Franchised Business or attend a project site, confer with Franchisee and Franchisee's employees and customers, observe and evaluate Franchisee's sales techniques and operation methods, and perform any other inspection which Franchisor deems necessary to protect the standards of quality and uniformity of the system and evaluate Franchisee's performance under this Agreement. Franchisee is obligated to make changes to Franchisee's operations based upon any inspections conducted by Franchisor. Franchisor is not required to provide Franchisee with any notice prior to conducting such an inspection.

7.8 **Computer Software and Hardware.**

7.8.1 *Computer System.* Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by Franchisee, including without limitation: (i) a laptop or other computer that meets Franchisor's System specifications and is capable of running accounting software such as QuickBooks; (ii) printers and other peripheral hardware/devices; (iii) a POS System we designate; (iv) other required software applications and programs; and (vii) Internet access mode and speed that meets our requirements; (collectively, the "Computer System").

7.8.2 *Required Software.* Franchisor shall have the right, but not the obligation, to develop or designate: (i) computer software programs that Franchisee must use in connection with any component of the Computer System (the "Required Software"), which Franchisee shall install at Franchisee's sole expense; (ii) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install at Franchisee's sole expense; (iii) the tangible media upon which Franchisee records data; and (iv) the database file structure of the Computer System.

7.8.3 *Compliance with Requirements.* At Franchisor's request, Franchisee shall purchase or lease, and thereafter maintain, the Computer System and the Required Software. Franchisee expressly agrees to strictly comply with Franchisor's standards and specifications for all

items associated with Franchisee's Computer System and any Required Software. Franchisee agrees, at its own expense, to keep its Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to Franchisee's Computer System or Required Software as Franchisor directs from time to time in writing. Franchisee agrees that its compliance with this Section shall be at Franchisee's sole cost and expense.

7.8.4 Franchisor's Access. Franchisor may require that Franchisee's Computer System be programmed to automatically transmit data and reports about the operation of the Franchised Business to Franchisor. Franchisor shall also have the right, at any time without notice, to electronically connect with Franchisee's Computer System to monitor or retrieve data stored on the Computer System or for any other purpose Franchisor deems necessary. There are no contractual limitations on Franchisor's right to access the information and data on Franchisee's Computer System. Franchisee shall deliver to Franchisor all access codes, static internet protocol ("IP") addresses and other information to facilitate Franchisor's access to the data described in this Section within thirty (30) days of opening the Franchised Business.

7.8.5 Proprietary Software. Franchisor has a proprietary interest in all databases, lists, templates, programs and any other software components that have been created and/or customized by Franchisor (the "Proprietary Software"). In the future, Franchisor may further customize the Proprietary Software and create programs that conduct, among other things, scheduling, accounting, inventory, and related activities. Franchisee must obtain the computer hardware necessary to implement the Proprietary Software into the Franchised Business, and comply with all specifications and standards prescribed by Franchisor regarding the Proprietary Software as provided in the Operations Manual. This Proprietary Software will be Franchisor's proprietary product and the information collected therefrom will be deemed Franchisor's Confidential Information.

7.8.6 Computer Network. Franchisee is required to participate in any System-wide computer network, intranet system, or extranet system that Franchisor implements and Franchisee may be required by Franchisor to use such computer network, intranet system, or extranet system to, among other things: (i) electronically submit Franchisee's reports due under this Agreement to Franchisor; (ii) view and print portions of the Operations Manual, including any updates or modifications thereto; (iii) download approved marketing materials; (iv) communicate with Franchisor and other System franchisees; and (v) complete any initial or ongoing training, in the event Franchisor makes such training accessible through this medium. Franchisee agrees to use the facilities of any such computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that Franchisor includes in the Operations Manual or otherwise in writing, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements. Franchisee understands and agrees that it is solely responsible for any licensing and/or maintenance fee(s) associated with any intranet or extranet described in this Section.

7.9 Personal Conduct. Franchisee agrees to refrain from committing any act or pursuing any course of conduct that tends to bring Franchisor's Proprietary Marks into disrepute.

7.10 Best Efforts. Franchisee must use best efforts to promote and increase the demand for the Franchised Business's services within the Protected Territory. Franchisee agrees to refrain

from any business or advertising practice which may be injurious to the Franchised Business or the goodwill associated with the Proprietary Marks and System.

7.11 Telephone and Email Access. Franchisee must obtain a telephone at Franchisee's expense that has access to e-mail, texting abilities, and is capable of downloading and using applications. Any telephone listing Franchisee has in any directory must be approved by Franchisor prior to publication. Upon the expiration, transfer or termination of this Agreement for any reason, Franchisee shall terminate Franchisee's use of such telephone number(s) and listing(s) and assign same to Franchisor or Franchisor's designee. Franchisee must execute the Conditional Assignment of Franchisee's Telephone Numbers, Facsimile Numbers and Domain Names attached as Exhibit B to this Agreement. Franchisee must answer the telephone in the manner Franchisor specifies in the Operations Manual.

7.12 Payment of Debts. Franchisee is solely responsible for selecting, retaining and paying Franchisee's employees, the payment of all invoices for the purchase of goods and services used in connection with operating the Franchised Business, and determining whether, and on what terms, to obtain any financing or credit which Franchisee deems advisable or necessary for the conduct of the Franchised Business. Franchisee agrees to pay all current obligations and liabilities to suppliers, lessors, and creditors on a timely basis. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for debts owed by Franchisee if Franchisor elects to pay any of Franchisee's obligations in order to preserve the relationship between System Suppliers and System franchisees. Franchisee agrees to make prompt payment of all federal, state and local taxes, including individual and corporate taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, personal property and real estate taxes arising from Franchisee's operation of the Franchised Business. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for these taxes.

7.13 Compliance with Applicable Laws. Franchisee is solely responsible for compliance with all laws and regulations applicable to the Franchised Business, despite any advice or guidance Franchisor may provide from time to time. Franchisee must comply with all applicable federal, state and local laws, ordinances and regulations regarding the operation of the Franchised Business (including, without limitation, all laws and regulations relating to occupational hazards and health, trademark and copyright infringement, marketing practices, consumer protection, trade regulation, workers' compensation, unemployment insurance, withholding and payment of federal and state income taxes, social security taxes and sales, use and property taxes, and the applicable provisions of the Americans with Disabilities Act ("ADA")). Franchisee will have sole authority and control over the day-to-day operations of the Franchised Business and Franchisee's employees and/or independent contractors. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will Franchisee or Franchisee's employees be deemed to be employees of Franchisor or Franchisor's affiliates.

7.14 Trade Secrets and Confidential Information. Franchisee and all of its employees must maintain the confidentiality of all Confidential Information as set forth in Section 5 of this Agreement.

7.15 Image. Franchisee acknowledges that Franchisor has developed the System to offer and sell products and services which will distinguish the Franchised Business from other competitive businesses. Franchisee agrees to offer products and services and to conduct the Franchised Business in such a manner which will serve to emulate and enhance the image Franchisor intended for the System. Franchisee further acknowledges and agrees that each aspect of the System is important not only to Franchisee, but also to Franchisor and to other System franchisees in order to maintain the highest operating standards, achieve system-wide uniformity and increase the demand for the services rendered by System franchisees. Franchisee agrees to comply with the standards, specifications and requirements Franchisor sets forth in order to uniformly convey the distinctive image of a Steel Coated Floors Franchised Business. Franchisee shall, in the operation of the Franchised Business, use only displays, bags, labels, forms, stationery and other products Franchisor designates that are imprinted with Proprietary Marks and colors in the manner designated by Franchisor, as prescribed from time to time.

7.16 Pending Actions. Franchisee shall notify Franchisor, in writing, within five (5) days of the commencement of any action, suit or proceeding and the issuance of any order, suit or proceeding of any court, agency or other government instrumentality, including the receipt of any notice or citation, which may adversely affect the operation or financial condition of Franchisee or the Franchised Business.

7.17 Standard Maintenance and System Conformity. Franchisee agrees to update, repair, refinish, replace, and/or otherwise refurbish the Franchised Business's Computer System, Required Software, and, to the extent Franchisee operates the Franchised Business from a separately leased office space, the Approved Location's furnishings, fixtures, decor, and any other tangible part or property of the Franchised Business at Franchisee's sole expense at such times as Franchisor may reasonably direct. Franchisor has the right to direct Franchisee to update, remodel, re-equip, and otherwise refurbish the Computer System or Approved Location in the manner necessary to bring it into conformance with other businesses of the type Franchisor's franchisees are opening at the time of such direction. Franchisor may require Franchisee to update existing equipment or acquire additional equipment at any time, but Franchisor will not require Franchisee to replace the service van used in connection with the Franchised Business more often than once every five (5) years. However, Franchisee must maintain and repair the service van so that it meets Franchisor's then-current standards and specifications at all times.

8 TRAINING

8.1 Initial Training Program. Franchisee must attend, and complete to Franchisor's satisfaction, Franchisor's initial training program (the "Initial Training Program"). Franchisor will provide the Initial Training Program to this individual and two (2) additional individuals for \$5,000. The Initial Training Program will be conducted at Franchisor's headquarters or another location designated by Franchisor. The Initial Training Program must be completed before Franchisee opens the Franchised Business. Franchisor reserves the right to determine "training readiness" of franchisees before scheduling the program. All training related expenses, including Franchisee's and Franchisee's employees' transportation to and from the training site, lodging, meals, and salaries during training, are Franchisee's sole responsibility. At the conclusion of the Initial Training Program, Franchisor, at its sole discretion, will either certify that Franchisee successfully completed the Initial Training Program, or require Franchisee to complete further training in order to be certified. If Franchisee has not completed the Initial Training Program to Franchisor's complete satisfaction, Franchisee will not be permitted to commence operations of the Franchised Business.

Once Franchisee satisfies all pre-opening obligations, including completing the Initial Training Program to Franchisor's satisfaction, and Franchisee acquires its first project, Franchisor will provide Franchisee with additional on-site support for the first project.

8.1.1 *Timing for Completion.* Franchisee and its designated trainees must participate in and complete the Initial Training Program to Franchisor's satisfaction prior to opening the Franchised Business and within ninety (90) days from the effective date of this Agreement. In the event Franchisee does not complete the Initial Training Program to Franchisor's satisfaction within this timeframe, then Franchisor may terminate this Agreement immediately upon providing written notice to Franchisee.

8.1.2 *Replacement Personnel.* In the event Franchisee or Franchisee's designee fails to complete the Initial Training Program to Franchisor's satisfaction, the respective person may repeat the course, or in the case of an employee, Franchisee may send a replacement (the "Replacement Personnel") to the next available training session. Franchisor may charge its then-current training tuition fee for such Replacement Personnel to attend the Initial Training Program. Failure by Franchisee, an employee or any Replacement Personnel to complete the Initial Training Program to Franchisor's satisfaction within the time period prescribed in Section 8.1.1 of this Agreement shall constitute a default of this Agreement and Franchisor may terminate the Agreement.

8.1.3 *Additional Employees.* In the event Franchisee wishes for more than three (3) people to participate in the Initial Training Program, Franchisor may provide the Initial Training Program to such additional persons, subject to the availability of Franchisor's personnel, and charge Franchisee its then-current training tuition fee. All training related expenses for Franchisee's additional personnel, including transportation to and from the training site, lodging, meals, and salaries during training, are Franchisee's sole responsibility.

8.1.4 *Training Materials.* Franchisor will provide Franchisee with training materials for Franchisee to use in training Franchisee's personnel. Updated training materials will be provided to Franchisee by Franchisor upon written request. All training materials provided to Franchisee by Franchisor shall at all times remain Franchisor's property, and Franchisee agrees not to challenge Franchisor's or Franchisor's affiliates' title or rights in or to the training materials. Franchisee may not make any disclosure, duplication or other unauthorized use of any portion of the training materials. It is Franchisee's sole responsibility to train its own personnel in accordance with System standards and specifications.

8.1.5 *Initial Training Fee.* Prior to attending the Initial Training Program, Franchisee must pay Franchisor an Initial Training Fee. The Initial Training Fee will cover Franchisee's attendance of the Initial Training Program and the attendance of two other personnel, provided that all of these individuals attend training at the same time as Franchisee and prior to the opening of the Franchised Business.

8.2 **Additional and Remedial Training.** To assist Franchisee in the operation of the Franchised Business, Franchisor may offer and/or require Franchisee and Franchisee's personnel to complete additional training programs or refresher courses.

8.2.1 *Routine Training.* From time to time, Franchisor may schedule additional and/or refresher training at Franchisor's headquarters or another designated location as part of its normal course of business to assist or update its franchisees on certain matters related to the System.

In the event Franchisor schedules this type of additional training, Franchisor will not charge any training tuition fee for Franchisee and Franchisee's designated personnel to attend such training, provided: (i) the scheduled course has capacity for such persons to attend; (ii) Franchisor's training personnel are available to provide such training; and (iii) Franchisee is otherwise in substantial compliance with its obligations under this Agreement. Franchisor may require Franchisee and up to three (3) individuals to attend up to five (5) days of additional training under this Section each year. Franchisee will be solely responsible for its expenses associated with training described in this Section 8.2.1, including travel, lodging and meal expenses.

8.2.2 On-Site and/or Other Training Requested By Franchisee. Franchisor may also provide ongoing training on-site at the location of the Franchised Business, either at Franchisee's request or as Franchisor deems necessary in its sole discretion, subject to the availability and schedule of Franchisor's training personnel. In the event Franchisor provides such on-site training or any other additional training at Franchisee's request, Franchisor may charge Franchisee its then-current training tuition rate, and Franchisee will be required to reimburse Franchisor for its reasonable expenses associated with providing such training, including travel, lodging and meal expenses.

8.2.3 Remedial Training. In the event Franchisor determines that Franchisee is not operating the Franchised Business as required under the Franchise Agreement or in compliance with the System standards, Franchisor may require Franchisee to attend up to five (5) days of remedial training a year (in addition to any required training under Section 8.2.1). Franchisor has the right to schedule remedial training at its corporate headquarters or other designated training facility, or Franchisor may provide such training on-site at the Franchised Business. In either case, Franchisor may charge Franchisee its then-current tuition training fee to provide such remedial training.

8.2.4 Costs and Expenses. With respect to all training set forth in this Section 8.2, Franchisee is solely responsible for the expenses of Franchisee and Franchisee's employees, including transportation to and from the training site and lodging, meals, and salaries during any such training.

8.3 Online Training Portal. Franchisor reserves the right to establish and maintain an Online Training Portal to provide certain aspects of the Initial Training Program set forth in Section 8.1, as well as components of Franchisee's additional and/or remedial training (the "Online Training Portal"). In the event Franchisor establishes an Online Training Portal, Franchisor may require Franchisee to subscribe to this portal and pay Franchisor's then-current subscription fee, which Franchisor may determine and modify as it deems advisable in its sole discretion.

9 INSURANCE

9.1 Insurance Types and Amounts. Franchisee shall procure and maintain, at its sole expense, such insurance covering the operation of the Franchised Business as Franchisor may designate from time to time. Franchisee must procure the required insurance at least twenty (20) days prior to opening the Franchised Business or upon signing a lease agreement for the premises of the Franchised Business (if Franchisee is not operating from a home office) or upon signing an agreement at a storage facility (if Franchisee is not storing inventory and equipment at a home office), whichever comes first. The following limits are the minimum amounts required under this Agreement. Franchisor reserves the right to modify the minimum amounts upon written notice. If Franchisee is located in a jurisdiction or signs a lease or contract that requires a higher level of coverage than the amounts provided below, then Franchisee must obtain the higher level of coverage as required by the

jurisdiction or the terms of the lease or contract. If Franchisee signs a lease or contract that does not require as much coverage, Franchisee must still purchase enough insurance to meet Franchisor's requirements. The current minimum insurance requirements are as follows:

9.1.1 Commercial General Liability Insurance in the minimum amount of \$1,000,000 per occurrence, \$2,000,000 aggregate;

9.1.2 Products Liability Insurance in the minimum amount of \$2,000,000 per incident and \$2,000,000 in aggregate;

9.1.3 Hired/Non-Owned and Owned Automobile Liability Insurance for a minimum combined single limit of \$1,000,000 for any vehicles owned by or used in the course of the Franchised Business;

9.1.4 Workers' Compensation and Employer's Liability Insurance in an amount that complies with the statutory requirements of the state in which the Franchised Business is operated;

9.1.5 Umbrella Liability Insurance in the minimum amount of \$5,000,000 in excess of all other policies;

9.1.6 Such insurance as necessary to provide coverage under the indemnity provisions set forth in this Agreement.

9.2 **Insurance Rating, Approval, and Certification.** All insurance carriers must be approved by Franchisor in advance and in writing. All insurance policies must be issued by insurance companies with a rating of A-VII or better as reported in the most recent edition of A.M. Best's Insurance Reports. Franchisor's acceptance of an insurance carrier does not constitute Franchisor's representation or guarantee that the insurance carrier will be capable of meeting claims during the term of the insurance policy. Franchisee agrees to carry such insurance as may be required by any of Franchisee's lenders or equipment lessors and such workers' compensation insurance as may be required by applicable law. Franchisee must deliver a certificate of insurance to Franchisor at least twenty (20) days prior to opening the Franchised Business and ten (10) days prior to any renewal of the required policies as evidence that all insurance requirements have been met. All insurance policies held by Franchisee will be primary to any policy or policies held by Franchisor or its affiliates.

9.3 **Additional Insureds.** Franchisee must add Franchisor and any other parties Franchisor may designate to all insurance contracts as additional insureds under the insurance policies at Franchisee's expense. All insurance policies will contain a waiver of subrogation in favor of Franchisor and any parties Franchisor designates.

9.4 **Claims Cancellation.** Franchisee must provide Franchisor with copies of any insurance claims or insurance cancellations within twenty-four (24) hours. Franchisee has a twenty-four (24) hour opportunity to cure any lapses in insurance coverage. No insurance policy may be subject to cancellation, termination, non-renewal or material modification, except upon at least thirty (30) days' prior written notice from the insurance carrier to Franchisor.

9.5 **Failure to Maintain Insurance.** If Franchisee fails to comply with the minimum insurance requirements set forth herein, Franchisor has the right to obtain such insurance and keep same in force and effect and Franchisee shall pay Franchisor, on demand, the premium cost thereof and an administrative fee equal to eighteen percent (18%) of the premium cost incurred in connection with Franchisor obtaining the insurance.

9.6 **Modification of Requirements.** Franchisor has the right to increase or otherwise modify the minimum insurance requirements upon thirty (30) days prior written notice to Franchisee, and Franchisee shall comply with any such modification within the time specified in said notice.

10 FINANCIAL RECORDS AND REPORTS

10.1 **Reporting.** Franchisee must maintain, for at least five (5) fiscal years from their preparation, complete financial records for the operation of the Franchised Business in accordance with generally accepted accounting principles and must provide Franchisor, at Franchisor's request, with:

10.1.1 Gross Revenue Reports in the interval and manner as specified by Franchisor;

10.1.2 within thirty (30) days after the end of each calendar quarter, a balance sheet and profit and loss statement for that quarter and Franchisee's fiscal year to date;

10.1.3 within sixty (60) days after the end of Franchisee's fiscal year, a balance sheet, income statement and statement of cash flow of the Franchised Business for that fiscal year, prepared in accordance with generally accepted accounting principles in the format Franchisor prescribe from time to time; and

10.1.4 any other data, information and supporting records that Franchisor designates from time to time, including any and all reports required in the Operations Manual.

10.1.5 Any quarterly and annual financial information that Franchisee submits must be certified as correct by Franchisee or, if Franchisee is a corporation, partnership or limited liability company, by one of Franchisee's principal officers. Franchisee's fiscal year shall be the calendar year, unless Franchisee obtains Franchisor's prior written consent to have a different fiscal year end. Franchisor shall have full access to all of Franchisee's data, system, and related information by means of direct access, and Franchisee must take any actions as may be reasonably required to ensure that Franchisor has such access.

10.2 **Tax Returns.** In addition to the information and materials set forth in Section 10.1, Franchisee agrees to maintain, and furnish to Franchisor upon request, complete copies of all federal, state and local tax returns, including those detailing income, sales, value added, use and service taxes, as well as employee withholding, workers' compensation, and similar reports filed by Franchisee reflecting financial activities of the Franchised Business.

10.3 **Right to Disclose Information.** Franchisor has the right to disclose data derived from the reports Franchisee furnishes without identifying Franchisee or the location of the Franchised Business, and to use such data in Franchisor's Franchise Disclosure Document.

11 BOOKS AND RECORDS

Franchisee must maintain accurate business records, reports, accounts, books and data relating to the operation of the Franchised Business. Franchisor and Franchisor's designees have the right to inspect and/or audit Franchisee's business records at any time during normal business hours, to determine whether Franchisee is current with suppliers and is otherwise operating in compliance with the terms of this Agreement and the Operations Manual. If any audit reveals that Franchisee has understated Franchisee's Royalty or Brand Fund Contribution by more than two percent (2%), or if Franchisee has failed to submit timely reports and/or remittances for any two (2) reporting periods within any twelve (12) month period, Franchisee must pay the reasonable cost of such audit and/or inspection, including the cost of outside auditors and attorneys (to the extent Franchisor incurs such costs), together with amounts due for Royalty and other fees as a result of such underreporting and/or failure to submit reports, along with all late fees and interest which may otherwise be due under this Agreement.

12 ADVERTISING

Recognizing the value of advertising and promotion, and the importance of the standardization of advertising and promotional programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

12.1 Generally. With regard to advertising generally for the Franchised Business, Franchisee will only use or display the advertising materials Franchisor approves in writing. If Franchisee wishes to use any advertising or promotional materials other than those currently approved for use by System franchisees, then Franchisee must submit Franchisee's proposed materials to Franchisor for approval at least twenty (20) days prior to their intended use. Franchisor will use commercially reasonable efforts to notify Franchisee of Franchisor's approval or disapproval of the proposed materials within ten (10) days of the date such materials are received. If Franchisee does not receive Franchisor's written approval within ten (10) days, the proposed materials shall be deemed disapproved. Once approved, Franchisee may use the materials for period of ninety (90) days, unless Franchisor withdraws or revokes or approval at an earlier time, which Franchisor may do at any time with written notice. All advertising must comply with any standards for use of the Proprietary Marks Franchisor establishes as set forth in the Operations Manual or otherwise in writing. Franchisor may require Franchisee to discontinue the use of any advertising or marketing material, within time frames prescribed by Franchisor, at Franchisee's sole cost and expense.

12.2 Internet Website and Social Media. Franchisee must have and maintain adequate hardware and software in order to access the Internet at the bit speed Franchisor requires from time to time. Franchisee is prohibited, however, from establishing any website or other presence on the Internet, except as provided herein.

12.2.1 Franchisor may, but is not obligated to, establish an Internet website that provides information about the System and the products and services offered by Franchised Businesses. In the event Franchisor exercises its right to create such a website, Franchisor shall have sole discretion and control over the website (including timing, design, contents and continuation).

12.2.2 Franchisor may, but is not obligated to, create interior pages on its website(s) that contain information about the Franchised Business and other Steel Coated Floors franchised business locations. If Franchisor does create such pages, Franchisor may require

Franchisee to prepare all or a portion of the page for the Franchised Business, at Franchisee's expense, using a template that Franchisor provides. All such information will be subject to Franchisor's approval prior to posting.

12.2.3 With Franchisor's prior written approval, Franchisee may be permitted to create and use web based platforms such as Facebook, Myspace, Twitter, LinkedIn, Instagram, Snapchat, blogs and other networking websites that use the Proprietary Marks to promote the Franchised Business ("Social Media Pages"). If such approval is granted by Franchisor, Franchisee must: (i) establish and operate such Social Media Pages in accordance with System standards and any other policies Franchisor designates in the Operations Manual or otherwise in writing from time to time; and (ii) utilize any templates that Franchisor provides to Franchisee to create and/or modify such Social Media Pages. Franchisee must update the content of any Social Media Page and/or networking site at the times and in the manner directed by Franchisor.

12.2.4 Franchisor shall have the right to modify the provisions of this Section 12.2 relating to Internet websites and Social Media Pages as Franchisor deems necessary or appropriate in the best interest of the System.

12.3 Brand Development Fund.

12.3.1 *Fund Generally.* Franchisor has the right to establish and administer a creative brand development fund (the "Brand Development Fund" or "Fund") to promote, market, advertise and otherwise develop the System, Proprietary Marks, the Approved Services and System locations, as well as Franchisor's brand generally.

12.3.2 *Fund Contribution and Applicable Minimum Contribution.* Franchisee must contribute to the Fund, at the same time and in the same manner as the Royalty Fee, in an amount equal to the greater: (i) two percent (2%) of the Gross Sales generated by the Franchised Business during the immediately preceding reporting period; or (ii) the applicable minimum contribution set forth in the following table, which is based on the total number of franchises/territories Franchisor has awarded to Franchisee (or its principal/affiliate):

Number of Franchises (Franchised Territories) Awarded to Franchisee (or its principal/affiliate)	Applicable Minimum Contribution
1-3	\$400/month
4-6	\$800/month
7-9	\$1,200/month
Each Additional Multiple of 3 (e.g., 10-12, 13-15, etc.)	An additional \$400 each time a multiple of 3 is reached (e.g., 10 to 12 = \$1,600, 13-15 = \$2,000)

12.3.3 Franchisor will use Brand Fund contributions, in Franchisor's sole discretion, to develop, produce and distribute national, regional and/or local advertising and to create advertising materials and public relations programs which promote, in Franchisor's sole judgment, the services offered by System Franchisees. Franchisor has the sole right to determine how to spend contributions and expenditures from the Brand Development Fund, or any other advertising program, and sole authority to determine, without limitation, the selection of the advertising materials and programs. Franchisor may use the Brand Development Fund to satisfy any and all costs of

maintaining, administering, directing, preparing, and producing advertising, including the cost of preparing and producing Internet, television, radio, magazine and newspaper advertising campaigns, the cost of direct mail and outdoor billboard advertising; the cost of public relations activities and advertising agencies; the cost of developing and maintaining an Internet website; personnel and other departmental costs for advertising that Franchisor internally administers or prepares; and the costs of building partnerships with national or regional brands. Nevertheless, Franchisee acknowledges that not all System franchisees will benefit directly or on a pro rata basis from such expenditures. While Franchisor does not anticipate that any part of the Brand Development Fund will be used for advertising which is principally a solicitation for franchisees, Franchisor reserves the right to use the Brand Development Fund for public relations or recognition of the Steel Coated Floors brand, for the creation and maintenance of a web site, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating “Franchises Available”. If Franchisor does not spend all Brand Fund Contributions by the end of each fiscal year, the funds will be carried forward into the next fiscal year.

12.3.4 Franchisor may periodically assist franchisees to maintain high quality standards through customer surveys, customer interviews, and other similar initiatives (“Surveys”). The cost of such programs will be borne by the Brand Development Fund. The cost of these programs may be charged directly to Franchisee if Franchisee’s results from a Survey fall below established minimum System standards for such Surveys.

12.3.5 Franchisor has the right to reimburse itself from the Brand Development Fund for such reasonable costs and overhead, if any, as Franchisor may incur in activities reasonably related to the direction and implementation of the Brand Development Fund.

12.3.6 Franchisor-owned and affiliate-owned Steel Coated Floors businesses may but are not required to contribute to the Brand Development Fund.

12.3.7 Franchisor will prepare on an annual basis, and will have available for Franchisee within one hundred twenty (120) days of the end of the fiscal year, an unaudited statement of contributions and expenditures for the Brand Development Fund. The statement will be presented to Franchisee upon Franchisee’s written request. The Brand Development Fund is not required to be independently audited.

12.3.8 Franchisor has the right to require that an advertising cooperative and/or franchisee advisory council be formed, changed, dissolved or merged. Franchisor will have the right to change, modify or dissolve an advertising cooperative or franchisee advisory council (if created) at any time.

12.3.9 Franchisor has the right, but not the obligation, to cause the Brand Development Fund to be incorporated or operated through a separate entity at such time as Franchisor deems appropriate, and such successor entity will have all of the rights and duties specified herein.

12.3.1- Franchisee acknowledges that the Brand Development Fund is not a trust or an asset of Franchisor and that Franchisor is not a fiduciary to Franchisee with respect to, or a trustee of, the Brand Development Fund or the monies therein.

12.4 Grand Opening Advertising. Franchisee must spend a minimum of \$2,500 to develop and implement an opening advertising campaign beginning two weeks prior to opening and

ending two weeks after the opening of the Franchised Business (the “Grand Opening Advertising”). The Grand Opening Advertising is in addition to the Fund Contribution and Local Advertising Requirement. All promotional activities must be approved in advance by Franchisor. The amounts Franchisee spends for initial marketing and advertising are typically not refundable.

12.5 Local Advertising. Recognizing the importance of promoting the Franchised Business within Franchisee’s Territory, Franchisee must expend a minimum of two percent (2%) of the Gross Sales of the Franchised Business each calendar month (based on the Gross Sales of the Franchised Business during the preceding calendar month) on local advertising and marketing. Franchisee must only use those materials that Franchisor has previously approved or designated, and Franchisor may require that Franchisee provides Franchisor with reports and other evidence of the local advertising expenditure each month. Franchisee may not conduct any local advertising outside of the Protected Territory.

13 INDEPENDENT CONTRACTOR; INDEMNIFICATION

13.1 Independent Contractor Status. Franchisee is an independent contractor responsible for full control over the internal management and daily operation of the Franchised Business, and neither party to this Agreement is the agent, principal, partner, employee, employer or joint venture partner of the other party. Franchisee may not act or represent itself, directly or by implication, as Franchisor’s agent, partner, employee or joint venture partner, and Franchisee may not incur any obligation on Franchisor’s behalf or in Franchisor’s name. All stationery, business cards and contractual agreements entered into by Franchisee shall contain Franchisee’s corporate or fictitious name and a conspicuously displayed notice in the place Franchisor designates that Franchisee independently owns and operates the Franchised Business as a Steel Coated Floors franchisee. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor’s behalf, or to incur any debt or other obligation in Franchisor’s name; and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action, nor shall Franchisor be liable by reason of any of Franchisee’s acts or omissions in the operation of the Franchised Business or for any claim or judgment arising therefrom against Franchisee or Franchisor. Neither this Agreement nor Franchisor’s course of conduct is intended, nor may anything in this Agreement (nor Franchisor’s course of conduct) be construed to state or imply that Franchisor is the employer of Franchisee’s employees and/or independent contractors.

13.2 Indemnification. Franchisee and Franchisee’s principals agree to indemnify, defend and hold Franchisor, Franchisor’s affiliates and their respective shareholders, directors, officers, employees, agents, successors and assignees (“Indemnitees”) harmless against and to reimburse them for all claims, obligations, liabilities and damages (“Claims”), including any and all taxes, directly or indirectly arising out of, in whole or in part: (i) anything related to the operation of the Franchised Business, including sales and advertising for the Franchised Business; (ii) the unauthorized use of the Proprietary Marks and other Proprietary Material; (iii) the transfer of any interest in this Agreement or the Franchised Business in any manner not in accordance with this Agreement; (iv) the infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of Franchisee’s principals of any patent, trademark or copyright or other proprietary right owned or controlled by third parties; or (v) libel, slander or any other form of defamation of Franchisor, the System or any franchisee operating under the System, by Franchisee or by any of Franchisee’s principals. For purposes of this indemnification, “Claims” shall include all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in

the defense of any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not such claims exceed the amount of insurance coverage available through Franchisee to Franchisor. Franchisor shall have the right to defend any such claim against it in such manner as Franchisor deems appropriate or desirable in Franchisor's sole discretion. Such an undertaking by Franchisor shall, in no manner or form, diminish Franchisee's and each of Franchisee's principals' obligations to indemnify the Indemnitees and to hold them harmless. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

14 SALE OR TRANSFER

14.1 Transfer. Franchisee's rights under this Agreement are personal, and Franchisee shall not sell, transfer, assign or encumber Franchisee's interest in the Franchised Business without Franchisor's prior written consent. Any sale, transfer, assignment or encumbrance of an interest in Franchisee or the Franchised Business made without Franchisor's prior written consent shall be voidable at Franchisor's option and shall subject this Agreement to automatic termination as specified herein.

14.2 Death or Disability.

14.2.1 Representative's Right to Continue as Franchisee. In the event of Franchisee's death, permanent disability or incapacitation (or the death, permanent disability or incapacitation of Franchisee's owners or personal guarantors), Franchisee's legal representative, or Franchisee's owner's or guarantor's respective legal representative, as applicable, will have the right to continue the owner's operation of the Franchised Business as franchisee under this Agreement if: (i) within one hundred eighty (180) days from the date of death, disability or incapacity (the "180 Day Period"), such person has obtained Franchisor's prior written approval and has executed Franchisor's then-current franchise agreement for the unexpired term of this Agreement, or has furnished a personal guaranty of any partnership, corporate or limited liability company franchisee's obligations to Franchisor and Franchisor's affiliates; and (ii) such person successfully completes Franchisor's Initial Training Program (which Franchisor will provide at Franchisor's then-current tuition rate). Such assignment by operation of law will not be deemed in violation of this Agreement, provided such heirs or legatees accept the conditions imposed by the Franchise Agreement and are acceptable to Franchisor.

14.2.2 Franchised Business Operation During and After 180 Day Period. Franchisor is under no obligation to operate the Franchised Business, or to incur any obligation on behalf of any incapacitated franchisee, during or after the 180 Day Period. If necessary, Franchisee (or Franchisee's legal representative, as applicable) shall appoint a previously approved acting interim manager to operate the Franchised Business during the 180 Day Period. In the event of Franchisee's death, permanent disability, or incapacitation, Franchisor may (but is not required to) operate Franchisee's Franchised Business on Franchisee's behalf and at Franchisee's expense for such period of time (and under such terms and conditions) as Franchisor determines, including paying out the assets and/or revenues of the Franchised Business to cover any or all past, current and/or future obligations of the Franchised Business (including any amounts owed to Franchisor and/or any affiliate) in such priorities as Franchisor determines from time-to-time in Franchisor's sole and absolute discretion. Franchisor may pay itself a twenty percent (20%) of the Franchised Business's Gross Revenues to reimburse Franchisor for Franchisor's management services and other costs.

Franchisor may obtain approval of a court or arbitrator for any such arrangements, the attorney's fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or revenues of the Franchised Business. Franchisee (and/or Franchisee's estate) will indemnify Franchisor against any costs and/or liabilities incurred by it in connection with, or related in any way to, the operation (or otherwise) of the Franchised Business.

14.3 Ownership Changes. In addition to the transfer of Franchisee's rights under this Agreement to a third party, a sale, transfer or assignment requiring Franchisor's prior written consent shall also be deemed to occur: (i) if Franchisee is a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock which results in a change of ownership; (ii) if Franchisee is a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if Franchisee is a limited liability company, upon the assignment, sale, pledge or transfer of any ownership interest in the limited liability company. Any new partner, shareholder, or member or manager will be required to personally guarantee Franchisee's obligations under this Agreement.

14.3.1 Right of First Refusal. If Franchisee proposes to transfer either this Agreement or all, or substantially all, of the assets used in connection with the Franchised Business to any third party, Franchisee shall first offer to sell such interest to Franchisor on the same terms and conditions as offered by such third party, provided that if the third party offers property or other consideration, Franchisor will be entitled to offer cash or cash equivalents equal to the fair market value of the property or other consideration. Franchisee shall obtain from the third party and provide Franchisor a statement in writing, signed by the third party and Franchisee, of the terms of the offer ("Letter of Intent"). If Franchisor elects not to accept the offer within a thirty (30) day period, Franchisee shall have a period not to exceed sixty (60) days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth in Section 14.3.2 hereof. Any material change in the terms of the offer shall be deemed a new proposal subject to Franchisor's right of first refusal. So long as Franchisee has obtained Franchisor's prior written consent, which shall not be unreasonably withheld, a transfer to corporation or limited liability company as set forth in Section 14.4, or a transfer as a result of the death, permanent disability or incapacitation as set forth in Section 14.2, is not subject to Franchisor's first right of refusal.

14.3.2 Conditions for Approval. Franchisor may condition Franchisor's approval of any proposed sale, assignment or transfer upon satisfaction of the following occurrences:

14.3.2.1 All of Franchisee's accrued monetary obligations to Franchisor, Franchisor's affiliates, and Franchisor's designated/approved suppliers and vendors, are satisfied;

14.3.2.2 Franchisee must cure all existing defaults under this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, or Franchisor's designated suppliers, and Franchisee must have substantially complied with such agreements during their respective terms;

14.3.2.3 Franchisee and Franchisee's principals (if Franchisee is a partnership, corporation or limited liability company), and the transferee (if it has had any previous relationship with Franchisor or Franchisor's affiliates), must execute a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's affiliates and officers, directors, shareholders and employees, in their corporate and individual capacities;

14.3.2.4 Franchisee or transferee shall provide Franchisor a copy of the proposed form of purchase agreement relating to the proposed transfer with all supporting documents and schedules, and Franchisor shall have the right to require changes to such agreement as a condition to approving the transfer, either to reinforce Franchisor's rights under this Agreement, or if Franchisor believes that the purchase price and terms of the proposed transfer are so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Franchised Business and the transferee's performance under its franchise agreement;

14.3.2.5 The transferee shall demonstrate to Franchisor's satisfaction that he or she meets Franchisor's educational, managerial and business standards, possesses a good moral character, business reputation and credit rating, has the aptitude and ability to conduct the Franchised Business, and has adequate financial resources and capital to meet the performance obligations under this Agreement; however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, employee, or independent operator of any other business that is similar in nature or in competition with Franchisor, except that the transferee may be an existing franchisee of Franchisor's;

14.3.2.6 The transferee shall execute Franchisor's then-current form of franchise agreement, the terms of which may differ materially from this Agreement, for either a full initial term or for the remainder of the term of this Agreement, as determined by Franchisor in its sole discretion;

14.3.2.7 Franchisee or transferee shall pay Franchisor a transfer fee equal to the greater of \$5,000 or ten percent (10%) of the sale price for the Franchised Business.

14.3.2.8 The transferee shall satisfactorily complete Franchisor's training program at the transferee's expense within the time frame set forth by Franchisor;

14.3.2.9 Franchisee (and Franchisee's principals if Franchisee is a partnership, corporation or limited liability company), and the members of their respective families must comply with the post-termination provisions of this Agreement;

14.3.2.10 The transferee must obtain, within the time limits set by Franchisor, and maintain thereafter, all permits and licenses required for the operation of the Franchised Business;

14.3.2.11 To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;

14.3.2.12 The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises;

14.3.2.13 Franchisee must insure that all projects in progress at the time of the transfer will be continued without interruption, and the transferee must promptly notify all current customers of the change in ownership;

14.3.2.14 Franchisee must request that Franchisor provide the prospective transferee with Franchisor's current form of Franchise Disclosure Document and Franchisor shall not be liable for any representations not included in the Franchise Disclosure Document;

14.3.2.15 Franchisor's approval of the transfer shall not constitute a waiver of any claims Franchisor may have against the transferring party;

14.3.2.16 Franchisor shall have the right to disclose to any prospective transferee revenue reports and other financial information concerning Franchisee and Franchisee's Franchised Business; and

14.3.2.17 In any event, Franchisor may withhold or condition Franchisor's consent to any transfer as Franchisor deems appropriate based on the circumstances of the transfer or otherwise.

14.4 Transfer to a Corporation or Limited Liability Company. If Franchisee is an individual and desires to assign its rights under this Agreement to a corporation or limited liability company, and if all of the following conditions are met, Franchisor will consent to the transfer without assessing the transfer fee set forth in Section 14.3.2.7, and such assignment will not be subject to Franchisor's right of first refusal set forth in Section 14.3.1:

14.4.1 The corporation or limited liability company is newly organized and its activities are confined to operating the Franchised Business;

14.4.2 Franchisee is, and at all times remains, the owner of fifty-one percent (51%) or more of the outstanding shares of the corporation or a controlling interest in the limited liability company;

14.4.3 The corporation or limited liability company agrees in writing to assume all of Franchisee's obligations hereunder; and

14.4.4 All stockholders of the corporation, or members and managers of the limited liability company, as applicable, must execute the Personal Guaranty attached to this Agreement as Exhibit A.

14.5 Franchisor's Right to Transfer. Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Agreement in Franchisor's sole discretion.

15 BREACH AND TERMINATION

15.1 Automatic Termination. This Agreement shall automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following defaults:

15.1.1 *Voluntary Bankruptcy.* If Franchisee makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for Franchisee or the Franchised Business.

15.1.2 *Involuntary Bankruptcy.* If proceedings are commenced to have Franchisee adjudicated bankrupt or to seek Franchisee's reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver

is appointed for Franchisee or the Franchised Business without Franchisee's consent, and the appointment is not vacated within sixty (60) days.

15.1.3 *Unauthorized Transfer.* If Franchisee purports to sell, transfer or otherwise dispose of Franchisee or any interest in the Franchised Business in violation of Section 14 hereof.

15.2 **With Notice and Without Opportunity to Cure.** Franchisor has the right to terminate this Agreement upon notice without providing Franchisee an opportunity to cure for any of the following breaches or defaults:

15.2.1 *Criminal Acts.* If Franchisee or Franchisee's principals are convicted of or plead guilty or no contest to a felony or other offense related to the operation of the Franchised Business, or any other offense that Franchisor believes, in its sole discretion, is likely to have an adverse effect on the Proprietary Marks or the goodwill associated therewith.

15.2.2 *Fraud.* If Franchisee or Franchisee's principals commit any fraud or misrepresentation in the operation of the Franchised Business.

15.2.3 *Other Actions.* If Franchisee or Franchisee's principals, including any shareholder, member, guarantors or agents, engage in activity or conduct which materially impairs that goodwill associated with the System or the Proprietary Marks and fails to cease and correct such activities or conduct within twenty-four (24) hours of Franchisee's receipt of written notice of a breach under this Section.

15.2.4 *Misrepresentation in Franchise Application.* If Franchisee or Franchisee's principals make any misrepresentation or omission in connection with Franchisee's franchise application, including but not limited to any financial misrepresentation.

15.2.5 *Failure to Complete Training.* If Franchisee fails to complete the Initial Training Program as set forth in Section 8 of this Agreement.

15.2.6 *Repeated Breaches.* If Franchisor sends Franchisee two (2) or more written notices to cure pursuant to Sections 15.3 or 15.4 of this Agreement in any twelve (12) month period, regardless of whether the defaults set forth in the notices were subsequently cured.

15.2.7 *Breach of Other Agreements.* If Franchisee or Franchisee's principals materially breach any other agreement with Franchisor or any of Franchisor's affiliates, or any lease for the Approved Location, and fail to cure such breach within any permitted period for cure.

15.2.8 *Misuse of the Proprietary Marks or Confidential Information.* If Franchisee or Franchisee's principals violate any provision hereof pertaining to Proprietary Marks or Confidential Information or misuse the Proprietary Marks or Confidential Information.

15.2.9 *Violation of Law.* If Franchisee violates any law, ordinance or regulation or operates the Franchised Business in a manner that presents a health or safety hazard to customers or the general public.

15.2.10 *Violation of In-term Restrictive Covenant.* If Franchisee violates the in-term restrictive covenant set forth in Section 17.1 of this Agreement, or any of the other restrictive covenants set forth in this Agreement, including but not limited to those related to non-solicitation.

15.2.11 *Liens.* If a levy of writ of attachment or execution or any other lien is placed against Franchisee or any of Franchisee's principals or any of their assets, which is not released or bonded against within thirty (30) days.

15.2.12 *Insolvency.* If Franchisee or any of Franchisee's principals become insolvent.

15.2.13 *Abandonment.* If Franchisee voluntarily or otherwise abandons the Franchised Business without Franchisor's prior written consent. The term "abandon" includes any conduct which indicates a desire or intent to discontinue the franchisee business in accordance with the terms of this Agreement and shall apply in any event Franchisee fails to operate the Franchised Business for a period of five (5) or more consecutive business days without Franchisor's prior written approval.

15.2.14 *Unauthorized Products or Services.* If Franchisee offers any unauthorized or unapproved products or services at or from the Franchised Business.

15.2.15 *Unapproved Purchases.* If Franchisee orders or purchases supplies, signs, furnishings, fixtures, equipment or inventory from an unapproved supplier.

15.2.16 *Proprietary Software.* If Franchisee misuses or makes unauthorized use of any Proprietary Software Franchisor develops for use in connection with the System.

15.2.17 *Insurance.* If Franchisee fails to maintain required insurance or to repay Franchisor for insurance paid for by it, or otherwise fails to adhere to the requirements of Section 9 of this Agreement.

15.2.18 *Government Regulations.* If Franchisee fails, within fifteen (15) calendar days after notification of non-compliance by federal, state or local government authorities, to comply with any law or regulation applicable to the Franchised Business.

15.2.19 *Government Actions.* If any government action is taken against Franchisee that results in any obligation upon Franchisor which in Franchisor's sole judgment is uneconomical, not in the best interests of Franchisor, or would result in Franchisor having an unintended relationship or obligation.

15.2.20 *Anti-Terrorist Activities.* If Franchisee fails to comply with the provisions of Section 22.7 of this Agreement.

15.2.21 *Personal Use of Franchised Business Property.* If Franchisee takes for Franchisee's own personal use any assets or property of the Franchised Business, including employee taxes, FICA, insurance or benefits.

15.2.22 *Insufficient Funds.* If there are insufficient funds in Franchisee's bank account to cover a check or EFT payment to Franchisor three (3) or more times within any twelve (12) month period.

15.3. **Upon 15 Days' Notice to Cure.** Franchisor has the right to terminate this Agreement if any of the following defaults remains uncured after Franchisor provides Franchisee with notice of such default(s) and fifteen (15) days to cure:

15.3.1 *Nonpayment.* If Franchisee fails to pay as and when due any sums owed to Franchisor, any of Franchisor's affiliates, or any of Franchisor's designated/approved suppliers or vendors.

15.3.2 *Endorsement of Checks.* If Franchisee fails to immediately endorse and deliver to Franchisor any payments due to Franchisor from any third party that are erroneously made to Franchisee.

15.3.3 *Failure to Open.* If Franchisee fails to commence operations of the Franchised Business within the time prescribed in Section 7.3 of this Agreement.

15.3.4 *Interruption of Service.* If Franchisee fails to maintain the prescribed months, days or hours of operation of the Franchised Business.

15.3.5 *Quality Control.* If Franchisee fails to maintain the strict quality controls reasonably required by this Agreement and/or the Operations Manual.

15.3.6 *Licenses and Permits.* If Franchisee fails to procure or maintain any licenses, certifications, or permits necessary for the operation of the Franchised Business.

15.4 **Upon 30 Days' Notice to Cure.** Franchisor has the right to terminate this Agreement if Franchisee fails to perform or comply with any other term or condition of this Agreement, the Operations Manual, or any ancillary agreements between Franchisee and Franchisor or Franchisor's affiliates, and Franchisee fails to cure such default(s) within thirty (30) days after being provided with notice thereof.

15.5 **Step In Rights.** In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right, or any other rights Franchisor may have against Franchisee, upon a failure to cure any default within the applicable time period (if any), Franchisor has the right, but not the obligation, to enter upon the Franchised Business premises and exercise complete authority with respect to the operation of the Franchised Business until such time as Franchisor determines, in Franchisor's sole discretion, that the default has been cured and Franchisee is otherwise in compliance with this Agreement. In the event Franchisor exercises the step-in rights described in this Section, Franchisee must reimburse Franchisor for all reasonable costs and overhead incurred in connection with its operation of the Franchised Business including, without limitation, costs of personnel for supervising and staffing the Franchised Business and their travel and lodging accommodations. If Franchisor undertakes to operate the Franchised Business pursuant to this Section, Franchisee agrees to indemnify and hold Franchisor (and Franchisor's representative(s) and employees) harmless from and against any fines, claims, suits or proceedings which may arise out of Franchisor's operation of the Franchised Business.

15.6 **Nonwaiver.** Franchisor's delay in exercising or failing to exercise any right or remedy under this Agreement or Franchisor's acceptance of any late or partial payment due hereunder shall not constitute a waiver of any of Franchisor's rights or remedies against Franchisee.

16 RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION

16.1 **Franchisee's Obligations.** Upon termination of this Agreement, regardless of the cause, and upon expiration and nonrenewal or transfer of this Agreement, Franchisee must, at Franchisee's cost and expense:

16.1.1 Cease immediately all operations under this Agreement;

16.1.2 Pay Franchisor immediately all unpaid fees and pay Franchisor, Franchisor's affiliates, and Franchisor's designated suppliers and vendors, all other monies owed;

16.1.3 Discontinue immediately the use of the Proprietary Marks;

16.1.4 Return the Operations Manual and any other Proprietary Material and Confidential Information, including without limitation all customer lists and data, within ten (10) calendar days and immediately and permanently cease use of such information and materials;

16.1.5 Immediately cease using all telephone and facsimile numbers and listings, as well as any permitted domain names and/or Social Media Pages used in connection with the operation of the Franchised Business (collectively, the "Assigned Property"), and direct the telephone company and/or domain name registrar to transfer all such Assigned Property to Franchisor or Franchisor's designee pursuant to the Conditional Assignment of Telephone Numbers and Domain Name attached hereto as Exhibit B, and transfer all usernames and passwords for all Social Media Pages to Franchisor;

16.1.6 Immediately surrender all stationery, printed matter, signs, advertising materials, supplies, other items containing the Proprietary Marks, and all items which are a part of the trade dress of the System as Franchisor directs, and in no event later than ten (10) days after the termination or expiration of this Agreement;

16.1.7 Cease to hold itself out as Franchisor's franchisee immediately;

16.1.8 Cease to communicate with all Steel Coated Floors customers;

16.1.9 Take such action as shall be necessary to amend or cancel any assumed name, business name or equivalent registration which contains any trade name or other Proprietary Mark Franchisor licensed to Franchisee and furnish Franchisor evidence satisfactory to Franchisor of compliance with this obligation within fifteen (15) calendar days after the termination, expiration or transfer of this Agreement;

16.1.10 Permit Franchisor to make final inspection of Franchisee's financial records, books, and other accounting records within one (1) month of the effective date of termination, expiration, or transfer;

16.1.11 Comply with the post-term covenants set forth in Section 17 of this Agreement, as well as all other obligations that survive the transfer, termination or expiration of this Agreement;

16.1.12 Cease to use in advertising or in any other manner any methods, procedures or techniques associated with Franchisor or the System; and

16.1.13 Execute from time to time any necessary papers, documents, and assurances to effectuate the intent of this Section 16.

16.2 Option to Purchase Personal Property.

16.2.1 Upon the termination or expiration of this Agreement, Franchisor or Franchisor's designee shall have the option, but not the obligation, to purchase any personal property used in connection with operation of the Franchised Business by providing Franchisee written notice of Franchisor's election within sixty (60) days after such termination or expiration and paying Franchisee the book value for such personal property within sixty (60) days of providing such notice. For purposes of this paragraph, "book value" means the amount Franchisee actually paid for the personal property less depreciation (calculated by using the straight-line depreciation method on a ten (10) year depreciation schedule irrespective of the depreciation method or schedule Franchisee uses for accounting purposes). Notwithstanding the foregoing, to the extent that Franchisor exercises Franchisor's right to purchase any personal property that is subject to a lease or finance agreement, the purchase price of such personal property shall equal the amount of Franchisee's remaining obligations under the lease or finance agreement, as applicable. Franchisor shall be entitled to offset the purchase price by the amount of money owed by Franchisee to Franchisor or Franchisor's affiliates, or for any payments necessary to acquire clear title to property. If Franchisor exercises Franchisor's option to purchase, pending the closing of such purchase, Franchisor has the right to appoint a manager to maintain operation of the Franchised Business, or Franchisor may require that Franchisee close the Franchised Business during such period without removing any assets. Franchisee is required to maintain in force all insurance policies required under this Agreement until the date of such closing. Franchisor has the unrestricted right to assign this option to purchase the Franchised Business. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor's purchase of Franchisee's property, including, without limitation, representations and warranties as to ownership and condition of and title to the property, liens and encumbrances on the property, validity of contracts and agreements, and liabilities affecting the property, contingent or otherwise. Franchisor may exclude from the personal property purchased under this Section cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Franchised Business's operation or that Franchisor has not approved as meeting standards for the Franchised Business.

16.3 Damages, Costs, and Expenses. In the event of termination for any default by Franchisee, Franchisee shall promptly pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of Franchisee's personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the Franchised Business.

17 COVENANTS

Franchisee acknowledges that as a participant in Franchisor's System, Franchisee will receive proprietary and Confidential Information and materials, trade secrets, and the unique methods, procedures and techniques which Franchisor has developed. Therefore, to protect Franchisor and Franchisor's other franchisees, Franchisee agrees as follows:

17.1 During the Term of This Agreement. During the term of this Agreement, neither Franchisee, Franchisee's owners, officers, directors, principals or Designated Managers, nor any member of the immediate family of Franchisee or Franchisee's owners, officers, directors, principals, or Designated Managers will, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person or entity:

17.1.1 Own, maintain, engage in, be employed as an officer, director, principal or of, lend money to, extend credit to or have any interest in any other business that, directly or indirectly, by itself or through licensees or franchisees, offers epoxy or other flooring products or services, or any other products and/or services authorized or offered for sale by System franchisees (a "Competitive Business"), provided that this Section 17.1.1 does not apply to such person's ownership of a Franchised Business under a Franchise Agreement with Franchisor;

17.1.2 Solicit any current, former, or prospective customer solicited by Franchisee's Franchised Business, or any other customer of whom Franchisee has become aware as a result of access to Franchisor's System, for any competitive purpose.

17.2 After the Term of This Agreement. For a period of two (2) years after the expiration, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, Franchisee's owners, officers, directors, principals, or Designated Managers nor any member of the immediate family of Franchisee or Franchisee's owners, officers, directors, principals, or Designated Managers will, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

17.2.1 Own, maintain, engage in, be employed as an officer, director, principal, or of, lend money to, extend credit to or have any interest in any Competitive Business within a twenty-five (25) mile radius of the Protected Territory or within a twenty-five (25) mile radius of the territory of any other Steel Coated Floors franchised business, or any Steel Coated Floors business operated by Franchisor or its affiliates, provided that this Section 17.2.1 does not apply to such person's ownership of a Franchised Business under a Franchise Agreement with Franchisor;

17.2.2 Solicit any current, former, or prospective customer solicited by Franchisee's Franchised Business, or any other customer of whom Franchisee has become aware as a result of access to Franchisor's System, for any competitive purpose.

17.3 Intent and Enforcement. It is the parties' intent that the provisions of this Section 17 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the covenants contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 17 by Franchisee, any of Franchisee's principals, or any member of the immediate family of Franchisee or Franchisee's principals, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. Franchisee acknowledges that the covenants

contained herein are necessary to protect the goodwill of the Franchised Business, other Steel Coated Floors franchisees, and the System. Franchisee further acknowledges that covenants contained in this Section 17 are necessary to protect Franchisor's procedures and know-how transmitted during the term of this Agreement. Franchisee agrees that in the event of the actual or threatened breach of this Section 17, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. Franchisee acknowledges and agrees on Franchisee's own behalf and on behalf of the persons who are liable under this Section 17 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 17 in no way prevent any such person from earning a living. Franchisee further acknowledges and agrees that the time limitations of this Section 17 shall be tolled during any default under this Section.

17.4 Employees. Franchisee shall ensure that Franchisee's managers, employees, and anyone else who will have access to Franchisor's Confidential Information, execute a Confidentiality and Restrictive Covenant Agreement, in the form attached as Exhibit C to the Franchise Agreement, or as Franchisor, in Franchisor's sole discretion, otherwise prescribes. Franchisee must furnish Franchisor a copy of each executed agreement.

17.5 No Defense. Franchisee hereby agrees that the existence of any claim Franchisee may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 17. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) that Franchisor incurs in connection with the enforcement of this Section 17.

18 DISPUTE RESOLUTION

18.1 Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Utah, without reference to its conflict of laws principles.

18.2 Internal Dispute Resolution. Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's management, after providing notice as set forth in Section 18.6 below. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

18.3 Mediation. At Franchisor's option, all claims or disputes between Franchisee and Franchisor or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and Franchisor or its affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section 18.2 above, must be submitted first to non-binding mediation, to take place at Franchisor's then-current headquarters under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Franchisee as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration

of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party shall bear its own cost of mediation and Franchisor and Franchisee shall share mediation costs equally. This agreement to mediate shall survive any termination or expiration of this Agreement. The parties shall not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 18.3 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (i) any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information; or (ii) any of the restrictive covenants contained in this Agreement.

18.4 Selection of Venue. With respect to any claims not subject to or not resolved through mediation as set forth in Section 18.3 above or governed by Section 18.8 below, the parties expressly agree to the jurisdiction and venue of any court of general jurisdiction closest to Franchisor's then-current corporate headquarters, and the jurisdiction and venue of the United States District Court for the District of Utah. Franchisee acknowledges that this Agreement has been entered into in the State of Utah, and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters in Odgen, Utah including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of Utah as set forth in this Section.

18.5 Third Party Beneficiaries. Franchisor's officers, directors, shareholders, members, managers and/or employees are express third party beneficiaries of the provisions of this Agreement, including the mediation provision set forth in Section 18.3, each having authority to specifically enforce the right to mediate claims asserted against such person(s) by Franchisee.

18.6 Prior Notice of Claims. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

18.7 No Right to Offset. Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates or designated suppliers on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

18.8 Injunctive Relief. Nothing in this Agreement shall prevent Franchisor from seeking to obtain injunctive relief in any jurisdiction, without posting a bond, against threatened conduct that will cause Franchisor loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions. If injunctive relief is granted, Franchisee's only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Franchisee expressly waives all claims for damages Franchisee incurred as a result of the wrongful issuance.

18.9 Limitation of Action. Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after the Franchisee becomes aware of facts or circumstances

reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off. Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute regulating the sale of franchises, or any regulation or rules promulgated thereunder.

18.10 Waiver of Punitive Damages. Franchisee hereby waives, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages. Nothing in this Section shall be construed to prevent Franchisor from claiming and obtaining punitive or consequential damages, including lost future royalties for the balance of the term of this Agreement.

18.11 THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, ALL ACTIONS SHALL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS, AND FRANCHISOR OR ITS AFFILIATES OR EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER PERSON OR ENTITY.

19 REPRESENTATIONS

19.1 Execution of Agreement. EACH OF THE UNDERSIGNED PARTIES WARRANTS THAT IT HAS THE FULL AUTHORITY TO SIGN AND EXECUTE THIS AGREEMENT. IF FRANCHISEE IS AN ENTITY, THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF SUCH ENTITY WARRANTS TO FRANCHISOR, BOTH INDIVIDUALLY AND IN HIS/HER CAPACITY AS PARTNER OR OFFICER, THAT ALL OF THE PARTNERS OF THE PARTNERSHIP, ALL OF THE SHAREHOLDERS OF THE CORPORATION, OR ALL OF THE MEMBERS AND MANAGERS OF THE LIMITED LIABILITY COMPANY, AS APPLICABLE, HAVE READ AND APPROVED THIS AGREEMENT, INCLUDING ANY RESTRICTIONS WHICH THIS AGREEMENT PLACES UPON RIGHTS TO TRANSFER THEIR INTEREST IN THE ENTITY.

20 GUARANTEE OF PRINCIPALS

If Franchisee is a corporation, or subsequent to execution hereof Franchisee assigns this Agreement to a corporation, all shareholders (or if Franchisee is a partnership, or subsequent to execution hereof Franchisee assigns this Agreement to a partnership, all general partners, or if Franchisee is a limited liability company, or subsequent to execution hereof Franchisee assigns this Agreement to a limited liability company, all members and managers) hereby personally and unconditionally guarantee without notice, demand, or presentment, the payment of all of Franchisee's monetary obligations under this Agreement, and any other agreement between Franchisee and Franchisor or Franchisor's affiliates, as if each were an original party to this or any other agreement in his or her individual capacity. All such personal guarantors further agree to be bound by the restrictions upon Franchisee's activities upon transfer, termination, or expiration and nonrenewal of this Agreement, as if each were an original party to this Agreement in his or her individual capacity. All such personal guarantors must execute a continuing Personal Guaranty in the form attached hereto as Exhibit A.

21 NOTICES

All notices and requests to be given under this Agreement are to be in writing, and delivered by overnight mail by a recognized carrier offering a delivery receipt, to the following addresses (which may be changed by written notice):

Franchisee Name/Address:

Franchisor

Steel Coated Floors Franchising, LLC
2183 Megan Circle
Ogden, Utah 84403
Attn: Manuel Cypers

With a copy to:

Attn: William R. Graefe
Fisher Zucker, LLC
21 S. 21st Street
Philadelphia, PA 19103

22 MISCELLANEOUS

22.1 Entire Agreement. This Agreement contains the entire Agreement of the parties. There are no representations, either oral or written, except those contained in this Agreement. This Agreement may not be modified except by a written document signed by both parties. Nothing in this Agreement or any related agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document furnished to Franchisee.

22.2 Construction of Language. The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Franchisee, their obligations and liabilities shall be joint and several. Headings are for reference

purposes and do not control interpretation. Reference to Franchisee's "immediate family" means Franchisee's spouse, parents, children and siblings and Franchisee's spouse's parents, children and siblings. Reference to Franchisee's "principals" means Franchisee's partners, officers, directors, shareholders, members and managers, as applicable. References to "Franchisor" and "Franchisee" include the party's successors, assigns or transferees. The parties have had a reasonable opportunity to review this Agreement. In the event of an ambiguity or if a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by all of the parties, and no presumptions or burdens of proof shall arise in favor of any party by virtue of the authorship of any of the provisions of this Agreement.

22.3 Severability. If any provision of this Agreement is deemed invalid or inoperative for any reason, that provision shall be deemed modified to the extent necessary to make it valid and operative or, if it cannot be so modified, it shall then be severed, and the remainder of that provision shall continue in full force and effect as if this Agreement had been signed with the invalid portion so modified or eliminated; provided, however, that if any part of this Agreement relating to payments to Franchisor or any of its affiliates or protection of the Proprietary Marks or the Confidential Information, including the Operations Manual and Franchisor's other trade secrets, is declared invalid or unenforceable, then Franchisor at Franchisor's option may terminate this Agreement immediately upon written notice to Franchisee.

22.4 State Law Applies. If any provision of this Agreement, including but not limited to its provisions for transfer, renewal, termination, notice of termination, or cure rights, is inconsistent with any valid law or regulation of the state in which the Franchised Business is located, then the valid law or regulation of that state applicable to the Franchised Business shall supersede any provision of this Agreement that is less favorable to Franchisee.

22.5 Additional Documentation. Franchisee must from time to time, subsequent to the date first set forth above, at Franchisor's request and without further consideration, execute and deliver such other documentation or agreements and take such other actions as Franchisor reasonably may require in order to effectuate the parties' rights and obligations contemplated herein. In the event that Franchisee fails to comply with the provisions of this Section, Franchisee hereby appoints Franchisor as Franchisee's attorney-in-fact to execute any and all documents on Franchisee's behalf, reasonably necessary to effectuate the parties' rights and obligations contemplated herein.

22.6 Force Majeure. Neither Franchisee, Franchisor, or Franchisor's affiliates will be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if its failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause will extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or will excuse performance, in whole or in part, as Franchisor deems reasonable.

22.7 Anti-Terrorist Activities. Franchisee certifies that neither Franchisee, nor Franchisee's owners, principals, employees or anyone associated with Franchisee is listed in the Annex to Executive Order 13224 (the "Annex"). Franchisee agrees not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that Franchisee has no knowledge or information that, if generally known, would result in Franchisee, Franchisee's owners, principals, employees, or anyone associated with Franchisee being listed in the Annex. Franchisee agrees to

comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee certifies, represents, and warrants that none of Franchisee's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and Franchisee's owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in Section 13.2 of this Agreement pertain to Franchisee's obligations under this Section 22.7. Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee, Franchisee's owners, principals or employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor's affiliates in accordance with the terms of Section 15.2.20 of this Agreement. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any governmental authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

22.8 Attorneys' Fees. If Franchisee is in breach or default of any monetary or non-monetary obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Franchisee must pay all reasonable attorneys' fees, court costs and litigation expenses Franchisor incurs. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

23 ACKNOWLEDGMENTS

23.1 No Personal Liability. Franchisee agrees that fulfillment of any and all of Franchisor's obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a court of law shall be Franchisor's sole responsibility and none of Franchisor's principals, officers, directors, employees, agents, representatives, nor any individuals associated with Franchisor's franchise company shall be personally liable to Franchisee for any reason. This is an important part of this Agreement. Franchisee agrees that nothing that Franchisee believes Franchisee has been told by Franchisor or Franchisor's representatives shall be binding unless it is written in this Agreement. This is an important part of this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.

**IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND, THE PARTIES
HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST
SET FORTH ABOVE.**

FRANCHISOR

FRANCHISEE

**STEEL COATED FLOORS
FRANCHISING LLC**

(Individual, Partnership or Corporation Name)

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

EXHIBIT A
to
STEEL COATED FLOORS, LLC
FRANCHISE AGREEMENT

PERSONAL GUARANTY

NOTE: IF FRANCHISEE IS A CORPORATION, EACH OF FRANCHISEE'S SHAREHOLDERS MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A PARTNERSHIP, EACH OF FRANCHISEE'S GENERAL PARTNERS MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A LIMITED LIABILITY COMPANY, EACH OF FRANCHISEE'S MEMBERS AND MANAGERS MUST EXECUTE THE FOLLOWING UNDERTAKING.

ARTICLE I
PERSONAL GUARANTY

The undersigned persons (individually and collectively "you") hereby represent to Steel Coated Floors Franchising, LLC ("Franchisor"), that you are all of the shareholders of _____ ("Franchisee"), or all of the general partners of Franchisee, or all of the members and managers of Franchisee, as the case may be. In consideration of the grant by Franchisor to Franchisee as provided in the foregoing franchise agreement (the "Franchise Agreement"), each you hereby agree, in consideration of benefits received and to be received by each of you, jointly and severally, and for yourselves, your heirs, legal representatives and assigns, to be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, and any other agreement between Franchisee and Franchisor or its affiliates, including, without limitation, any promissory note issued by Franchisor for Franchisee's benefit, and do hereby unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the aforesaid Franchise Agreement or other agreement between Franchisor and Franchisee, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the aforesaid Franchise Agreement or any promissory note, and that you (jointly and individually) will not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first obtaining the written consent of Franchisor prior to said proposed transfer, which consent must not be unreasonably withheld, and without first paying or causing to be paid to Franchisor the transfer fee provided for in said Franchise Agreement, if applicable, and without otherwise complying with the transfer provisions of the foregoing Franchise Agreement. You further agree to be bound by the in-term and post-term non-competition and non-solicitation covenants set forth in Section 17 of the Franchise Agreement, as well as all other covenants set forth in the Franchise Agreement, including but not limited to those concerning confidentiality (Section 5.1 of the Franchise Agreement) and indemnification (Section 13.2 of the Franchise Agreement). You agree that this personal guaranty (the "Guaranty") will be governed by the dispute resolution procedures set forth in Section 18 of the Franchise Agreement.

ARTICLE II
MISCELLANEOUS

1. **Acknowledgment.** You acknowledge that this Guaranty is not a franchise agreement and does not confer upon you any rights to use the Franchisor's Proprietary Marks or its System.

2. **Governing Law.** This Guaranty shall be deemed to have been made in and governed by the laws of the State of Utah (without reference to its conflict of laws principles).

3. **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the Franchise Agreement and this Guaranty, and the mediation provisions contained in the Franchise Agreement, each having authority to specifically enforce the right to mediate and litigate claims asserted against such person(s) by you.

4. **Jury Trial and Class Action Waiver.** YOU HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS GUARANTY, THE FRANCHISE AGREEMENT, AND/OR THE OPERATION OF THE FRANCHISED BUSINESS. THE PARTIES ALSO HEREBY AGREE THAT ALL PROCEEDINGS WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS, AND FRANCHISOR OR ITS AFFILIATES, PRINCIPALS OR EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER PERSON OR ENTITY.

5. **Attorneys' Fees.** If you or Franchisee is in breach or default of any monetary or non-monetary material obligation under this Guaranty, the Franchise Agreement, or any related agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), you and Franchisee must pay all reasonable attorneys' fees, court costs and litigation expenses Franchisor incurs. If you or Franchisee institutes any legal action to interpret or enforce the terms of this Guaranty or the Franchise Agreement, and such claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

6. **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Guaranty and the Franchise Agreement shall not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default shall not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Guaranty shall be cumulative. Franchisor's election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.

7. **Severability.** The parties agree that if any provisions of this Guaranty may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision shall have the meaning which renders it valid and enforceable. The language of all provisions of this Guaranty shall be construed according to its fair meaning and not strictly construed against either party. The provisions of this Guaranty are severable, and this Guaranty shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable.

8. **Construction of Language.** Any term defined in the Franchise Agreement which is not defined in this Guaranty will be ascribed the meaning given to it in the Franchise Agreement. The language of this Guaranty will be construed according to its fair meaning, and not strictly for or against either party. All words in this Guaranty refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

9. **Successors.** References to “Franchisor,” “Franchisee,” “the undersigned,” or “you” include the respective parties’ successors, assigns or transferees.

10. **No Personal Liability.** You agree that fulfillment of any and all of Franchisor’s obligations written in the Franchise Agreement or based on any oral communications which may be ruled to be binding in a court of law shall be Franchisor’s sole responsibility and none of Franchisor’s principals, employees, agents, representatives, nor any other individuals associated with Franchisor’s franchise company shall be personally liable to you for any reason.

PERSONAL GUARANTORS

By: _____

Print Name: _____

By: _____

Print Name: _____

EXHIBIT B
to
STEEL COATED FLOORS FRANCHISING, LLC
FRANCHISE AGREEMENT

**CONDITIONAL ASSIGNMENT OF FRANCHISEE'S TELEPHONE NUMBERS,
FACSIMILE NUMBERS AND DOMAIN NAMES**

1. _____, doing business as a Steel Coated Floors franchisee, ("Assignor"), in exchange for valuable consideration provided by Steel Coated Floors Franchising, LLC ("Assignee"), the receipt of which is hereby acknowledged, conditionally assigns to Assignee all telephone numbers, facsimile numbers, domain names, as well as any listings associated therewith, utilized by Assignor in the operation of its Steel Coated Floors Franchised Business (the "Assigned Property"). The Assigned Property includes the following:

Telephone Number(s): _____

Facsimile Number(s): _____

Domain Name(s) (as permitted by Franchisor under the Franchise Agreement): _____

2. The conditional agreement will become effective automatically upon termination, expiration or transfer of the Franchise Agreement governing the operation of Assignor's Steel Coated Floors Franchised Business. Upon the termination, expiration, or transfer of the Franchise Agreement, Assignor must do all things required by the telephone company and/or domain name registrar to assure the effectiveness of the assignment of Assigned Property as if the Assignee had been originally issued such Assigned Property and the usage thereof.

3. Assignor agrees to pay the telephone company and/or domain name registrar, on or before the effective date of assignment, all amounts owed for the use of the Assigned Property up to the date this Assignment becomes effective. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the telephone company to effectuate this Assignment, and agrees to fully cooperate with the telephone company and/or domain name registrar, as well as Assignee, in effectuating this Assignment.

ASSIGNOR:

By: _____

Date: _____

Print Name: _____

Title: _____

ASSIGNEE:

STEEL COATED FLOORS FRANCHISING, LLC

By: _____

Date: _____

Print Name: _____

Title: _____

EXHIBIT C
to
STEEL COATED FLOORS FRANCHISING, LLC
FRANCHISE AGREEMENT

CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT
(for managers and employees)

In consideration of my being a _____ of _____ (“Franchisee”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that Franchisee has acquired the right from Steel Coated Floors Franchising, LLC (the “Franchisor”) to establish and operate a Steel Coated Floors franchised business (the “Franchised Business”) and the right to use in the operation of the Franchised Business the Franchisor’s trade names, trademarks and service marks (the “Proprietary Marks”) and the Franchisor’s unique and distinctive format and system relating to the establishment and operation of Steel Coated Floors Franchised Businesses (the “System”), as they may be changed, improved and further developed from time to time in the Franchisor’s sole discretion, at the following location: _____.

1. Franchisor possesses certain proprietary and confidential information relating to the operation of the System, which includes the design and specifications of Franchisor’s proprietary products or materials; Franchisor’s operations manual; price lists and standards and specifications for the products and services; standards and specifications related to Franchisor’s proprietary software, and other methods, techniques and know-how concerning the of operation of the Franchised Business that may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee’s operation of the Franchised Business (the “Confidential Information”). Certain information, including (a) current customer and prospective customer names, addresses, and other information, (b) customer service purchasing histories, and (c) sources of suppliers and purchasing arrangements with suppliers, also constitute the trade secrets and Confidential Information of Franchisor.

2. Any and all information, knowledge, know-how, and techniques that Franchisor specifically designates as confidential will be deemed to be Confidential Information for purposes of this Agreement.

3. As an employee of Franchisee, Franchisor and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Operations Manual and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

5. The Confidential Information is proprietary, involves trade secrets of Franchisor, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I will hold in strict confidence all Confidential Information and all other information designated by Franchisor as confidential. Unless Franchisor otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as an employee of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

6. Except as otherwise approved in writing by Franchisor, I will not, while in my position with Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, engage in, be employed by, or have any interest in any other business that, directly or indirectly, by itself or through licensees or franchisees, offers epoxy or other flooring products or services, or any other products and/or services authorized or offered for sale by System franchisees, except for another Steel Coated Floors franchised business operating under the System and Proprietary Marks.

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

8. I understand and acknowledge that Franchisor will have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

9. Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with Franchisee. I am aware that my violation of this Agreement will cause Franchisor and Franchisee irreparable harm; therefore, I acknowledge and agree that Franchisee and/or Franchisor may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay Franchisee and Franchisor all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to Franchisee and Franchisor, any claim I have against Franchisee or Franchisor is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

10. This Agreement will be construed under the laws of the State of Utah (without reference to its conflict of laws principles). The only way this Agreement can be changed is in writing signed by both the Franchisee and me, with Franchisor's written consent.

Signature: _____

Print Name: _____

ACKNOWLEDGED BY FRANCHISEE

By: _____

Name: _____

Title: _____

EXHIBIT D
to
STEEL COATED FLOORS FRANCHISING, LLC
FRANCHISE AGREEMENT

ELECTRONIC FUNDS WITHDRAWAL AUTHORIZATION

Bank Name: _____

ABA#: _____

Acct. No.: _____

Acct. Name: _____

Effective as of the date of the signature below, _____ (“Franchisee”) hereby authorizes Steel Coated Floors Franchising, LLC (“Franchisor”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to make the following payments to Franchisor under the Franchise Agreement for the franchise located at _____: (1) all Royalty Fees and Brand Fund Contributions, and (2) all other fees or other amounts due to Franchisor or Franchisor’s affiliates under the Franchise Agreement or any related agreement executed by Franchisee and Franchisor. Such withdrawals shall occur on a weekly basis, or on such other schedule as Franchisor shall specify in writing. Franchisor is also authorized to deposit funds into the above-referenced account, electronically or otherwise. This authorization shall remain in full force and effect until terminated in writing by Franchisor. Franchisee shall provide Franchisor, in conjunction with this authorization, a voided check from the above-referenced account.

FRANCHISEE

By: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT E
to
STEEL COATED FLOORS FRANCHING, LLC
FRANCHISE AGREEMENT

PROMISSORY NOTE

FOR VALUE RECEIVED, _____ (the "Undersigned") promises to pay the order of Floorcovering International, Ltd. (the "Holder") the sum of _____ DOLLARS (\$_____) along with ____% interest in _____ monthly payments of \$_____. The first payment is due on _____, 20____, and subsequent payments are due on the first day of each month thereafter through _____, 20_____.

All unpaid amounts owing on this Promissory Note (the "Note") shall immediately become due and payable at the option of Holder without notice or demand upon the occurrence of any of the following events of default: (i) the default of any provision of the Note; (ii) the termination of any other agreement between the Undersigned and Holder; or (iii) the death, dissolution, insolvency (however expressed or indicated) or the filing of a petition in bankruptcy, reorganization or for the adjustment of debts for, by or against the Undersigned.

There is no prepayment penalty under this Note.

Holder's failure to enforce any rights granted to it under this Note shall not constitute a waiver of such rights.

The validity, enforceability, construction and interpretation of this Note shall be governed by the laws of the State of Utah, which laws shall control in the event of any conflict of law. If any provision of this Note is deemed illegal under any state or federal law, then such provision shall not be considered a part of this Note and the remainder of this Note shall not be affected.

The Undersigned agrees that it will have a substantial relationship with the Holder at its offices in Utah and that any action by it arising out of or relating to this Note shall be litigated to conclusion only in any state or federal court of general jurisdiction located within Utah and waives any objection they may have to either the jurisdiction or venue of such court, and further waive any argument that such venue is inconvenient.

This Note shall be binding upon and shall inure to the benefit of the parties and their successors, heirs and assigns.

In the event that it becomes necessary for Holder to retain the services of legal counsel to enforce terms of this Note, Holder shall be entitled to recover all costs and expenses, including reasonable attorney's fees, incurred in enforcing the terms of this Note.

The persons executing this Note on behalf of corporations acknowledge their authority to do so.

I HAVE READ THE ABOVE NOTE AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS NOTE IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

By: _____

EXHIBIT C
TO THE
STEEL COATED FLOORS FRANCHISE DISCLOSURE DOCUMENT

LIST OF CURRENT FRANCHISEES AS OF DECEMBER 31, 2022

Name	Telephone Number	Address	Franchised Territories Where Actively Operating under a Signed FA as of 12/31/2022
David H. Collins Corp. (David Collins)	(704) 993-8209	3812 Lawrence Court, Unionville, North Carolina 28110	2 in NC
Kimber Epoxy Flooring, LLC (Ryan Kimber)	(801) 648-5241	5325 Skyline Drive, Ogden, UT 84403	2 in UT
Petersen Brothers Enterprises, LLC (Jace & Beau Petersen)	(307) 220-3026	1690 South 1220 West, Logan, UT 84321	1 in UT 1 in ID/WY
Cameron Cline	(801) 698-7473	84 W 1845 S, Washington, UT 84780	1 in UT 1 in NV
Now Management, LLC (Phil Berry)	(801) 243-2243	994 Deerwalk, Draper, UT 84020	6 in UT
BA Stafford Investments, LLC (Brian & Andrea Stafford)	(863) 899-0103	11015 Austin Ct., New Port Richey, FL 34654	6 in FL
Mid South Epoxy, LLC (John Krener)	(337) 354-9309	607 Saint Catherine St, Lafayette, LA 70506	1 in LA
Steel Coated Floors NAZ LLC (Allen & Michelle Lamonte)	(760) 403-8343	315 N Malapai Drive, Chine Valley, AZ 86323	4 in AZ
Shepard Entities, LLC (Brady & Aaron Shepard)	(317) 727-9493	1100 Crown Point, Zionsville, IN 46077	1 in IN
Johnson Trips, LLC (Will Johnson)	(843) 283-2694	1831 Johnson Shortcut Road, Galivants Ferry, SC 29544	1 in SC
JAGMAV LLC (Josh Johnston)	(803) 561-6999	244 Belle Ridge Road, Elgin, SC 29045	1 in SC
TK Coating Solutions, LLC (Todd Hurley)	(603) 401-1449	14 County Road, East Hampstead, NH 03826	1 in NH
Epoxy Strong, LLC (Jeremy Bettis)	(337) 378-8724	16725 Bald Eagle Drive, King George, VA 22485	1 in VA
Epoxy Strong (Ryan Wardlaw)	(702) 701-1891	2620 Rainy Meadows Ave., Las Vegas, NV 89031	1 in NV

Ihlenfeldt LLC (Andrew and Sabrina Ihlenfeldt)	(208) 606-2403	14079 N Elk Track Ave. Boise, ID 83714	3 in ID
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**LIST OF FRANCHISEES THAT HAVE SIGNED FRANCHISE AGREEMENTS AND HAD NOT
OPENED AND COMMENCED OPERATIONS AS OF DECEMBER 31, 2022**

None.

**LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM OR WHO HAS NOT
COMMUNICATED WITH US WITHIN 10 WEEKS OF THE DISCLOSURE DOCUMENT
ISSUANCE DATE.**

<u>Name</u>	<u>Telephone Number</u>	<u>Address</u>	<u>Reason</u>
JD Enterprises, LLC (Jayce Richins)	(435) 659-0001	235 S 400 W, Tremonton, UT 84337	Transfer
B&C Coatings, LLC (Brennen Richins)	(435) 659-0305	234 S 300 W Henefer, UT 84033	Transfer

EXHIBIT D
TO THE
STEEL COATED FLOORS FRANCHISE DISCLOSURE DOCUMENT
STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process. We may not yet be registered to sell franchises in any or all of these states.

<u>CALIFORNIA</u>	<u>CONNECTICUT</u>
<p>(state administrators) Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7500 Toll Free (866) 275-2677</p> <p>1515 K Street, Suite 200 Sacramento, CA 95814 (916) 445-7205</p> <p>1350 Front Street San Diego, CA 92101 (619) 525-4233</p> <p>One Sansome Street, Suite 600 San Francisco, California 94104 (415) 972-8565</p> <p>(agents for service of process) California Commissioner of Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344</p> <p>Commissioner of Department of Business Oversight One Sansome Street, Suite 600 San Francisco, California 94104</p> <p>Commissioner of Department of Business Oversight 1515 K Street., Suite 200 Sacramento, CA 95814</p>	<p>(state administrator) State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230</p> <p>(agent for service of process) Banking Commissioner</p>

<p><u>HAWAII</u></p> <p>(state administrator) Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p> <p>(agent for service of process) Commissioner of Securities State of Hawaii 335 Merchant Street Honolulu, Hawaii 96813 (808) 586-2722</p>	<p><u>ILLINOIS</u></p> <p>Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>
<p><u>INDIANA</u></p> <p>(state administrator) Indiana Secretary of State Securities Division, E-111 302 Washington Street Indianapolis, Indiana 46204 (317) 232-6681</p> <p>(agent for service of process) Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531</p>	<p><u>MARYLAND</u></p> <p>(state administrator) Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360</p> <p>(agent for service of process) Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360</p>
<p><u>MICHIGAN</u></p> <p>(state administrator) Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48933 (517) 373-7117</p> <p>(agent for service of process) Corporations Division Bureau of Commercial Services Department of Labor and Economic Growth P.O. Box 30054 Lansing, Michigan 48909</p>	<p><u>MINNESOTA</u></p> <p>(state administrator) Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 296-6328</p> <p>(agent for service of process) Minnesota Commissioner of Commerce</p>

<p><u>NEW YORK</u></p> <p>(state administrator) New York State Department of Law Bureau of Investor Protection and Securities 28 Liberty St., 21st Floor New York, New York 10005 (212) 416-8211</p> <p>(agent for service of process) Secretary of State of New York 41 State Street Albany, New York 12231 (518) 474-4750</p>	<p><u>NORTH CAROLINA</u></p> <p>North Carolina Secretary of State 2 South Salisbury Street Raleigh, NC 27601</p> <hr/> <p><u>NORTH DAKOTA</u></p> <p>North Dakota Securities Department State Capitol, Fifth Floor, Dept. 414 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-4712</p>
<p><u>OREGON</u></p> <p>Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387</p>	<p><u>RHODE ISLAND</u></p> <p>Securities Division Department of Business Regulation, Bldg 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9582</p>
<p><u>SOUTH DAKOTA</u></p> <p>Division of Securities Department of Labor & Regulation 124 S. Euclid Suite 104 Pierre, South Dakota 57501 (605) 773-3563</p>	<p><u>VIRGINIA</u></p> <p>(state administrator) State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051</p> <p>(for service of process) Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733</p>
<p><u>WASHINGTON</u></p> <p>(state administrator) Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98507-9033 (360) 902-8760</p> <p>(agent for service of process) Director, Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, Washington 98501</p>	<p><u>WISCONSIN</u></p> <p>(state administrator) Division of Securities Department of Financial Institutions 201 W. Washington Avenue, 3rd Floor Madison, Wisconsin 53703 (608) 266-1064</p> <p>(agent for service of process) Administrator, Division of Securities Department of Financial Institutions 201 W. Washington Avenue, 3rd Floor Madison, Wisconsin 53703</p>

EXHIBIT E
TO THE
STEEL COATED FLOORS FRANCHISE DISCLOSURE DOCUMENT
STATE ADDENDA TO THE FDD AND FRANCHISE AGREEMENT

**RIDER TO STATE ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT,
FRANCHISE AGREEMENT, AND DEVELOPMENT AGREEMENT**

**FOR THE FOLLOWING STATES ONLY: CALIFORNIA, HAWAII, ILLINOIS, INDIANA,
MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND,
SOUTH DAKOTA, VIRGINIA, WASHINGTON, WISCONSIN (EACH A “REGULATED STATE”
AND COLLECTIVELY, THE “REGULATED STATES”)**

This Rider to State Addendum to the Franchise Disclosure Document and Franchise Agreement (“Rider”) is entered into by and between (i) Steel Coated Floors Franchising, LLC, a Utah limited liability company with a business address at 1295 E 5600 S, Ogden, UT 84403 (“Franchisor”), and (ii) _____, a (individual/limited liability company/corporation) with an address at _____ (“Franchisee”).

- A. Concurrently with the execution of this Rider, Franchisor and Franchisee are entering into a franchise agreement (the “Franchise Agreement,”) and development agreement (as applicable) (“Development Agreement”), pursuant to which Franchisee will acquire the right and undertake the obligation to own and operate a franchised business (the “Franchised Business”) that may be located in, or subject to the regulations of, one of the Regulated States (the “Applicable Franchise Registration State”).
- B. Franchisor and Franchisee wish to amend the Franchise Agreement and Development Agreement (as applicable) as provided in this Rider.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Franchise Agreement is hereby amended as follows:

1. **NASAA SOP Acknowledgment.** Franchisee and Franchisor hereby acknowledge that the Statement of Policy regarding the use of franchise questionnaires and acknowledgments issued by the North American Securities Administrators Association, Inc. (“NASAA”), which went into effect on January 1, 2023, provides that questionnaires and acknowledgments that are used as contractual disclaimers that release or waive a franchisee’s rights under a state franchise law violate the anti-fraud and/or anti-waiver provisions of the statutes of the Regulated States. Accordingly, while the SOP remains in effect, or until such time as the regulations in the Regulated States are modified to adopt the restrictions on the use of acknowledgments and questionnaires as set forth in the SOP, for prospective franchisees that reside in or are looking to operate a Franchised Business in any Regulated State, the Franchise Agreement and Development Agreement (as applicable) will be amended to include the following provision:

“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 and 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.”

2. Except as provided in this Rider, the Franchise Agreement and Development Agreement (as applicable) remains in full force and effect in accordance with its terms. This Rider shall be effective only to the extent that the jurisdictional requirements of the franchise law of the Applicable Franchise Registration State are met independently without reference to this Rider.

FRANCHISOR

STEEL COATED FLOORS FRANCHISING, LLC

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE

[NAME]

By: _____

Name: _____

Title: _____

Date: _____

VIRGINIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Steel Coated Floors for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure: The following statements are added to Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground 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.

EXHIBIT F
TO THE
STEEL COATED FLOORS FRANCHISE DISCLOSURE DOCUMENT
OPERATIONS MANUAL TABLE OF CONTENTS



STEELCOATED

EPOXY FLOORS

Operations Manual

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EXHIBIT G
TO THE
STEEL COATED FLOORS FRANCHISE DISCLOSURE DOCUMENT
SAMPLE TERMINATION AND RELEASE AGREEMENT

SAMPLE TERMINATION OF FRANCHISE AGREEMENT AND RELEASE
UPON TRANSFER TO AN AUTHORIZED FRANCHISEE

This Termination of Franchise Agreement and Release (the "Agreement") is made this _____ day of _____, 20____, by and between Steel Coated Floors Franchising, LLC, a Utah limited liability company with its principal place of business at 1295 E 5600 S, Ogden, Utah 84403 ("Franchisor") and _____, a _____ with its principal place of business at _____ ("Transferor").

BACKGROUND

A. On _____, Transferor entered into a franchise agreement (the "Franchise Agreement") with Franchisor for the right to operate a Steel Coated Floors Business under Franchisor's proprietary marks and system (the "System") at the following approved location: _____ (the "Steel Coated Floors Business").

B. Transferor has satisfied all conditions of transfer as specified in the Franchise Agreement and now desires to sell the business to _____, who has been approved by Franchisor as an authorized transferee.

C. In order to complete Transferor's sale of the business, Transferor now desires to terminate the Franchise Agreement and all rights and obligations between the parties relating to the Franchise Agreement, and Franchisor desires to accept such termination, pursuant to the terms of this Agreement.

AGREEMENT

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Subject to the terms and conditions contained in this Agreement, the Franchise Agreement and all rights and obligations between Franchisor and Transferor arising from or related to the Franchise Agreement are terminated, effective as of the date of this Agreement.

2. Notwithstanding anything in this Agreement to the contrary, the parties agree that Transferor shall remain bound by all of the post-term covenants and obligations contained in the Franchise Agreement including, without limitation, those relating to Confidential Information and Non-competition.

3. Transferor represents and warrants that all of Transferor's monetary obligations to Franchisor and its subsidiaries and affiliates have been satisfied in full as of the date of this Agreement.

4. Transferor, for itself and all persons and entities claiming by, through or under it, release, acquit and forever discharge Franchisor and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors and assigns (the "Franchisor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which Transferor, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Franchisor Releasees arising out of or related to the offer, sale and operation of the business, and the parties' rights or obligations under the Franchise Agreement.

5. Excluding the indemnification obligations in the Franchise Agreement, and Transferor's obligations as in Section 2 of this Agreement, Franchisor, for itself and all persons and entities claiming by, through or under it, releases, acquits and forever discharges Transferor and Transferor's employees, agents, servants, representatives, affiliates, successors and assigns (the "Transferor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which it, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Transferor Releasees arising out of or related to the offer, sale and operation of the business, and the parties' rights or obligations under the Franchise Agreement.

6. This Agreement constitutes the entire integrated agreement of the parties with respect to the subject matter contained in this Agreement, and may not be subject to any modification without the written consent of the parties.

7. This Agreement shall be construed under the laws of the State of Utah, which laws shall control in the event of any conflict of law.

8. This Agreement shall be for the benefit of and binding upon the parties and their respective representatives, successors and assigns.

9. Each party acknowledges that the terms of this Agreement have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel. This Agreement is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not embodied in this Agreement.

10. In the event that Franchisor retains the services of legal counsel to enforce the terms of this Agreement, it shall be entitled to recover all costs and expenses, including reasonable attorney's fees, incurred in enforcing the terms of this Agreement.

11. Transferor agrees that Transferor has and had a relationship with Franchisor at its offices in the State of Utah and that, with the exception of Franchisor's right to seek injunctive relief in any appropriate jurisdiction, any action by or against Franchisor arising out of or relating to this Agreement shall be commenced and concluded in the State of Utah pursuant to the mediation, venue and jurisdiction provisions of the Franchise Agreement.

12. This Agreement may be executed in multiple counterparts by the various parties and the failure to have the signatures of all parties on a single Agreement shall not affect the validity or enforceability of any part of this Agreement against any party who executes any counterpart of the Agreement. Executed facsimile copies of this Agreement shall be deemed to be effective as original signatures.

SIGNATURE PAGE FOLLOWS

**I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I
WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE
BOUND BY ITS TERMS.**

STEEL COATED FLOORS FRANCHISING, LLC

By: _____

FRANCHISEE

By: _____

EXHIBIT H
TO THE
STEEL COATED FLOORS FRANCHISE DISCLOSURE DOCUMENT
FRANCHISEE CERTIFICATION/COMPLIANCE QUESTIONNAIRE

FRANCHISEE QUESTIONNAIRE/COMPLIANCE CERTIFICATION

NOTICE FOR PROSPECTIVE FRANCHISEES WHO RESIDE IN, OR WHO INTEND TO OPERATE THE FRANCHISED BUSINESS IN, ANY OF THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI (EACH, A “REGULATED STATE”):

FOR PROSPECTIVE FRANCHISEES THAT RESIDE IN OR ARE SEEKING TO OPERATE THE FRANCHISED BUSINESS IN ANY REGULATED STATE, SUCH PROSPECTIVE FRANCHISEE IS NOT REQUIRED TO COMPLETE THIS QUESTIONNAIRE OR TO RESPOND TO ANY OF THE QUESTIONS CONTAINED IN THIS QUESTIONNAIRE.

As you know, Steel Coated Floors Franchising LLC (“we”, “us” or “Steel Coated Floors”), and you are preparing to enter into a Franchise Agreement for the operation of a Steel Coated Floors franchise (a “Steel Coated Floors Business”). The purposes of this Questionnaire are to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer on the back of this sheet.

- Yes____ No ____ 1. Have you received and personally reviewed the Franchise Agreement, as well as each exhibit or schedule attached to this agreement, you intend to enter into with us?
- Yes____ No ____ 2. Have you received and personally reviewed the Franchise Disclosure Document we provided?
- Yes____ No ____ 3. Did you sign a receipt for the Disclosure Document indicating the date you received it?
- Yes____ No ____ 4. Do you understand all the information contained in the Disclosure Document and the Franchise Agreement you intend to enter into with us?
- Yes____ No ____ 5. Have you reviewed the Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating a Steel Coated Floors Business with these professional advisor(s)?
- Yes____ No ____ 6. Do you understand the success or failure of your Steel Coated Floors Business will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?
- Yes____ No ____ 7. Do you understand we have only granted your certain exclusive territorial rights under the Franchise Agreement and that we have reserved certain rights under the Franchise Agreement?
- Yes____ No ____ 8. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the STEEL COATED FLOORS mark or other mark, at any location outside your Territory,

without regard to the proximity of these activities to the premises of your Steel Coated Floors Business?

- Yes____ No ____ 9. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be mediated, at our option, in Weber County, Utah?
- Yes____ No ____ 10. Do you understand the Franchise Agreement provides you can only collect compensatory damages on any claim under or relating to the Franchise Agreement and you are not entitled to any punitive, consequential or other special damages?
- Yes____ No ____ 11. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement is Steel Coated Floors Franchising LLC.?
- Yes____ No ____ 12. Do you understand all persons whose names appear on the Franchise Agreement must successfully complete the appropriate initial training program(s) before we will allow the Steel Coated Floors Business to open or consent to a transfer of that Steel Coated Floors Business?
- Yes____ No ____ 13. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement?
- Yes____ No ____ 14. Do you understand we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?
- Yes____ No ____ 15. Do you understand that we will send written notices, as required by your Franchise Agreement, to either your Steel Coated Floors Business or home address until you designate a different address by sending written notice to us?
- Yes____ No ____ 16. Do you understand that we will not approve your purchase of a franchise, or that we may immediately terminate your Franchise Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?
- Yes____ No ____ 17. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Steel Coated Floors Business that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?
- Yes____ No ____ 18. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Steel Coated Floors Business will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?
- Yes____ No ____ 19. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?

Yes____ No ____ 20. Is it true that no broker, employee or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property or services from you in connection with a Steel Coated Floors Business purchase with exception of those payments or loans provided in the Disclosure Document?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated: _____, 20____

Dated: _____, 20____

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated: _____, 20____

Dated: _____, 20____

GIVE A COMPLETE EXPLANATION OF ANY NEGATIVE RESPONSES ON BACK OF THIS PAGE (REFER TO QUESTION NUMBER)

EXHIBIT I
TO THE
STEEL COATED FLOORS FRANCHISE DISCLOSURE DOCUMENT

State Effective Dates

The following states have franchise laws that require that that Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
FLORIDA	February 7, 2023
INDIANA	Pending Registration
UTAH	March 4, 2023
VIRGINIA	Pending Registration

Other states may require registration, filing, or exemption of a franchise under other laws, such as those they regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT J
TO THE
STEEL COATED FLOORS FRANCHISE DISCLOSURE DOCUMENT
RECEIPTS

RECEIPTS (OUR COPY)

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 STEEL COATED FLOORS FRANCHISING, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If STEEL COATED FLOORS FRANCHISING, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit A of this Franchise Disclosure Document.

The Issuance Date of this Disclosure Document is March 16, 2023.

A list of franchisor's agents registered to receive service of process is listed as Exhibit D to this Franchise Disclosure Document.

I have received a Franchise Disclosure Document with an issuance date of March 16, 2023, which contained the following Exhibits.

Exhibit A – Financial Statements	Exhibit F –Table of Contents for Operations Manual
Exhibit B – Franchise Agreement	Exhibit G – Sample Termination and Release Agreement
Exhibit C – List of Current Franchisees and Franchisees Who have Left the System	Exhibit H – Franchisee Certification/Compliance Certification
Exhibit D –List of State Administrators and List of Agents for Service of Process	Exhibit I – State Effective Dates
Exhibit E – State Specific Addenda	Exhibit J – Receipts

The franchise seller(s) for this offering is/are as follows:

If an individual:

By: _____

Name: _____

Date: _____

Telephone Number: _____

If a Partnership, Corporation or Limited Liability Corporation:

Entity Name: _____

Signee Name: _____

Signature: _____

Date: _____

RECEIPTS (YOUR COPY)

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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Exhibit F – Table of Contents for Operations Manual

Exhibit G – Sample Termination and Release Agreement

Exhibit H – Franchisee Certification/Compliance Certification

Exhibit I – State Effective Dates

Exhibit J – Receipts

The franchise seller(s) for this offering is/are as follows:

If an individual:

By: _____

Name: _____

Date: _____

Telephone Number: _____

If a Partnership, Corporation or Limited Liability Corporation:

Entity Name: _____

Signee Name: _____

Signature: _____

Date: _____