FRANCHISE DISCLOSURE DOCUMENT
UP CLOSETS FRANCHISING LLC

A Tennessee Limited Liability Company
370 Mallory Station Lane, Suite 501
Franklin, Tennessee 37067
(615) 483 – 4923
info@upclosets.com
www.UpClosets.com

We offer franchises for a closet business that designs, sells, and installs custom closet systems and organizational units for homes, home offices, garages, and other residential and commercial spaces, and related services and products under the "Up Closets" trademarks.

The total investment necessary to begin operation of an Up Closets franchised business ranges from $71,350 to $128,050 for a Single Territory (population of 500,000) or from $131,700 to $182,500 for a Double Territory (population of 1,000,000 or more) or from $171,200 to $218,000 for a Triple Territory (population of 1,500,000 or more). This includes $46,500 to $124,500 that must be paid to the franchisor or its affiliates.

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

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure document to an advisor, like a lawyer or 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: February 18, 2025

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 E.
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 C 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 Up Closets business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an Up Closets franchisee?	Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this Disclosure Document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising Generally

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About This Franchise

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

1. **Out-of-state dispute resolution**. The franchise agreement requires you to resolve disputes with us by mediation, arbitration, and/or litigation only in Tennessee. Out-of- state mediation, arbitration, and litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate and litigate with us in Tennessee than in your own state.

2. **Short Operating History**. The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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

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.

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

(A) A prohibition on the right of a franchisee to join an association of franchisees.

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

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

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

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

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

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

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

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

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

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

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

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

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL.

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE DEPARTMENT, 670 LAW BLDG., LANSING, MICHIGAN 48913, (517) 373-7117.

UP CLOSETS FRANCHISING LLC
Franchise Disclosure Document

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LIST OF EXHIBITS

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

To simplify the language in this Disclosure Document, the terms "Franchisor," "we," "us" and "our" refer to Up Closets Franchising LLC. We refer to the purchaser(s) of an Up Closets franchise, as "you" or "Franchisee," whether an individual, a partnership, corporation, or limited liability company. If you are a legal entity, our Franchise Agreement also will apply to your owners, officers and directors.

Franchisor, Parent, and Affiliates

We are a Tennessee limited liability company formed on October 27, 2022. Our principal business address is 370 Mallory Station Dr, Suite 501, Franklin, Tennessee 37067, and our telephone number is (615) 483 – 4923. Our principal address was previously 3212 West End Avenue, Suite 201, Nashville, Tennessee 37203. We do business under our company name, "Up Closets." We have no predecessor company.

We are a wholly owned subsidiary of Home Run Holdings LLC, a Tennessee limited liability company ("Parent") that was formed on October 31, 2023. Parent's principal business address is 9037 Berry Farms Crossing, Franklin, Tennessee 37064.

Our affiliate Home Run Franchising LLC is a limited liability company formed in the State of Tennessee on August 11, 2022. Home Run Franchising LLC's address is 370 Mallory Station Dr, Suite 501, Franklin, Tennessee 37067. Home Run Franchising LLC is the owner of the Marks (as defined below) and has licensed them to us. Home Run Franchising LLC does not own or operate any businesses of the type you will be operating. Home Run Franchising LLC has not offered franchises in this or any other line of business.

Our affiliate Pelican Franchising LLC is a Tennessee limited liability company. Pelican Franchising LLC owns and operates our franchise locations of the Up Closets, Lighting Squad, and Dryer Vent Superheroes outlets. Pelican Franchising LLC operates these outlets as franchise locations that pay the same royalties and technology fees as other brand franchises. This company has not offered franchises in this or in any other lines of business previously.

Our affiliate Brand Journalists LLC is a Tennessee limited liability company formed on January 24, 2011 that currently does business under the name Flick Switch ("Flick Switch"). Flick Switch is a vendor for Facebook marketing for our franchisees' local social media advertising. Flick Switch does not own or operate any businesses of the type you will be operating and has not offered franchises in this or in any other lines of business previously.

Our affiliate Dryer Vent Superheroes Franchising LLC is a Tennessee limited liability company formed on November 21, 2022. Dryer Vent Superheroes Franchising LLC began offering franchises in December of 2022 for the establishment of a business that provides cleaning, repair, and maintenance services for dryer vents, kitchen and bathroom vents, and related services and products under the "Dryer Vent Superheroes" trademarks. Dryer Vent Superheroes Franchising LLC continues to offer franchises of this type. As of October 31, 2024, Dryer Vent Superheroes had 21 open franchises. This affiliate has not offered franchises in any other line of business.

Our affiliate Lighting Squad Franchising LLC is a Tennessee limited liability company formed on October 25, 2022. Lighting Squad Franchising LLC began offering franchises in November of 2022 for the establishment of a business that provides handyman electrical services, cleaning, repaid, and maintenance services for light fixtures, power outlets, low voltage wiring, audio visual installations, and related services and products under the "The Lighting Squad" trademarks. Lighting Squad Franchising, LLC continues to offer franchises of this type. As of October 31, 2024, Lighting Squad had 2 open franchises. This affiliate has not offered franchises in any other line of business.

Agent for Service of Process

The names and addresses of our agents for service of process appear on Exhibit A to this Disclosure Document.

Prior Business Experience

We do not own or operate any businesses of the type you will be operating. We conduct no business activities other than franchising. We have not offered and do not offer franchises in any other line of business. Neither Parent nor we have ever offered franchises in any other line of business. We only offer franchises which operate under the "Up Closets" Marks. We began offering franchises as of December 12, 2022. Pelican Franchising LLC has been in continuous operation as a custom closet business since 2020 under different names before we registered the "Up Closets" Marks.

The Business and Franchise We Offer

We offer the opportunity to establish and operate an Up Closets business that designs, sells, and installs closet systems and organizational units for homes, home offices, garages, and other residential and commercial spaces, and related services and products (the "Franchised Business") within the "Territory" (defined below) using our proprietary products and methods of operation (the "System"). We license you to use the System, which includes our standards for the performance of services and operation of the Franchised Business ("System Standards"), trademarks, service marks, trade names, logos and commercial symbols (the "Marks"), the content in printed or on-line materials (the "Materials"), the content in our "Operations Manual," which may present and compile our policies and procedures for vehicle and vehicle customization, service performance, equipment, signage, trade dress, training content, sales and marketing, pricing guidelines, staff and employee training, customer service and retention programs, accounting, recordkeeping and reporting, customer marketing programs, information technology (IT) and our assistance with advertising, promotion, public relations, and social media programs. We may change, update, delete, improve and further develop the System and its components over time.

We assign to each Franchised Business or "Unit" a primary operating geographic area where its business efforts should be concentrated (the "Territory"), from which a franchisee may choose among three tiers based on each 500,000 of population within the Territory: (1) a population of approximately 500,000 people (a "Single Territory"), (2) a population of approximately 1,000,000 people (a "Double Territory"), or (3) a population of approximately 1,500,000 people (a "Triple Territory"), as further described in this Disclosure Document.

Market and Competition

The market for your Franchised Business consists of residential and commercial customers. The market for our services is not seasonal. The market may also be affected by economic conditions in your designated territory.

You will compete with home service providers and business that offer closet design and organizational services, service providers that specialize in closet systems, general home improvement contractors, and other home-based service providers. You will be competing with many local and independently owned service providers, including other franchised brands, as well as building contractors, big box hardware and improvement retailers that offer these services through local contractors or on a do-it-yourself basis.

Regulations

Some states may have contractor licensing, certification, or registration requirements applicable to some or all of the services you will be providing through your Franchised Business. You may be required to pay a fee to the state agency or association responsible for enforcing these requirements. Some states may require a minimum level of training, education or related work experience to obtain licenses, the positing of a surety bond and proof of insurance. You are responsible for understanding what licenses, permits, qualifications, performance bonds and experience requirements apply to the Franchised Business in the Operating Area you select and any other area where you provide Services, and for obtaining and maintaining in effect all such licenses, permits, bonds, and other legal authorizations and qualifications necessary to operate the Franchised Business. You may need to limit the offering of Franchised Business's services until appropriate authorizations are obtained. If you are unable to perform all services we authorize in the Operating Area, we may authorize another franchisee to perform such services in your Operating Area until you notify us that you have been authorized to do so.

Your Franchised Business must accept credit cards and will be obligated to comply with the Payment Card Industry Data Security Standard. The Standard includes 12 requirements for any business that stores, processes or transmits payment cardholder data. For more information see https://www.pcicomplianceguide. org/.

If you are located in, or do business with customers located in, California or another state that has enacted data privacy and data security laws that apply to information obtained from your transactions with individuals and consumers, you must comply with the California Consumer Privacy Act or local legislation that governs how you collect, store and use personally identifiable information about your customers. We are not responsible for instructing, training, supervising or monitoring you on compliance with these data privacy and data security laws. You may want to engage your own counsel or advisors to assess your obligations and formulate an appropriate strategy for compliance with these laws.

We encourage you to make additional inquiries into those laws and regulations and obtain the assistance of your own legal counsel in that regard. It is your responsibility to independently determine if there are any legal requirements with which you must comply and business issues that might impact your Franchised Business and/or your possibility of generating a profit or loss. Neither we, nor our affiliates, will be responsible for ascertaining your initial and continuing legal responsibilities. It is your responsibility, on an on-going basis, to investigate and satisfy all local, state, and federal laws and regulations since these can vary from place to place and can change over time.

ITEM 2: BUSINESS EXPERIENCE

Thomas Scott, Chief Executive Officer and Founder

Thomas Scott is our Chief Executive Officer and Founder, and he has served in this role since November 2022. Mr. Scott is the CEO and Founder of our affiliate Dryer Vent Superheroes Franchising LLC in Franklin, Tennessee, and he has served in this role since November 2022. Mr. Scott is the CEO and Founder of Lighting Squad Franchising LLC in Franklin, Tennessee, and he has served in this role since November 2022. Mr. Scott served as the co- founder and COO of Clozetivity Franchising LLC, Frost Shades Franchising LLC, Dryer Vent Squad Franchising LLC and Magnetainment Franchising LLC from August 2020 to June 2022. Mr. Scott was the COO, CMO, VP of Franchise Development and owner of Showhomes Home Services Franchising from 2002-2009. He is the founder and Chairman of Brand Journalists LLC since 2008, a franchise development and marketing agency that helped build over 500 franchise systems.

Matt Gilleland, Chief Financial Officer

Matt Gilleland has been the Chief Financial Officer of Up Closets and Dryer Vent Superheroes Franchising, LLC since July 2024. Prior to his joining Up Closets, he was the Controller at V&W Supply Company in Brimingham, Alabama from July 2017 to November 2024. Gilleland has been a certified public accountant since 1998.

Brian Tyrrell, Director of Operations

Brian Tyrrell is the Director of Operations since the company's inception in October 2022. Brian was the Brand Manager of Clozetivity Franchising LLC from November 2021 to July 2022, where he oversaw training, support and business coaching for franchisees. Brian managed a Lighting Squad unit from January 2021 to November 2021. Prior to this, Brian worked for Graham's Lighting in Franklin, Tennessee from December 2017 to January 2021.

Kayla Ryan, Chief Marketing Officer

Kayla Ryan is the Chief Marketing Officer for Up Closets and has served in this role since the company's inception in October 2022. She served as the VP of Marketing for Clozetivity, Dryer Vent Squad, and Frost Shades franchises and was the Brand Manager for Magnetainment franchising from August 2020 to June 2022. In June of 2022 Kayla founded Flick Switch Marketing LLC in Tennessee, which she sold to Brand Journalists in November of 2023. Prior to that, she was an account manager with Brand Journalists LLC from May 2017 to July 2022, working with a variety of franchise marketing clients.

ITEM 3: <u>LITIGATION</u>

Nina Parmar and Zarpo Designs, LLC, a former franchisee, filed an arbitration claim against us and Thomas Scott on August 14, 2024, in the American Arbitration Association alleging fraudulent inducement to enter into a franchise agreement, or, alternatively, breach of contract by constructive termination, and Tennessee Consumer Protection Act violations, after termination of the franchise. We deny all allegations. The matter has been submitted to arbitration. Case No. 01-24-0007-2637.

Lindsey Puckett and Bad Britches, LLC, a former franchisee, filed an arbitration claim against our affiliate Dryer Vent Superheroes Franchising LLC and Thomas Scott on August 14, 2024, in the American Arbitration Association alleging fraudulent inducement to enter into a franchise agreement, or, alternatively, breach of contract by constructive termination, and Tennessee Consumer Protection Act violations, after termination of the franchise. We deny all allegations. The matter has been submitted to arbitration. Case No. 01-24-0007-2635.

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

ITEM 4: <u>BANKRUPTCY</u>

No bankruptcies are required to be disclosed in this Item.

ITEM 5:
INITIAL FEES

We will charge you a nonrefundable initial franchise fee ("Initial Franchise Fee") when you sign the Franchise Agreement. The Initial Franchise Fee is $39,000 for a territory of approximately 500,000, ("Single Territory"), $78,000 for a territory of approximately 1,000,000 people (a "Double Territory"), and $117,000 for a territory of approximately 1,500,000 people (a "Triple Territory"). This payment is fully earned by us and due in lump sum when you sign the Franchise Agreement. The Initial Franchise Fee is not refundable under any circumstance.

From time to time, we may offer special incentive programs as part of our franchise development activities. We reserve the right to offer, modify or withdraw any incentive program without notice to you. We will offer to qualified individuals honorably discharged from any branch of the U. S. Military with an undeleted certified copy of your DD214 or individuals who currently serve or are retired as first responders (police, fire, EMT etc.) a $5,000 discount (the "Public Service Discount") of the Initial Franchise Fee you would otherwise pay for your first Unit. Such request must be made when you apply for a franchise.

For each Up Closets Franchised Business you operate, you will also be required to pay a start-up marketing fee of $7,500 (the "Initial Marketing Fee") to us for initial marketing services to be provided by us or our affiliate or vendors during the set up and opening of the Franchised Business. This fee is fully earned by us and due in lump sum when you sign the Franchise Agreement and is not refundable under any circumstance. A portion of this fee covers your first month of Facebook advertising.

ITEM 6:
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Continuing Royalty Fee (Note 1)	Year 1: $1,000 per month for a Single Territory $1,500 per month for a Double Territory $2,000 per month for a Triple Territory Year 2 through the remainder of the term and any successor terms: $2,000 per month for a Single Territory $3,000 for a Double Territory $4,000 per month for a Triple Territory	Monthly via ACH on the 5th of the month for the month prior	Payable to us. The first payment is due is upon the earlier of: (a) the first day of the month after your Opening Date or (b) the first day of the month beginning after 60 days from the signing of your Franchise Agreement. These monthly payment amounts do not depend on the Gross Revenue of your Franchised Business. These amounts may be adjusted for inflation. See Note 1.
Technology Fee (Note 2)	$600 per month for a single directory and a Workiz unit per Territory	Monthly via ACH at the same time as Continuing Royalty Fee	Payable to us. The first payment is due is upon the earlier of: (a) the first of the month after your Opening Date or

Type of Fee	Amount	Due Date	Remarks
			(b) the first of the month after 60 days from the signing of your Franchise Agreement.
Brand Fund Contribution (Note 3)	None currently and not planned for 2025; if activated will be capped at 25% of your Continuing Royalty Fee or 2% of your Gross Revenue, whichever is less	Monthly via ACH at the same time as Continuing Royalty Fee	Payable to us. Payment must be made via electronic funds transfer. Pays for activities to market, promote, support and evolve the System. We may activate on notice to all franchisees and modify once annually.
Local Advertising and Marketing (Note 4)	Your Local Marketing Fee is variable and is typically 18-25% of your target revenue with a minimum spend of $4,000 a month	As incurred	Payable to third parties, us, or an affiliate. Our required supplier for Facebook conversational marketing is our affiliate Flick Switch. All advertising must be pre-approved by us. See Item 11. After first year of operation the local advertising requirement may be reduced in Franchisor's discretion and flows through your business and marketing plan.
Advertising Cooperative	Currently none; Up to 2% of monthly Gross Revenue; credited toward satisfaction of minimum Local Advertising spending Subject to an increase to one half of your current Local Advertising and Marketing expenses	As determined by cooperative	No cooperatives have been established as of the date of this Disclosure Document. You are required to join an advertising cooperative if one is formed. Cooperatives will be comprised of all franchised Up Closets outlets in a designated geographic area. Our affiliate-owned outlets may participate in an advertising cooperative, in our sole discretion, but will not have voting authority on fees or other decisions of cooperative members.
Bookkeeping Fee	$349 Monthly	Monthly as determined by the vendor	Payable to third party vendor KTA Financial Advisors, who will manage franchisee's books daily and provide Profit & Loss and Balance Sheet reports monthly. Financial analytics portal and access to the

Type of Fee	Amount	Due Date	Remarks
			vendor's mobile app and online portal are included.
Late Charge	$75	As incurred	If you fail to pay us the Continuing Royalty Fee, Brand Fund Fee (if activated), Technology Fee, we may charge you $75 for each late submission in addition to interest charges explained below.
Interest Charge	18% per annum from due date	As incurred	If you fail to pay us any amount when due, we may charge you interest on the unpaid balance until the payment is received.
Insufficient Funds Fee	$75	As incurred	If your check is returned or an electronic funds transfer from your bank account is denied for insufficient funds, for each occurrence we may charge you a Non-sufficient Funds Fee.
Successor Agreement Fee	The greater of 10% of the then current Initial Franchise Fee or $5,000	Before signing successor franchise agreement	Payable to us. See Item 17.
Transfer Fee	$5,000 for Single Territory $10,000 for Double Territory $15,0000 for Triple Territory	Before approval of the transfer	Payable to us. See Item 17.
Initial Training	No charge for initial training for up to 4 individuals. You pay all travel and other related expenses incurred by all trainees. The current fee for replacement trainees is $300 per person.	Travel and related expenses are due as incurred; fees for replacement trainees or additional trainees that cannot be accommodated are due prior to the commencement of training	Initial training takes place in Franklin, Tennessee. You must pay the incidental costs of attendance, which include but are not limited to, airfare, transportation, hotel and food costs. Incidental costs are payable to third-party suppliers. Fees for additional trainees are payable to us. See Item 11.
Advanced Training (Note 5)	A reasonable fee for advanced training. You pay all travel and other related expenses incurred by you and your personnel.	As incurred	Payable to us.

Type of Fee	Amount	Due Date	Remarks
Field Training Fee	Our then-current trainer per diem rate plus expenses. Our current per diem rate is $500 per day plus travel and other expenses.	As incurred	We may impose this fee, payable to us, if you request additional training in your territory from time-to-time, or if you are operating below our System Standards and we require you to have additional training. You must also pay all costs of our trainer, which include but are not limited to, airfare, transportation, hotel and meals.
Indemnification (Note 6)	Amount of loss or damages plus costs	As incurred	Payable to us
Reimbursement of legal fees and expenses	Our costs and expenses, including but not limited to attorneys' fees, incurred for your failure to pay amounts when due or failure to comply in any way with the Franchise Agreement.	As incurred	Payable to us
Insurance	Amount paid by us for your insurance obligations plus a 10% administration fee	As incurred	You must reimburse us for any insurance costs we pay, plus a 10% administration fee, on your behalf due to your failure to meet the insurance obligations required by the Franchise Agreement.
Liquidated Damages (Note 7)	An amount equal to the average monthly Continuing Royalty Fees paid or owed during the twelve months of operation preceding the effective date of termination multiplied by the lesser of twenty-four months or the number of months remaining in the Franchise Agreement.	Payable within 15 days of termination	Payable to us.

Type of Fee	Amount	Due Date	Remarks
Taxes	As assessed by Taxing authority	As incurred	You must reimburse us for any taxes that we must pay to any taxing authority on account of either the operation of your Franchised Business or payments that you make to us, including, but not limited to any sales taxes or income taxes imposed by any authority.
Product/Supplier Evaluation	$500	As incurred	Payable to us if franchisee requests our approval of a proposed item or supplier, which may be refunded if the proposed supplier is approved for use by the entire system.

"Opening Date" is the date your Franchised Business begins advertising to the public.

All fees and expenses described in this Item 6 are nonrefundable and are uniformly imposed. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us.

Notes

1. *Continuing Royalty Fee*. You must pay us a Continuing Royalty Fee as set forth below.

Single Territory (Approximately 500,000 population)

Year 1	$1,000 per month
Year 2+	$2,000 per month

Double Territory (Approximately 1,000,000 population)

Year 1	$1,500 per month
Year 2+	$3,000 per month

Triple Territory (Approximately 1,500,000 population)

Year 1	$2,000 per month
Year 2+	$4,000 per month

Payments of the Continuing Royalty Fee and all other monthly fees are due on the fifth (5th) of each month for the previous calendar month and must be paid only by ACH initiated by Franchisor. You are required to set up authorization at your bank and with Franchisor to allow Franchisor to electronically transfer funds from your bank account to Franchisor's bank account; failure to do so will result in default and potential termination. Interest and late fees will apply to any late payments or electronic funds transfer requests denied due to insufficient funds.

"Gross Revenue" means the aggregate of all revenue from operating your Franchised Business, whether payment is received in cash or by credit card, gift cards or other generally accepted form of payment, from the sale of products, services, merchandise (apparel and promotional items bearing any Marks) or other merchandise. Without limiting the scope of the term, Gross Revenue shall include the aggregate amount of revenues generated from the sale of services, goods, products, and merchandise received by you. Gross Revenue is reduced by the amount of any discount given to customers, or to employees or their family members if taken at the time of sale so that the purchaser pays an amount net of the discount. Gross Revenue also excludes the following: (i) the amount of returns, credits, allowances, and adjustments; (ii) the amount of taxes collected and paid over to taxing authorities; (iii) the amount of any shipping, freight, or similar expense charged to customers; (iv) proceeds from insurance with respect to property damage or liability; (v) proceeds from any civil forfeiture, condemnation, or seizure by governmental entities; and (vi) uncollectible amounts, subject to the limitation that uncollectible amounts cannot exceed 0. 5% of Gross Revenue for any fiscal year of the Franchisee, and subsequent collections of charged off amounts must be included in Gross Revenue when they are collected.

We may adjust the Continuing Royalty Fee for inflation beginning March 1, 2029, and every three (3) years thereafter during the Term. If we elect to do so, the Year 3+ amount shown in the applicable table will increase by the lesser of (i) five percent (5.00%) or (ii) the percentage change in the Consumer Price Index for Urban Consumers, All Items (CPI-U,1982-84=100) between the index for the month of January immediately preceding the adjustment date and either (A) January 2025 on the first adjustment, or (B) January of the year of adjustment.

2. *Technology Fee*. You must pay us directly a Technology Fee of $600 per month. We reserve the right to increase or reduce the Technology Fee once annually as costs of technology and support change. A portion of this fee pays for access for up to 5 users for Workiz and other technology, hosting and maintenance for your local website, directory submission and monitoring of your Google Business Directory and your marketing dashboard system. The monthly Technology Fee includes a base plan from Workiz. If you opt for an extended plan, additional phone plan or minutes or need more than five (5) users, you will incur additional expenses, and we will bill you monthly for the difference. The Technology Fee also includes automated reviews, Google Directly basic optimization and setup, local website hosting and backups, dashboards systems for marketing. The programs covered by this fee may change over time, and we maintain transparency on our allocation of the Technology Fee funds.

3. *Brand Fund Contribution*. We have not yet established a Brand Fund into which all franchisees will contribute a monthly non-refundable Brand Fund Contribution of up to 2% of the Gross Revenue of your Franchised Business during the preceding month. You pay your Brand Fund Contribution by ACH Payment when you pay your Continuing Royalty Fee each month. We currently have no plans to start a brand fund. We will notify franchisees if and when we activate the fund and then set the contribution rate, which may be a fixed fee per month, once each year.

4. *Local Advertising*. You must spend a minimum of $4,000 per month on local advertising and marketing activities for the first year of operation. Upon our request, you must furnish us with a

quarterly report and documentation of local advertising expenditures during the previous calendar quarter.

5. *Advanced Training*. We may offer optional or mandatory advanced training programs from time to time. You and your general manager may participate in optional additional training and must participate in mandatory additional training for up to 5 days per year, at a location we designate. You are responsible for any and all incidental expenses incurred by you and your personnel in connection with advanced training and without limitation, costs of travel, lodging, meals and wages. Franchisor reserves the right to impose a reasonable fee for advanced training programs.

6. *Indemnification*. You must indemnify and hold us, our affiliates, and all of our respective officers, directors, agents and employees harmless from and against any and all claims, losses, costs, expenses, liability and damages arising directly or indirectly from, as a result of, or in connection with your business operations under the Franchise Agreement, as well as the costs, including attorneys' fees, of defending against them.

7. *Liquidated Damages.* Liquidated damages are in addition to any royalties, Brand Fund contributions or other fees you may owe at the time of termination.

ITEM 7:
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Single Territory

Type of Expenditure	**Low Estimate**	**High Estimate**	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee (Note 1)	$39,000	$39,000	Lump Sum via wire transfer	At the Signing of the Franchise Agreement	Franchisor
Your Training Expenses (Note 2)	$1,500	$4,000	As Arranged	As Incurred	Third parties for travel and lodging
Equipment and Tools (Note 3)	$4,000	$4,000	As supplier/ vendor requires	As incurred	Suppliers/ vendors
Service Vehicle (Note 4)	$2,500	$8,000	As Arranged	As Arranged	For vehicles – paid to supplier
Initial Inventory (Note 5)	$5,000	$7,500	As Arranged	As Arranged	Third-party suppliers
Business Licenses and Permits (Note 6)	$150	$1,500	As Arranged	As Incurred	Third-party entities
Computer Systems software set up (Note 7)	$100	$1,300	As Arranged	As Arranged	Third-party suppliers

Type of Expenditure	**Low Estimate**	**High Estimate**	Method of Payment	When Due	To Whom Payment is Made
Professional Fees (Note 8)	$500	$1,500	As Arranged	As Incurred	Third-party legal and accounting firms
Start Up Marketing Fee (Note 9)	$7,500	$7,500	Lump Sum via wire transfer	At the Signing of the Franchise Agreement	Franchisor
Insurance (Note 10)	$500	$2,500	As Arranged	As Arranged	Third-party suppliers
Software / Recruitment Ads	$600	$1,250	As Arranged	As Arranged	Third-party suppliers (career plug and design software)
Operating Expenses / Additional Funds – 3 months (Note 11)	$10,000	$50,000	Arranged	As Arranged	Cash reserves in franchisee's banking account to pay ongoing payroll, suppliers, and vendors.
Total	**$71,350**	**$128,050**			

Double Territory

Type of Expenditure	**Low Estimate**	**High Estimate**	**Method of Payment**	**When Due**	**To Whom Payment is Made**
Initial Franchise Fee (Note 1)	$78,000	$78,000	Lump Sum via wire transfer	At the Signing of the Franchise Agreement	Franchisor
Your Training Expenses (Note 2)	$500	$2,500	As Arranged	As Incurred	Third parties for travel and lodging
Equipment and Tools (Note 3)	$4,000	$12,000	As supplier/ vendor requires	As incurred	Suppliers/ vendors
Service Vehicle (Note 4)	$2,500	$8,000	As Arranged	As Arranged	For vehicles – paid to supplier
Initial Inventory (Note 5)	$5,000	$10,000	As Arranged	As Arranged	Third-party suppliers
Business Licenses and Permits (Note 6)	$150	$1,500	As Arranged	As Incurred	Third-party entities
Computer Systems and Software Set-up (Note 7)	$100	$1,300	As Arranged	As Arranged	Third-party suppliers
Apparel and Printed Materials	$1,500	$5,000	As Arranged	As Arranged	Third-party suppliers
Professional Fees (Note 8)	$500	$1,500	As Arranged	As Incurred	Third-party legal and accounting firms
Start Up Marketing Fee (Note 9)	$7,500	$7,500	Lump Sum via wire transfer	At the Signing of the Franchise Agreement	Franchisor
Insurance (Note 10)	$500	$2,500	As Arranged	As Arranged	Third-party suppliers
Community Marketing Dues - BNI	$750	$1,800	As Arranged	As Arranged	Third-party suppliers
Software and Recruitment Ads	$700	$900	As Arranged	As Arranged	Third-party suppliers (career plug and design software)
Operating Expenses / Additional Funds – 3 months (Note 11)	$30,000	$50,000	As Arranged	As Arranged	Cash reserves in franchisee's banking account to pay ongoing payroll, suppliers, and vendors.
Total	**$131,700**	**$182,500**			

Triple Territory

Type of Expenditure	**Low Estimate**	**High Estimate**	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee (Note 1)	$117,000	$117,000	Lump Sum via wire transfer	At the Signing of the Franchise Agreement	Franchisor
Your Training Expenses (Note 2)	$2,500	$4,000	As Arranged	As Incurred	Third parties for travel and lodging
Equipment and Tools (Note 3)	$4,000	$12,000	As supplier/ vendor requires	As incurred	Suppliers/ vendors
Service Vehicle (Note 4)	$2,500	$8,000	As Arranged	As Arranged	For vehicles – paid to supplier
Initial Inventory (Note 5)	$5,000	$10,000	As Arranged	As Arranged	Third-party suppliers
Business Licenses and Permits (Note 6)	$150	$1,500	As Arranged	As Incurred	Third-party entities
Computer Systems and Software Set-up (Note 7)	$100	$1,300	As Arranged	As Arranged	Third-party suppliers
Apparel and Printed Materials			As Arranged	As Arranged	Third-party suppliers
Professional Fees (Note 8)	$500	$1,500	As Arranged	As Incurred	Third-party legal and accounting firms
Start Up Marketing Fee (Note 9)	$7,500	$7,500	Lump Sum via wire transfer	At the Signing of the Franchise Agreement	Franchisor
Insurance (Note 10)	$500	$2,500	As Arranged	As Arranged	Third-party suppliers
Community Marketing Dues - BNI	$750	$1,800	As Arranged	As Arranged	Third-party suppliers
Software and Recruitment Ads	$700	$900	As Arranged	As Arranged	Third-party suppliers (career plug and design software)
Operating Expenses / Additional Funds – 3 months (Note 11)	$30,000	$50,000	As Arranged	As Arranged	Cash reserves in franchisee's banking account to pay ongoing payroll, suppliers, and vendors.
Total	**$171,200**	**$218,000**			

NOTES

1. *Initial Franchise Fee.* Please see Item 5 for information on incentive programs that may offer a discount on the Initial Franchise Fee. The amounts stated in the single unit tables is for one outlet operated under a single Franchise Agreement. The Initial Franchise Fee is $39,000 for a Single Territory having a population of approximately 500,000, $78,000 for a Double Territory with a population of approximately 1,000,000, and $117,000 for a Triple Territory with a population of approximately 1,500,000. Any population change over the term of your franchise will not change the single/double/triple status assigned to the Territory when you sign your franchise agreement. We may change the status at the time of renewal if population changes so warrant. Initial Franchise Fees are non-refundable under any circumstances.

2. *Training Expenses.* The costs of expenses related to attending the Initial Training Program for up to four (4) people. The chart estimates the costs for transportation, lodging, and meals for your trainees. These incidental costs are not included in the Initial Franchise Fee or Training Fee. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation and living expenses. The duration of the training program is two (2) separate weeks of in person instruction in the corporate office or other specified training location.

3. *Equipment.* You will purchase your equipment only from suppliers we have approved, which may include us or our affiliates. We will provide specifications for the models of equipment you will be required to purchase for your Franchised Business. Our affiliates or we may be the sole supplier for certain equipment. You will be required to purchase certain types of equipment subject to our specifications including saws, commercial vacuums, multiple types of drills, workbenches, adhesive guns, and miscellaneous hand tools. These figures represent the purchase of the necessary equipment from suppliers to provide the services of your Up Closets Business. The costs listed here do not include any transportation or set up costs.

4. *Vehicle*. You must use a vehicle of the make, model and age we require, for travel to your clients' properties. Your vehicle must be no more than 5 years old, in good condition at the time vehicle customization, and free of noticeable dents or damage. You may use a vehicle you currently own, if we determine, in our sole discretion, that it meets our System Standards and we give our consent. If you must purchase or lease a vehicle, we list current acceptable manufacturer/models in our Operations Manual. You must maintain your vehicle in good working order, cleanliness and appearance and promptly repair any visible exterior damage, including but not limited to, dents and scratches. Your actual costs may be higher than the amount stated in the table, depending on whether you buy or lease your vehicle and equipment and how much of the equipment is leased. Your credit history may affect the lease or financing rates you are able to arrange. We recommend that you lease this vehicle from our approved suppliers. You may elect to purchase, rather than lease, your vehicle. If you plan to purchase your vehicle the cost will be significantly higher than what is listed above. In addition, you will need to have your vehicle customized (outfitted, wrapped and set up for operation) per our System Standards, and these costs are in addition to the purchase price. The estimates above include the cost of a vehicle customization.

5. *Opening Inventory*. You must purchase your initial opening inventory of hardware and basic parts. Certain items must be purchased through closet vendors we designate. This inventory must be stocked before installing your first closet and must be maintained thereafter.

6. *Licenses*. You are responsible for applying for, obtaining, and maintaining all required permits and licenses necessary to operate your Franchised Business. This estimate includes the cost of local business licenses that typically remain in effect for 1 year. This estimate further includes the initial

cost of licenses, certifications and/or permits that may be required by you or your employees to provide services offered by the Franchise. The costs of permits and licenses will vary by location. Some states require bonds or minimum capital requirements for licensed contractors, the costs of which are not included in this estimate. If you are in a state that requires licenses for installers, you must at your expense hire an installer who already has a license or who can pass the test to obtain one before any work is performed on your behalf. You may be required to post the license number in your ads or on your vehicle.

7. *Computer Systems and Software*. You are required to purchase, license, and use the computer system and customer relationship management system and applications that we designate. This estimate includes a laptop computer, and the initial start-up license for our designated business management system (the "Business Management System"). You must also have Internet and other telecommunications equipment and services in accordance with our System Standards to permit electronic transmission of reports and revenue and customer information. We reserve the right to change your requirements for computer hardware and software at any time. As of the Issuance Date, all of our systems are cloud-based, and you can operate the business with laptops and smartphones. Depending on wireless signal strength, you may also need a portable hotspot to assure your devices have adequate band width and connection speed.

8. *Professional Fees*. You may incur professional fees depending on the scope of work performed, which may include, legal and accounting fees to review franchise documents and costs of forming a separate legal entity. This list is not exhaustive. This amount will vary greatly depending on your specific needs and location. We strongly recommend that you seek the assistance of professional advisors to assist you in evaluating this franchise opportunity, this Disclosure Document and the Franchise Agreement and to review any other contracts that you will enter into as part of starting your Franchised Business.

9. *Initial Marketing Fee.* You will be required to pay an Initial Marketing Fee of $7,500 to us for initial marketing services to be provided by us or our affiliate during the set up and opening of the Franchised Business. This program starts at the time of signing your Franchise Agreement and may continue through the Opening Date of your Franchised Business. The Opening Date is the date your Franchised Business begins advertising to the public.

10. *Insurance*. Within 30 days after signing your Franchise Agreement and before your Opening Date, you must purchase and maintain at your sole expense the insurance coverage that we specify. The estimate is for three (3) months of liability insurance coverage but you may be required by your carrier to pay the full annual premium to begin coverage. Insurance costs and requirements may vary widely in different localities. We reserve the right to change the types of required insurance and coverage minimums as provided in the Franchise Agreement.

11. *Operating Expenses*. This is an estimate of the amount of additional operating capital that you may need to operate your Franchised Business during the first three (3) months after commencing operations. We cannot guarantee that you will not incur additional expenses in starting the business that may exceed this estimate. This estimate includes such items as initial payroll, taxes, bank charges, miscellaneous supplies and equipment, initial staff recruiting expenses, additional marketing costs and other miscellaneous items. These estimates do not include any compensation to you or payments on any financing you obtain to start the Franchised Business.

We relied upon the experience of our Up Closets franchisees in formulating the estimate for Operating Expenses. You should review these figures carefully with a business advisor before making a decision to purchase the franchise.

We do not offer direct or indirect financing or finance any part of your initial investment in the Franchised Business.

All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.

ITEM 8:
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases and Approved and Designated Suppliers

We have developed System Standards and specifications for various services, products, materials and supplies sold by or used in connection with your Franchised Business. You must operate the Franchised Business according to these standards. These System Standards will regulate the types, models, and brands of required equipment, furnishings, fixtures, supplies, inventory, computer hardware and software, and vehicle which you must, use, offer, sell or promote in operating the Franchised Business ("Products") to be used in operating the Franchised Business. These System Standards will regulate the types, models, and brands of required Products to be used in the operating of the Franchised Business, the Products and services offered to customers and the product categories and designated or approved suppliers of these items, which may be limited to or include us in our sole discretion. We maintain written lists of approved Products s and services (by brand name and/or by System Standards and specifications) and a list of designated suppliers and contractors for those items. We will update these lists periodically and issue the updated lists to all franchisees.

We will designate all Products from suppliers selected in our reasonable discretion of which we give you notice, so long as such Products meet our quality and other specifications. You must provide us with prior written notice before using any vendor or supplier. We reserve the right to reject any vendor or supplier you propose, in our sole discretion. All purchases and leases must meet our System Standards and specifications except as we specify in the Operations Manual, or otherwise in writing. All changes in the specifications for Products shall be communicated to you by supplements to the Operations Manual or otherwise in writing. You shall not place a new order for any Products with a supplier after receiving written notice of changes in the Products' specifications or that our approval of the supplier has been withdrawn or revoked.

Our affiliate, Flick Switch, which is owned in part by our officers, is an approved supplier; and the only approved supplier of the services pertaining to Conversational Facebook Marketing. We are the required provider of Workiz, which is the point-of-sale and customer relation management ("CRM") software paid through your Technology Fee contribution. All transactions, including consultations, work orders, estimates, proposals, invoices, and all payments including credit card transactions, must take place through Workiz. As of the Issuance Date, we and our affiliates are the only approved suppliers for these services.

Insurance

From the time of signing your Franchise Agreement and before your Opening Date, you have 30 days to obtain the type and amount of insurance coverage for the Franchised Business we specify in the Franchise Agreement, in the Operations Manual or otherwise in writing. You must obtain and maintain the specified insurance coverage during the term of the Franchise Agreement from a responsible carrier or carriers authorized to write coverage in your state having an A. M. Best rating of at least A-VI that we find acceptable.

Required Insurance Minimums:

Commercial General Liability coverage ($1 million single limit per occurrence; $2 million general aggregate limit, for both general liability and products /completed operations liability) for personal injury and property damage, including premises, independent contractors, products and completed operations, contractual, personal and advertising liability, on an occurrence basis, with coverage on a 1986 or later ISO commercial general liability form policy;

"All Risk" property coverage including a property damage limit for the full cost of replacement of the Unit and business interruption coverage for up to twelve months of projected earnings;

Business Automobile Liability covering liability arising out of any auto (including owned, hired and non-owned autos), with a minimum of $1 million combined single limit each accident;

Workers' Compensation or legally appropriate alternative covering all employees and contractors working at the Unit for statutory limits and employer's liability with minimum limits of $500,000 bodily injury for each accident, $500,000 bodily injury by disease for each employee and $500,000 bodily injury disease aggregate;

Umbrella Policy having a limit of $1 million per occurrence in excess of covering excess of the underlying insurance described in (1), (3) and (4) above which is at least as broad as each and every underlying policy, provided that you may purchase more underlying coverage and less umbrella coverage under such policies as long as you maintain the total amount of the limits specified for each coverage area;

Other insurance as may be required by the state or locality of the Unit;

Additional Insurance Recommended but Not Required By Us:

Products/Completed Operations insurance with an aggregate limit of $2 million;

Personal and advertising injury insurance with a limit of $1 million;

Fire damage legal liability limit insurance with a limit of $300,000; and

Business income coverage insurance of 50% of annual gross sales.

Cyber coverage insurance of $250,000;

Professional liability insurance with a limit of $1 million per occurrence and $2 million aggregate;

Employment practices liability insurance with a limit of $500,000; and

Employee Dishonesty/Fidelity insurance with a limit of $100,000.

All of the liability insurance policies, other than Workers' Compensation, must name us, Parent, and our respective officers, directors, members, shareholders, partners and employees as additional insureds on a primary basis for operations of Unit. The form of additional insured endorsement will be ISO CG 2010 11 85 Form B or its equivalent. If the additional insured has other insurance applicable to a loss, it will be on an excess or contingent basis. The additional insured's insurance coverage will not be reduced by the existence of such other insurance.

We may update our required insurance policy from time to time. Franchisee shall be required to comply with Up Closets' updated insurance policy within 30 days of receiving notice.

Approval of Alternative Suppliers; Product Specifications

You must purchase all equipment, supplies, and computer software for the Franchised Business from vendors we have approved and who meet our vendor requirements and agree to supply materials that meet our specifications. We will publish and circulate to you a list of "Approved Suppliers" and designated suppliers for products. We may indicate to you in writing which Approved Suppliers are preferred suppliers for certain items. All purchases and leases must meet our standards and specifications except as we specify in the Operations Manual or otherwise in writing.

If you want to use a good or service or obtain a good or service from a supplier we have not yet approved, you first must make such request in writing to us and submit sufficient information, specifications and/or samples for our determination whether the product or service complies with our System Standards or the supplier meets our approved supplier criteria. If the item and/or supplier meets our specifications, as we determine in our sole discretion, we will approve it as an additional item or supplier. We will notify you whether we approve or disapprove of the proposed item or supplier within 30 days after we receive all required information to evaluate the product or service. We reserve the right to revoke approval of any item or supplier that does not continue to meet our then-current System Standards. Our criteria for approving items and suppliers are not available to you. If you request that we approve a proposed item or supplier, we may charge you an evaluation fee of $500, which may be refunded if the proposed supplier is approved for use by the entire system.

We may establish and revise our approved supplier criteria from time to time as we deem appropriate and will make them available to our franchisees upon written request. We may condition our approval of a supplier on the supplier's agreement to comply with product quality standards, frequency of delivery, standards of service, and concentration of purchase requirements. We also may impose limits on the number of approved suppliers, products and services.

We may terminate our approval of a supplier or any products or services at any time, with or without cause, upon reasonable written notice. Because the use of the highest quality goods is an important part of our business model, we will monitor your chosen suppliers and may require that you select a different supplier if the supplier does not consistently meet our System Standards for quality.

We will formulate and modify our technology, specifications and System Standards by reviewing each product on an individual basis, taking into consideration the supplier's ability to provide consistently high-quality products to you or our approved suppliers on a timely basis. We generally will formulate specifications and standards based on the quality of the products and other relevant factors. We periodically may review each product and respective supplier to make sure that the supplier is following the System Standards.

We may issue some of our technology, product specifications and System Standards to our approved suppliers under appropriate confidentiality restrictions, but not to our franchisees. We may undertake other steps to maintain trade secrets and confidentiality of proprietary services, software and other items.

We approve suppliers after careful review of the quality of the products and services they provide to us and our franchisees.

Revenue from Franchisee Purchases

As of the Issuance Date, we derive no revenue or other material consideration from franchisee purchases. We or our Affiliates will derive revenue from direct sales to franchisees and may derive revenue from suppliers for franchisee purchases in the future in our sole discretion. In the year ending October 31, 2024, Flick Switch derived $92,250 in revenue from sales to our franchisees. Required purchases consist of items you must purchase from approved suppliers or under our established specifications. We estimate your required purchases represent approximately 20% of your total opening expenses (excluding the cost of real estate and improvements) and approximately 20% of your required purchases and leases.

Ownership Interest in a Supplier

Our affiliate, Flick Switch, is owned in part by our officers, is an approved supplier and the only approved supplier of the services pertaining to the Conversational Facebook Marketing.

Payments to Franchisor from Designated Suppliers

We intend to negotiate preferred vendor agreements with approved suppliers that we expect will provide favorable pricing and delivery terms to franchisees, as described below. These agreements may pay us revenues based on the volume of franchisee purchases, which may be measured in sales dollars or units sold. These arrangements are not in effect as of January 31, 2025, but we expect them to be in place in the future. We expect company-owned units to purchase at the same prices and terms as franchised terms from these suppliers.

Cooperatives

We will have the right to require you to participate in a national or regional approved purchasing cooperative for the area in which your Franchised Business operates. We do not have any purchasing or distribution cooperatives in place as of the Issuance Date.

Negotiated Purchases

We may negotiate purchase arrangements or discounts for your Franchised Business. Certain of our suppliers may allow you to participate in the volume discounts we receive. However, these volume discounts will extend only to pricing terms and will not include any of the credit terms we have negotiated. We do not otherwise negotiate purchase agreements on behalf of our franchisees or any distribution cooperative, and do not guarantee pricing, credit or other terms for vendors by our franchisees. A particular supplier arrangement may not be available to you as the availability of these arrangements may vary depending on whether the supplier services the area in which your Franchised Business will be located.

Material Benefits

We do not provide any material benefits to you if you obtain goods or services from approved suppliers. We reserve the right not to grant franchises or confer other benefits to any franchisee, for any reason or no reason, which may include the failure of a Franchised Business franchisee to follow and support the Franchised Business system, including its recommended advertising programs and approved supplier programs.

ITEM 9:
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document
a. Site Selection and Acquisition/Lease	8.1	11, 12
b. Pre-Opening Purchase/Leases	8.2, 12.6	7, 11
c. Site Development & other Pre- Opening Requirements	8.1, 8.2, 12. 1.1	11
d. Initial and Ongoing Training	Article 7	11
e. Opening	8.2	11
f. Fees	5.2.7, Article 6, 7.1, 11.3.1, 12.6.2, 13.3, 13.4.1, 13.7, 15.5, 15.8, 16.4, 18.1.4, 18.1.5, 19.1.1, 19.1.5, 23.18	5, 6, 7
g. Compliance with System Standards and Policies/Operating Manual	Article 9, 11.4, Article 12, 19.1.1	8, 11
h. Trademarks and Proprietary Information	9.4, Article 14, 19.2, 19.3, 19.4	13, 14
i. Restrictions on Products/Services Offered	12.13, 12.9, 12.11, 12.27, 14.10	8
j. Warranty and Customer Service Requirements	12.8, 12.25	Not Applicable
k. Territorial Development and Sales Quotas	11.1, 13.1, 21.1	12
l. Ongoing Product/Service Purchases	Not Applicable	8
m. Maintenance, Appearance and Remodeling Requirements	Article 9, 12.1.6, 12.1.7	Item 11
n. Insurance	Article 15	7
o. Advertising	12.1.8, Article 13	6, 11
p. Indemnification	12.23, 15.8, 16.3.6	14

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document
q. Owner's Participation, Management, Staffing	11.1, 11.3, 12.1.3, 12.1.4	11, 15
r. Records/Reports	12. 2	6
s. Inspections and Audits	12.1.5, 12.4, 12. 9, 12.27, 12.28	6, 11
t. Transfer	Article 16	17
u. Renewal	Article 5	17
v. Post-Termination Obligations	Article 18	17
w. Non-Competition Covenants	19.5	17
x. Dispute Resolution	Article 20	17

ITEM 10:
FINANCING

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

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

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

Pre-Opening Obligations

Before you open your Franchised Business, we will:

a. designate the boundaries of your territory (Franchise Agreement, Section 8.1).

b. provide Operations Manual, access to our cloud-based intranet system which includes electronic copies of our manuals, knowledge center and all online resources, and other manuals and training aids we designate for use in the operation of your Franchised Business, as they may be revised from time to time (Franchise Agreement, Section 10.2).

c. provide a written list of equipment, signage, supplies and products that will be required to open the Franchised Business. We will provide a written list from approved suppliers, but do not supply tools or equipment nor do we deliver or install items. (Franchise Agreement, Section 10.3).

d. provide you with initial training for 1-2 months, with the final week occurring in-person at our headquarters in Franklin, Tennessee. We will determine, in our sole discretion, whether you satisfactorily complete the initial training (Franchise Agreement, Section 7.1).

e. provide you with samples or digital artwork of advertising and promotional materials for your initial marketing activities. We use a company print store, Canva and Vistaprint corporate stores, and provide an access to digital materials (Franchise Agreement, Section 10.4).

Except as set forth above, we have no obligation to assist with locating a site for the Franchised Business, assisting in negotiating a lease, conforming the location to local ordinances and building codes, constructing, remodeling or decorating the location, hiring and training employees, or providing necessary equipment, signs, fixtures, opening inventory and supplies.

Typical Length of Time to Open

Based on the experience of our affiliate-owned Up Closets outlet, we estimate the typical length of time between the signing of the Franchise Agreement and the time you open your Franchised Business is 60 days. Before you may open, you must (i) complete our Initial Management Training Program, (ii) hire and train your staff, if required, (iii) acquire all insurance policies, equipment, computer systems, software, applications and vehicle we require, and (iv) obtain required licenses to operate the Franchised Business. Factors that may affect this time period include your ability to acquire license and permits and completion of required training. If you have not opened your Franchised Business within 60 days after you sign the Franchise Agreement, you must obtain our consent to extend the time to open, which we may or may not grant, at our discretion. Whether you have opened your Franchised Business or not, 60 days after entering into the Franchise Agreement, the Continuing Royalty Fee and the Technology Fee shall begin to accrue and will be due on the first of the month after 60 days from the date the Franchise Agreement was signed. Failure to open your Franchised Business within the original time as extended, is a default of the Franchise Agreement. (Franchise Agreement, Sections 8.2).

Obligations After Opening

During the operation of your franchise, we will:

a. offer from time to time, in our discretion, mandatory advanced training programs. If we require it, you must attend mandatory advanced training and/or attend an annual business meeting or franchisee conference for up to 5 days each year at a location we designate. Failure to attend mandatory advanced training or an annual business meeting or conference is a default of the Franchise Agreement. We reserve the right to impose a reasonable fee for tuition and/or attendance for all advanced training programs. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs. (Franchise Agreement, Section 7.3).

b. upon your request, or as we determine to be appropriate, provide in-territory training and assistance. For any in-territory training, you must reimburse all costs for the services of our trainer, including but not limited to the trainer's then-current per diem fee and all travel-related expenses, such as transportation, meals and lodging (Franchise Agreement, Section 7.4).

c. upon your request, provide individualized assistance to you within reasonable limits by telephone, video conference, electronic mail or postage service, subject at all times to availability of our personnel and in reasonable limits (Franchise Agreement, Section 7.5).

d. from time to time, as may become available, provide you with samples or digital artwork of advertising and promotional materials (Franchise Agreement, Section 10.4).

e. maintain Up Closets website with a link to your Franchised Business contact information and completed work. (Franchise Agreement, Section 12.11).

f. provide you with any written specifications for required equipment, products and services and provide you with updated lists of any approved suppliers of these items (Franchise Agreement, Section 10.5).

g. subject to applicable law, recommend minimum and maximum prices for the services and products offered by your Franchised Business. You may provide your Franchised Business services and products at any price that you determine within our parameters. Our suggested prices are not a representation, warranty or guarantee that such prices will enhance your sales or profit (Franchise Agreement, Section 11.1).

h. approve or disapprove of all advertising, direct mail, and other promotional material and campaigns you propose in writing to us. We will respond within 30 business days, either accepting or rejecting the proposed material and/or campaign; however, if we do not respond within 30 business days, the proposed material and/or campaign is deemed "disapproved". (Franchise Agreement, Section 13.6).

Except as set forth above, we have no obligation to assist you to develop products or services you will offer to your customers, hire and train your employees, improve or develop the franchised business, establish prices, establish and use administrative, bookkeeping, accounting and inventory control procedures or resolve problems you encounter in operating the Franchised Business.

Advertising

Your local advertising must align with our directives about local advertising, messaging, and other factors. We may offer suggestions about pricing and limited time offers. We may require you to purchase certain marketing and promotional material from a designated supplier.

We have not yet and do not have plans to establish a Brand Fund as of the Issuance Date. If we establish a Brand Fund, we will conduct advertising in regional and national media using the funds available in the Brand Fund described below. We may use print, broadcast and on-line or electronic media, social media, direct mail and other promotional materials as funds permit. We will utilize a combination of in-house and advertising agency resources to produce advertising, and we will be the sole agency of record. The Franchise Agreement does not require us to spend any amount on advertising or other promotions in your Territory or your television market, also known as a Designated Marketing Area ("DMA"). We have no obligation to spend any additional amounts on advertising or promotion. (Franchise Agreement, Section 13.4)

You may use your own advertising and promotional materials or content if you submit them to us for approval at least 30 days before making any financial commitment to use the materials. You may not use any advertising or promotional materials that we disapprove or have not yet approved. If you don't receive our approval within 30 days after submission, the materials or content will be deemed disapproved. (Franchise Agreement, Section 13.6)

Local Advertising (Franchise Agreement, Sections 13.2, 13.5 and 13.6)

We require you to spend a minimum of $4,000 per month on local advertising to promote your Franchised Business for the first year of operations. After the first year of operations, the local marketing requirement will be reassessed by Franchisor, with a minimum of $4,000 month. Upon our request, you must furnish us with a quarterly report and documentation of local advertising expenditures during the previous calendar quarter.

You may develop advertising materials for your own use at your own cost, and you may use marketing materials that we may offer to you from time to time. You may not use any advertising or marketing materials, including press releases, unless they have been approved in advance in writing by us, which approval may be withheld in our discretion. We will respond to your request for approval within 30 business days; however, if we do not respond within 30 business days, the proposed advertising or marketing material is deemed disapproved.

We will list your Franchised Business in local business directories, including, but not limited to, listings on Internet search engines on your behalf as part of our Initial Marketing Fee and Technology Fee. If feasible, you may do cooperative advertising with other Up Closets franchisees in your area, with our prior written approval. You may not maintain any business profile on Facebook, Twitter, LinkedIn, YouTube or any other social media and/or networking site without our prior written approval.

We will charge you the Initial Marketing Fee for initial marketing services to be provided by us or our affiliate beginning from the time you sign the Franchise Agreement and through your Opening Date. The Initial Marketing Fee pays to launch and advertise your Franchised Business in the Territory and includes our implementation and payment for:

1. your Workiz CRM, establishing your local tracking number and payment for the first 60 days of your annual license;
2. your Google Business Directory optimization, directory submission, and local verification for the first 60 days;
3. a developer to optimize and launch your local WordPress website, including the initial search engine optimization (“SEO”);
4. your local marketing dashboard that you can use to see your Facebook spending, Google Analytics, Google My Business data;
5. your set up of automated Google review service;
6. your local Facebook and Instagram profiles and connection to the ad manager, and dashboards;
7. your initial Facebook conversational marketing lead program for the first 30 days; and
8. your initial print materials and apparel.

Your monthly Technology Fee covers access to our cloud-based intranet system and the remainder of the costs of your annual licenses with Workiz, Google Business Directory (SEO and review service), and other vendors and includes the costs of local website hosting, basic SEO, and your local dashboard for marketing. We use the Workiz Ultimate Plan with integrated call tracking and texting, which normally costs $850 a month for single businesses. We are able to obtain a lower price for all franchisees purchasing in bulk. The monthly Technology Fee includes a base amount of phone minutes from Workiz, and you will be billed for excess minutes depending on your usage. If you opt for any extended plan, larger phone plan or need more than five (5) users, you will incur additional expenses, and we will bill you the difference.

We reserve the right to collect all or some of your local advertising contribution and spend on your behalf.

System-wide Brand Fund (Franchise Agreement, Section 13.4)

We currently have not established a Brand Fund and have no plans in 2025 to do so. We reserve the right to initiate a Brand Fund the term of your Franchise Agreement.

If we do, you will be required to contribute to the Brand Fund on a monthly basis. We reserve the right to set and change your Brand Fund contribution at the rates described in Item 6. We also may deposit the marketing, promotional and other payments we receive from suppliers into the Brand Fund.

The Brand Fund is administered by our accounting and marketing personnel. We may use Brand Fund contributions to pay any and all costs for the development, production and placement of advertising, marketing, promotional and public relations materials and programs and other similar activities intended to benefit the System as a whole. Those activities may include (without limitation) (a) market research, (b) technology development and implementation, (c) customer service, loyalty and reward programs, (d) media purchases, (e) advertising production, (f) advertising and public relations agency fees and expenses, (g) product research and development, (h) developing and implement marketing strategies, including marketing seminars and training programs and (i) developing and protecting our intellectual property. We may also use Brand Fund contributions to pay any costs of website development and maintenance. We may further use Brand Fund contributions to pay our costs (including personnel and other administrative costs) for advertising that is administered by us or prepared by us, as well as for administrative overhead costs incurred for activities supported by Brand Fund. We will make all studies and reports produced by the Brand Fund available to you at no cost as Confidential Information. We will make copies of all materials produced by the Brand Fund for franchisee use available to you at your expense.

The Brand Fund will not be used to defray any of our other general operating expenses. We will not use Brand Fund contributions to solicit new franchise sales; provided however, we reserve the right to include "Franchises Available" or similar language and contact information in advertising produced with Brand Fund contributions. Consumer advertising copy for which the Brand Fund pays may include solicitations of interest for prospective franchisees.

We will have the sole and exclusive discretion to direct all activities and programs funded by the Brand Fund. We reserve the right to use the Brand Fund contributions to place advertising in national, regional or local media (including broadcast, print, or other media) and to conduct marketing campaigns through any channel, in our discretion, including but not limited to, Internet and direct-mail campaigns. We have no obligation, however, to place advertising or conduct marketing campaigns in any particular area, including the Territory where your Franchised Business is located.

We have no obligation to make expenditures that are equivalent or proportionate to your Brand Fund contribution or to ensure that you benefit directly or pro rata from the production or placement of advertising from the Brand Fund. You acknowledge that we have no obligation to expend Brand Fund amounts for your benefit equivalent or proportionate to your Brand Fund contributions, and we do not warrant or guaranty that you will receive or derive any benefit from Brand Fund activities.

We will account for all Brand Fund contributions we collect in a separate account. The Brand Fund is not audited. We will provide an annual unaudited financial statement of the Brand Fund on a confidential basis to any franchisee upon written request.

Any moneys in the Brand Fund not spent at the end of each fiscal year will remain in the Brand Fund, provided that amounts contributed to the Brand Fund may be used to pay taxes associated with unspent amounts on deposit in the Brand Fund. We may suspend, terminate and reinstate the Brand Fund at any time. The Brand Fund will not terminate, however, until we have spent all moneys in the Brand Fund for the purposes set forth above (Franchise Agreement Section 13.4.3). If we spend more or less than the total of all contributions to the Brand Fund in any fiscal year, we may carry forward any surplus or deficit to the next fiscal year.

No Brand Fund contributions were required, made or expended in our most recently concluded fiscal year, which ended on October 31, 2024. Although the Brand Fund is intended to be of perpetual duration, we may terminate it at any time and for any reason or no reason. We will not terminate the Brand Fund, however, until all monies in the Brand Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

Advertising Council (Franchise Agreement, Section 9.6)

We do not have an advertising council composed of franchisees that advises us on advertising policies. The Franchise Agreement gives us the right, in our discretion, to create a franchisee advisory council to communicate ideas, including proposed advertising policies. If created, we will determine in advance how franchisees are selected to the council, which may include factors such as a franchisee's level of success, superior performance, and profitability. Cooperatives will be comprised of all franchised Up Closets outlets in a designated geographic area. Our affiliate-owned outlets may participate in an advertising cooperative, in our sole discretion, but will not have voting authority. We reserve the right to change or dissolve the council at any time.

Computer Systems (Franchise Agreement, Section 12.6)

You are required to have an internet-capable laptop computer, smartphone, or tablet that can operate the latest versions of software and computer platforms we require. The cost of purchasing the required hardware and software is currently between $100 and $1,300. You are obligated to install software upgrades and patches as provided by the manufacturer of the computer and the Business Management System.

A portion of the Technology Fee may also be used for the development and use of CRM other proprietary technology to be used by franchisees within the system. Currently the Technology Fee pays for a base plan and for access for up to five (5) users of Workiz, which has professional sales proposals, quotes and an integrated booking, payment and invoice system. If you opt for an extended plan, additional phone minutes or need more than five (5) users, you will incur additional expenses, and we will bill you the difference. You are required to use Workiz for your CRM and all transactions, leads, quotes, estimates, and payments must go through this system.

We reserve the right to make updates or require function replacements to the required computers, software, hardware, and other communication devices in the Operations Manual at our sole discretion. You should expect to update your Unit management and customer service systems, service equipment and tools, training, and communications technology periodically during the term of your Franchise Agreement to keep pace with the evolution of such equipment, tools, technology and its applications for commercial and residential services providers. We may designate ourselves or an affiliate as the sole source of technology you are required to obtain, operate and maintain for the Unit. If we make any changes to these requirements, you must comply with the changes on the time frame we specify, which may be immediately.

There are no contractual limitations on the frequency and cost of upgrades and/or updates to the above-described systems. We may in the future modify or establish other service performance or revenue reporting systems, as we deem appropriate, for the accurate and expeditious reporting of Gross Revenue and delivery of our products and services. You must fully cooperate in implementing any such modifications at your expense.

We specify that you must obtain a license for, implement and faithfully use KTA Platform accounting software. You are required to provide Franchisor with independent access to your KTA Platform account which Franchisor may access at any time.

We have no obligation to maintain, repair, update or upgrade your computer hardware and software. At your cost, you must provide on-going maintenance and repairs to your computer hardware and software. You must upgrade your computer hardware and software as necessary to operate the most current version of our System requirements. We may modify System Standards to require new technology at all Franchised Businesses, which may require you to upgrade, update and replace the hardware, software applications and mobile systems you use in the Franchised Business and for customer engagement. There is no contractual limitation on our right to mandate upgrades and updates. The vendor of the hardware systems may charge you a fee for maintenance, repairs, updates and upgrades to hardware. The annual cost of such maintenance, repairs, updates or upgrades will depend upon your agreement with the relevant hardware vendor.

We reserve the right to have remote and independent access at our discretion to all information generated by and stored in your computer system, including your revenue information and customer data. We may copy your computer system and management data, update software, and view all records, files and reports available on or from those systems. You will not purge data unless so permitted under the Operations Manual. There are no contractual limitations on our right to have full access to this information. At our option, we may retrieve, download, analyze and store such information and data at any time. Upon our request, you must sign any documents we require to allow us to independently and electronically access and retrieve the information stored in your computer system.

All personally identifiable information (names, addresses, email addresses, telephone numbers, corporate information, transaction data, demographic data, behavioral data, customer service data, correspondence, and other documents and information) obtained from consumers, suppliers or others in connection with any Up Closets product or service is considered Consumer Data. Subject to applicable law, we are the sole owner of all Consumer Data obtained by the Units in the franchise system. You will only have transactional use of the Consumer Data during the term of your franchise and solely for the purpose of managing your location. You disclaim any ownership interest in Consumer Data in the Franchise Agreement.

You will not transfer any of the Consumer Data to any third-party other than to us, our affiliates or third-party agents that are providing operational or marketing services to you. Third parties cannot gain any ownership rights or interest in the Consumer Data; may have access to the Consumer Data only for the purpose of providing services to you; are prohibited from copying or distributing the Consumer Data; and, must return any Consumer Data to you after it has provided its services. You will not use any Consumer Data for activities not related to the Franchise location without our prior written approval.

You will transfer all Consumer Data, not automatically collected by our required software on at least a monthly basis to us and no longer than 20 days following the end of each month. You will make a final transfer of Consumer Data to us at the termination or expiration of the Franchise Agreement and is prohibited from retaining any of our Consumer Data after termination or expiration. The costs associated with such transfers will be paid by you.

You are required to meet all federal, state and local laws concerning the handling, distribution and use of Consumer Data. We may establish data security procedures and privacy policies for Consumer Data to which you must adhere and comply.

Operations Manual

The Table of Contents of our Operations Manual, showing the topics and number of pages dedicated to those topics, current as of the date of this Disclosure Document is attached as Exhibit D. We will grant access rights on our secure website for franchisees to access our Operations Manual. The Operations Manual has a total of approximately 86 pages. In addition, we will grant you access to additional online Materials and resources for the operation of your Franchised Business. We implement and enforce the Operations Manual and System Standards to promote our brand, enhance consistency among our Units, and protect the goodwill of the Marks. Any aspect of the Operations Manual that relates to any aspect of the terms and conditions of employment for your employees is not mandatory and is merely suggestive or provides only recommendations.

Training (Franchise Agreement, Article 7)

Training which you must complete to our satisfaction, before opening your Franchised Business. During initial training you (if the franchisee is an individual) or all of your owners (if the franchisee is a business entity) and your general manager shall complete the four (4) day initial training program outlined below. We will train you at our headquarters in Franklin, Tennessee.

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Systems & Technology	11	0	Online and Franklin, TN or Specified Location
Business/Marketing Planning	14	0	Online and Franklin, TN or Specified Location
Design & Estimating	12	4	Online and Franklin, TN or Specified Location
Sales & Customer Service	12	4	Online and Franklin, TN or Specified Location

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Production/Installation	25.5	6	Online and Franklin, TN or Specified Location
Recruiting/Hiring of Staff	7	0	Online and Franklin, TN or Specified Location
Administrative Functions	10	0	Online and Franklin, TN or Specified Location
Total Hours	**91.5**	**14**	

Training Program

Training is a critical element to observing System Standards. We strive to equip you with the ability to conduct training and certification of your own staff in order to avoid joint-employment, vicarious liability and other concerns including System Standards, control and cost. Our initial training will provide you with a familiarity of the Up Closets brand, System Standards, and our history, culture, and services. Additionally, the training may also provide knowledge for the maintenance of the tools and other equipment, use of the software, and other features of operating your Unit. We do not provide training to license technicians or other persons; however, at your request and upon your payment of our then-existing training fees, we may provide training for such individuals. Our training is not intended to be a substitute for trade apprenticeship and will not suffice for the licensing of technicians or other persons you employ. Following the training and certification of completion by you, we, during periodic field visits, will evaluate the ability of your staff to perform their individual jobs to System Standards and will consult with you about retraining their staff if any deficiencies are noted. Management and staff training will be the responsibility of you and will be conducted by you and your management.

The on-the-job training will take place after you open during site visits and will involve approximately 14 hours of on-the-job training for you and your installation team.

Up Closets initial training is broken down into two core sections: Training 101 focusing on marketing sales, and staffing and Training 201 focusing on installation, efficient production practices, and financial management (together, “Initial Management Training Programs”). Franchisees must have a $25,000 worth of jobs booked as a prerequisite for attending 201 training. If a franchise owner has hired a lead installer, we strongly recommend he or she attend the training as well.

We periodically conduct our Initial Management Training Programs throughout the year, as needed. Training is currently provided by Brian Tyrrell along with other qualified members of Up Closets team. Brian has worked Up Closets since its inception in 2022 to develop and grow the brand and has 9 years of experience in the residential services business. Brian oversees all aspects of Up Closets brand operations, including product development, services, sales, marketing, brand development, technology and process management. We reserve the right to make changes in our training staff as we deem necessary and advisable without prior notice.

Our training materials consist of videos, reference books, worksheets, and forms and/or our Operations Manual. You will receive both classroom instruction and hands-on training. You may not commence operation of the Franchised Business unless and until we determine that you have successfully completed the Initial Management Training Program.

The cost of our instructors, training materials and up to 10 days of training in the corporate office is included in the Initial Franchise Fee. You are responsible to compensation, benefits, travel and living expenses for the trainees for yourself and your personnel.

All training must be completed to our satisfaction. If you do not complete our Initial Management Training Program to our satisfaction, we reserve the right to terminate the Franchise Agreement.

You may also, during the term, send members of your management and staff to any regularly scheduled initial training program provided by Franchisor, for a fee of $300 per person (plus costs of transportation, lodging, meals, compensation and benefits) subject to space availability. We reserve the right to establish additional training fees, other than those specified, during the term of the Franchise. Certain course material may not be available to all of your staff, and we reserve the right to determine which of your staff may attend certain modules of training. All training must be completed to our satisfaction.

You must comply with our continuing training requirements, which may require you to purchase additional equipment and inventory or to make other purchases to attend training or implement changes. We reserve the right to impose a reasonable fee for tuition and/or attendance for all continuing and advanced training programs at the then-current training fee. We may conduct mandatory advanced training programs, including an annual conference or national business meeting. We may include the training tuition in a convention or meeting fee or may charge separately for training tuition. If we require it, you must attend mandatory advanced training and/or attend an annual business meeting or franchisee conference for up to 5 days each year at a location we designate. Failure to attend mandatory advanced training or an annual business meeting or conference is a default of the Franchise Agreement. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs.

ITEM 12:
<u>TERRITORY</u>

The Franchise Agreement grants you the right to operate a single Franchised Business within the Territory. You may not establish or operate another Franchised Business unless you enter into a separate Franchise Agreement for that Franchised Business.

Your Territory is a limited protected territory identified by a group of contiguous zip codes covering a municipality. We assign the Territory to your Franchised Business taking into account demographics, minimum numbers of households, geographic terrain and market potential. We offer a Double Territory as standard, and as such, your Territory will have an approximate population of 1,000,000, based on the most recent census data and determined by a third-party mapping service. In certain geographic markets, we may offer you a Single Territory with an approximate population of 500,000, or a Triple Territory with an approximate population of 1,500,000, based on the most recent census data and determined by a third-party mapping service, in our sole discretion. Your Territory will be defined and attached to your Franchise Agreement as Attachment 10.

The continuation of territorial protection under the Franchise Agreement does not depend on the achievement of any specific sales volume, market penetration or other contingency. We generally will consider the relocation of your Franchised Business and modification of a Territory under the same criteria as we would consider for an application to approve any new territory, such demographics, traffic patterns, physical site profiles, access, parking, competition in the market area, and other factors.

The Franchise Agreement grants you no options, rights of first refusal or similar rights to acquire additional franchises within the Territory or contiguous territories. We may, but have no obligation to, consider granting to you the right to establish additional Up Closets outlets under other franchise agreements if you are in compliance with the Franchise Agreement and propose to open another Up Closets Franchise in an area and at a location we approve.

The Franchise Agreement permits you to operate from an office in your home. You may not change the location of your Franchised Business office, except in accordance with the requirements of Section 8. 3 of the Franchise Agreement. You may only relocate the Franchised Business office with our consent. We consider the general location, neighborhood and demographic characteristics of the area when approving a site.

You will not receive an exclusive territory. We will not authorize another Franchised Business to serve your Territory. We will not grant overlapping Territories. You may face competition from other franchisees, from Units that we own, or from other channels of distribution or competitive brands that we control. We retain all rights that are not expressly granted to you to establish and operate a franchised or company-owned Unit. We reserve the right to expand our Up Closets business through other distribution channels and methods. We also reserve the right to merge with, acquire or become associated with any business including other custom closet businesses, of any kind under other system and/or other marks, which businesses may convert to or operate under the Marks and offer or sell designs, sells, and installs closet systems and organizational units or other services or products that are the same as, similar to, or different than the closet business or other services and products offered at or from a franchisee's office.

We reserve all rights not expressly granted in the Franchise Agreement. For example, we or our affiliates may own, operate or authorize others to own or operate Up Closets outlets outside of the Territory and may operate other kinds of businesses within or outside the Territory. Although we do not currently do so and have no plans to do so, we and our affiliates may own, acquire, conduct, or authorize others to conduct, any form of business at any location selling any type of product or service not offered under the Marks, including a product or service similar to those you will sell at your Franchised Business. We retain the right to market and sell within or outside the Territory without compensation to you at any location under trademarks, service marks, and commercial symbols different from the Marks.

We reserve the rights to offer (i) other services and products not offered under the Marks, (ii) other residential and commercial closet design and organizational services or products under the Marks or other trademarks, and (iii) products or services through other channels of distribution in the Territory including, but not limited to, co-branding with other residential and commercial closet design and organizational services and products offered through retail stores, the Internet or direct marketing ("Alternate Channels of Distribution"). You will receive no compensation for our sales through Alternate Channels of Distribution in the Territory. You do not have the right to establish any additional or Alternate Channels of Distribution.

You may not use Alternate Channels of Distribution make sales inside or outside your Territory; however, we will include a listing on our website of your Up Closets Franchised Business contact information.

You may only solicit sales from customers in your Territory. Your local advertising must target customers in your Territory, although the reach of your local advertising may extend beyond your Territory.

You may service a customer located outside of your Territory, provided that (A) the customer is (i) a current in-Territory customer of yours and (ii) solicited you to provide the service to a service location located outside of your Territory, or (B) the customer is (i) a former customer of yours who has relocated outside of the Territory and (ii) solicited your service to provide services at a property in the customer's relocation area and (iii) the relocation area is not in the territory of another Up Closets franchisee, or (C) Franchisee otherwise obtains Franchisor's prior approval. Prior to performing any residential services outside of your Territory, you shall obtain our approval to provide service at the location outside of the Territory.

ITEM 13:
TRADEMARKS

Home Run Franchising LLC, or its successor, ("Licensor") is the owner of the Marks and has granted us the exclusive right to use the Marks and license to others the right to use the Marks in the operation of an Up Closets outlet in accordance with the System. The Franchise Agreement grants you the right to operate your Franchised Business under Up Closets Marks, as described below.

Licensor has registered the following Marks on the Principal Register of the United States Patent and Trademark Office:

Mark	Registration Number	Registration Date	Register
Up Closets UPGRADE YOUR SPACE	7,590,223	December 3, 2024	Principal
Up Closets	7,590,082	December 3, 2024	Principal

Licensor has filed all required affidavits in connection with these registrations.

If anyone institutes or threatens litigation involving any component of the System, including the Marks, against you, you must notify us immediately when you learn about an infringement of or challenge to your use of Marks and cooperate fully with us in defending or settling the litigation. Licensor and we will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of the Marks. Licensor and we have the right to control any administrative proceedings or litigation involving the Marks licensed by us to you. You must cooperate fully with Licensor and us in defending or settling the litigation. We will have control over the defense and settlement of any administrative proceeding or litigation regarding the System. You also should notify us immediately when you learn about any infringing use of the Marks, any challenge to your use of the Marks, and any use or claim of the right to use any trademark or service mark confusingly similar to the Marks, by any third party.

We reserve the right to substitute different Marks if we can no longer use the current Marks, or if we determine that substitution of different Marks will be beneficial to the System. In such event, we may require you, at your expense, to modify or stop using any Mark, including the Marks, or to use one or more additional or substitute Marks.

You must not directly or indirectly contest Licensor's right, or our right, to the Marks or other marks.

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeals Board, the Trademark Administration of any state, or any court relating to the Marks. There is no pending infringement, opposition or cancellation. There is no pending material federal or state court litigation involving the Marks or other Marks.

There are no currently effective agreements that significantly limit Licensor's or our rights to use or license the use of the Marks or other Marks in a manner material to the franchise.

As of the date of this Disclosure Document, we know of no superior prior rights or infringing uses that could materially affect your use of the Mark.

ITEM 14:
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We hold no patents and have no pending patent applications that are material to the franchise. We have registered no copyright with the United States Copyright Office. However, we claim copyrights on certain forms, advertisements, promotional materials and other written materials. We also claim copyrights and other proprietary rights in our Operations Manual and the contents of our website.

There are no current material determinations of, or proceedings pending in, the United States Patent and Trademark Office, the U. S. Copyright Office, or any court regarding any of our copyrights discussed above.

There are no agreements currently in effect that limit your right to use any of our copyrights. As of the date of this Disclosure Document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights that could materially affect your use of them.

You must notify us immediately when you learn about an infringement of or challenge to your use of our copyrights. We will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of our copyrights. We have the right to control any administrative proceedings or litigation involving our copyrights licensed by us to you. You must cooperate fully with us in defending and/or settling the litigation.

If you develop any new concept, process, product, service, or improvement ("Improvement") in the operation or promotion of the Franchised Business, you are required promptly notify us and provide us with all requested information relate to the Improvement and sign all documents necessary for us to obtain full proprietary rights to the Improvement. We have no obligation to compensate you for the Improvement or for any cost you incur to sign over your rights to the Improvement to us.

During the term of the Franchise Agreement, you may have access to and become acquainted with our trade secrets, including, but not limited to, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of your Franchised Business; systems of operation, services, programs, products, procedures, policies, standards, techniques, requirements and specifications which are part of the System; the Operations Manual; methods of advertising and promotion; instructional materials; marketing plans, business methods, research, development or know-how, any other information which we may or may not specifically designate as "confidential" or "proprietary", and the components of our System whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively called the "Confidential Information"). You agree that you will take all reasonable measures to maintain the confidentiality of all Confidential Information in your possession or control and that all such Confidential Information and trade secrets shall remain our exclusive property. You may never during the Initial Term, any Renewal Term, or after the Franchise Agreement expires or is terminated reveal any of our Confidential Information to another person or use it for any other person or business. You may not copy any of our Confidential Information or give it to a third party except as we authorize in writing to you prior to any dissemination. Any and all of your personnel who have access to our Confidential Information must sign our Confidentiality/Non-Competition Agreement (Franchise Agreement, Attachment 6).

You must promptly tell us when you learn about unauthorized use of any Confidential Information. We are not obligated to take any action but will respond to this information as we think appropriate. We will indemnify you for losses brought by a third party concerning your use, in strict compliance with the Franchise Agreement, of the Confidential Information.

We reserve the right to modify or discontinue using the subject matter covered by a patent or copyright. In such event, we may require you, at your expense, to modify or discontinue using the subject matter in the operation of your Franchised Business.

ITEM 15: OBLIGATIONS OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The Franchise Agreement requires that you personally supervise and manage the day-to-day operation of your Franchised Business. You may not appoint a manager of your Franchised Business unless you receive our prior written approval as we consider a manager to be your operational partner who acts in your stead. Upon approval, your manager must successfully complete our Initial Business Training Program and all other training courses we require. Your manager must devote full time to the job and cannot have an interest or business relationship with any of our competitors. If the franchisee is a business entity, your manager is not required to have an equity interest in the franchisee entity but must otherwise meet our approval.

Your manager and all other personnel who will have access to our proprietary and Confidential Information and training must sign our Confidentiality and Non-Compete Agreement, which is attached to our Franchise Agreement as Attachment 6. If your Franchised Business is owned by an entity, all owners of the entity must personally sign the Franchise Agreement as a Principal.

ITEM 16: RESTRICTION ON WHAT FRANCHISEE MAY SELL

You must operate your Franchised Business under the System as specified in the Franchise Agreement, the Operations Manual, and in our System Standards and policies. You may not engage in any business or offer any other services or products in your Territory that is or are not a part of the System or without our express authorization in advance. You may only offer and sell the products and services that are part of the System in the manner we prescribe, which includes the services and products we incorporate into the System in the future. You may only offer products and services that we have previously approved and for which you are qualified to provide.

You may not use our Marks for any other business, and you may not conduct any other business at or through your Franchised Business operations or office. You cannot engage in any other business that competes with your Franchised Business, with us or our affiliates, or with Up Closets outlets owned by other franchisees, whether such business is inside or outside of the Territory.

We may add to, delete from or modify the products and services that you can and must offer. You must abide by any additions, deletions and modifications. There are no other limits on our rights to make these changes.

Your local advertising must target customers in your Territory, although the reach of your local advertising may extend beyond your Territory. All advertising and promotional materials, office supplies, signs, vehicle wraps, supplies, uniforms, apparel, (including all business forms and stationery used in the Franchised Business) and other items we designate must bear the Marks in the form, color, location and manner we prescribe. In addition, all advertising and promotion in any medium, (including Internet postings or markings) must be conducted in a dignified manner and must conform to the System Standards and requirements in the Operations Manual, the Franchise Agreement or otherwise. You must obtain our approval before you use any advertising and promotional materials and plans. We may furnish or sell to you apparel and other promotional items to use or resell at the Franchised Business.

We have the right to establish mystery customers, a customer survey feedback program, and any similar programs that we elect, in our sole discretion, to implement. We may use the survey results, scores and comments from such programs to evaluate whether or not you meet System Standards, are eligible for successor or additional franchises or comply with your Franchise Agreement.

ITEM 17:
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Art. 4	Term is ten (10) years
b. Renewal or extension of the Term	Art. 5	If you are in good standing as defined below, you can enter into successor franchise agreements for up to two (2) additional five (5) year successor terms for a maximum total of 10 years, unless we have determined, in our sole discretion, to withdraw from your Territory.

Provision	Section in Franchise Agreement	Summary
c. Requirements for franchisee to renew or extend	Sections 5.1 and 5.2	Be in full compliance, have no more than five (5) events of default during current term, provide written notice to us at least ten months before the end of the term, execute a new franchise agreement, pay us a successor agreement fee that is the greater of 10% of the then current initial franchise fee or $5,000, repair, upgrade or replace the equipment and other Franchised Business assets to meet then- current specifications, execute a general release, comply with then-current qualifications and training requirements, including completion of advanced training, subject to state law. You may be asked to sign a new Franchise Agreement with materially different terms and conditions than your original Franchise Agreement.
d. Termination by franchisee	Not Applicable	The Franchise Agreement does not give you any right to terminate. You may seek termination upon any grounds permitted by law.
e. Termination by franchisor without cause	Section 16.7	The Franchise Agreement will terminate automatically upon your death or permanent disability, unless prohibited by law and the Franchise is transferred within six (6) months to a replacement franchisee that we approve.
f. Termination by franchisor with cause	Article 17	We may terminate only if you default, subject to state law. The Franchise Agreement describes defaults throughout. Please read it carefully.
g. "Cause" defined – curable defaults	Section 17.3	You have 10 days to cure non-payments and any other defaults (except for non-curable defaults listed in the Franchise Agreement and described in h. immediately below).

Provision	Section in Franchise Agreement	Summary
h. “Cause” defined - non-curable defaults	Sections 17.1 and 17.2	The Franchise Agreement will terminate automatically, without notice for the following defaults: insolvency; bankruptcy; written admission of inability to pay debts; receivership; levy; composition with creditors; unsatisfied final judgment for more than 15 days; or foreclosure proceeding that is not disclosed within 15 days. We may terminate the Franchise Agreement upon notice to you if you: do not obtain required licenses and permits and/or open the Franchised Business within required time frames; falsify any report to us; fail to operate for a period of 15 consecutive days or more; fail to comply with applicable laws; understate Gross Revenue; fail to comply with insurance and indemnification requirements; attempt a transfer in violation of the Franchise Agreement; fail, or your legal representative fails to transfer as required upon your death or permanent disability; misrepresent or omit a material fact in applying for the Franchise; are convicted or plead no contest to a felony or crime that could damage the goodwill or reputation of the Marks or the System; receive an adverse judgment in any proceeding involving allegations of fraud, racketeering or improper trade practices or similar claim that could damage the goodwill or reputation of the Marks or the System; conceal revenues or maintain false books; create a threat or danger to public health or safety; refuse an inspection or audit by us; use the Marks, copyrighted material or Confidential Information in an unauthorized manner; make an unauthorized disclosure of Confidential Information; fail to comply with non-competition covenants; default in the performance of your obligations two (2) or more times during the term or receive two (2) or more default notices in any 12-month period regardless if they were timely cured; default under any other agreement with us or our affiliate; have insufficient funds to honor a check or EFT two (2) or more times within any twelve (12)-month period; or terminate the Franchise Agreement without cause.

Provision	Section in Franchise Agreement	Summary
i. Franchisee's obligations on termination/ non-renewal	Article 18	Upon termination, you must: cease operations; cease to identify yourself as an Up Closets franchisee; cease to use the Marks; cancel any assumed name registration that contains any Mark; pay us and our affiliates all sums owing; pay us any damages, costs or expenses we incur in obtaining any remedy for any violation of the Franchise Agreement by you, including, but not limited to attorney's fees; deliver to us all Confidential Information, the Operations Manual and all records and files related to your Franchised Business; comply with the non-disclosure and non-competition covenants; sell to us, at our option, all fixtures, equipment, inventory and supplies of your Franchised Business; and assign, at our option, your telephone numbers, directory and internet listings, and social media accounts.
j. Assignment of contract by franchisor	Section 16.1.1	No restrictions on our right to assign.
k. "Transfer" by franchisee defined	Section 16.3	Any assignment, sale, transfer, gift, devise or encumbrance of any interest in the Franchise Agreement, the Franchised Business, any assets of the Franchised Business, or in the Franchisee (if the Franchisee is a business entity).
l. Franchisor approval of transfer by franchisee	Section 16.3	No transfer is allowed without our consent, which we will not unreasonably withhold.
m. Conditions for franchisor approval of a transfer	Sections 16.3 and 16.4	Conditions include: our decision not to exercise our right of first refusal; transferee meets our then-current standards for qualifying franchisees; transferee signs our then-current form of Franchise Agreement, which may have materially different terms from your Franchise Agreement; transferee successfully completes our Initial Management Training Program; you have paid us and third-party creditors all amounts owed; you and the transferee sign a General Release in the form of Attachment 3 to the Franchise Agreement; you shall subordinate any claims you have against the transferee to us; our approval of the material terms and conditions of the transfer; and payment of a transfer fee that is the greater of 10% of the then current initial franchise fee or $5,000 plus the cost of any broker fee or attorney fee.

Provision	Section in Franchise Agreement	Summary
n. Franchisor's right of first refusal to acquire franchisee's business	Section 16.6	You must promptly notify us of any written offer to purchase your Franchise. We have 15 days to exercise our first right to buy it on the same terms and conditions, provided that (a) we may substitute cash for any other consideration, (b) we may pay the entire purchase price at closing, (c) our credit is deemed as good as the proposed purchaser, (d) we have at least 30 days to close and (e) you shall give us all customary seller's representations and warranties.
o. Franchisor's option to purchase franchisee's business	Section 18.2	Upon termination of the Franchise Agreement, we have the option to purchase your equipment, signs, advertising materials, supplies and inventory at your cost or fair market value, whichever is less.
p. Death or disability of franchisee	Sections 16.3, 16.4 and 16.7	The Franchise Agreement will terminate automatically upon your death or permanent disability, unless prohibited by law and the Franchise is transferred within three (3) months to a replacement franchisee that we approve.
q. Non-competition covenants during the term of the franchise	Section 19.5.1	You may not: divert, or attempt to divert, customers or referral sources of any Up Closets outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees. Subject to state law.
r. Non-competition covenants after the franchise is terminated or expires	Section 19.5.2	For 24 months after the termination of the Franchise Agreement, you may not: divert, or attempt to divert, customers or referral sources of any Up Closets business (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business within 25 miles of your former Up Closets Territory or within 50 miles of any other Up Closets office location; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees. Subject to state law.
s. Modification of the agreement	Sections 9.4, 14.6, 19.1.4 and 21.4	No oral modifications generally, but we may change the Operations Manual and System Standards at any time. You may be required to implement these changes at your own costs. We have the right to modify our Marks at any time upon written notice to you.

Provision	Section in Franchise Agreement	Summary
t. Integration/ merger clause	Section 23.6	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. Nothing in any Franchise Agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.

Provision	Section in Franchise Agreement	Summary
u. Dispute resolution by arbitration or mediation	Sections 20.1 through 20.5	You must first bring any dispute or claim to our attention and must first exhaust our internal dispute resolution procedures before you may bring a dispute before a third party. Our internal dispute resolution procedures require an in-person meeting at the then-current location of our corporate headquarters. This requirement to first attempt to resolve disputes internally will survive the termination or expiration of your Franchise Agreement. Before commencing any legal action against us or our affiliates with respect to any such claim or dispute, you must specify, in detail, the nature and grounds of such claim or dispute. All claims or disputes not resolved by the internal dispute process shall be submitted to mediation, which will take place at our corporate headquarters using the American Arbitration Association ("AAA") Commercial Mediation Rules then in effect. If you do not submit a claim or dispute to mediation, the Franchise Agreement shall terminate. Claims or disputes not resolved by mediation must be submitted to arbitration, except those for an amount greater than $100,000. Arbitration will take place in Williamson County, Tennessee in accordance with the AAA Commercial Arbitration Rules then in effect. Disputes for an amount greater than $100,000 and not resolved by mediation will be subject to litigation state courts in Williamson County, Tennessee and the United States District Court for the Middle District of Tennessee. Notwithstanding the foregoing, the following shall not be subject to mediation or arbitration: (i) our claims for injunctive or other extraordinary relief; (ii) disputes and controversies arising from the Sherman Act, the Clayton Act, or any other federal or state antitrust law; (iii) disputes and controversies based upon or arising under the Lanham Act, as amended, relating to the ownership or validity of the Marks; (iv) disputes and controversies relating to actions to obtain possession of the premises of the Franchised Business; and (v) enforcement of Franchisee's post-termination obligations, including but not limited to, Franchisee's non-competition covenants.
v. Choice of forum	Section 20.6	Mediation, arbitration, and litigation take place in Tennessee, subject to applicable state law.
w. Choice of law	Section 20.6	Tennessee law applies, subject to applicable state law.

See the state addenda to this Franchise Disclosure Document and the Franchise Agreement for special state disclosures.

ITEM 18:
PUBLIC FIGURES

We do not currently 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.

We began tracking the financial performance of our Franchised Businesses using new software in June 2024. We present below the Gross Revenue of 13 franchised locations with (i) at least 6 months of operation on June 1, 2024, (ii) full advertising programs in operation and (iii) staffing at minimum levels. Gross Revenue uses the same definition as described in Item 6. One Franchised Business opened in June 2024, and its Gross Revenues are not included in this presentation. The majority of the Franchised Businesses listed below have been operating for less than year.

Six Month Gross Revenue Performance of 13 Franchised Businesses, June 2024-November 2024

Month	Highest Reported Gross Revenue	Lowest Reported Gross Revenue	Average Gross Revenue	Median Gross Revenue
November 2024	$129,786	$14,359	$44,144	$35,716
October 2024	$145,631	$18,480	$45,733	$40,031
September 2024	$99,763	$2,754	$41,733	$37,505
August 2024	$97,905	$21,786	$42,537	$38,787
July 2024	$68,408	$17,600	$35,480	$34,062
June 2024	$59,042	$12,966	$28,405	$22,989

Average Monthly Gross Revenue for this Period $39,553

Median Monthly Gross Revenue for this Period $36,610

The 13 Franchised Businesses reported aggregate Gross Revenues for the six months beginning October 2023 and ending April 2024 as follows:

Highest Gross Revenues for 6 months	$624,058
Lowest Gross Revenues for 6 months	$168,317
Average Gross Revenues for 6 months	$279,433
Median Gross Revenues for 6 months	$251,463

Each Franchised Business bills each job using a "Customer Ticket." The 13 Franchised Businesses included in the Table above, for the six-month period of June 2024 -November 2024 reported the following Customer Ticket data:

Customer Ticket Information

Highest Ticket	$94,000
Average Ticket	$7,900
Lowest Ticket	$1,850

"Gross Revenue" means the aggregate of all revenue from operating your Franchised Business, whether payment is received in cash or by credit card, gift cards or other generally accepted form of payment, from the sale of products, services, merchandise (apparel and promotional items bearing any Marks) or other merchandise. Without limiting the scope of the term, Gross Revenue shall include the aggregate amount of revenues generated from the sale of services, goods, products, and merchandise received by you. Gross Revenue is reduced by the amount of any discount given to customers, or to employees or their family members if taken at the time of sale so that the purchaser pays an amount net of the discount. Gross Revenue also excludes the following: (i) the amount of returns, credits, allowances, and adjustments; (ii) the amount of taxes collected and paid over to taxing authorities; (iii) the amount of any shipping, freight, or similar expense charged to customers; (iv) proceeds from insurance with respect to property damage or liability; (v) proceeds from any civil forfeiture, condemnation, or seizure by governmental entities; and (vi) uncollectible amounts, subject to the limitation that uncollectible amounts cannot exceed 0.5% of Gross Revenue for any fiscal year of the Franchisee, and subsequent collections of charged off amounts must be included in Gross Revenue when they are collected.

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

These results have been reported by Franchised Businesses and have not been audited by an independent auditor. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the above, 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 Franchisor's management by contacting Thomas Scott, 370 Mallory Station Dr, Suite 501, Franklin, Tennessee 37067, (615) 483-4923, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20:
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Outlet Summary
For Years 2022 to 2024

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2022	0	2	+2
	2023	2	14	+16
	2024	16	44	+28
Company – Owned*	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	0	2	+2
	2023	2	14	+16
	2024	16	44	+28

Table No. 2
Transfers of Outlets From Franchisees to New Owners (Other than Franchisor)
For Years 2022 to 2024

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Florida	2022	0
	2023	0
	2024	1
Texas	2022	0
	2023	0
	2024	3
Total	2022	0
	2023	0
	2024	4

Table No. 3
Status of Franchised Outlets
For Years 2022 to 2024

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
Alabama	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	2	0	0	0	0	3
Colorado	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	2	0	0	0	0	3
Florida	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
	2024	2	4	0	0	0	0	6
Georgia	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	1	-1	0	0	0	1
Idaho	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Indiana	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
Louisiana	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Michigan	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	4	0	0	0	0	4
Minnesota	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Nevada	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3
New Jersey	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
	2024	2	0	-2	0	0	0	0
North Carolina	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
	2024	2	0	0	0	0	0	2
North Dakota	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Oklahoma	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
South Carolina	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	2	4	0	0	0	0	4
Tennessee	2022	0	2	0	0	0	0	2
	2023	0	0	0	0	0	0	2

	2024	2	3	0	0	0	0	5
Texas	2022	0	0	0	0	0	0	0
	2023	0	4	0	0	0	0	4
	2024	4	4	0	0	0	-5	3
Virginia	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
Total	**2022**	**0**	**2**	**0**	**0**	**0**	**0**	**2**
	2023	**2**	**14**	**0**	**0**	**0**	**0**	**16**
	2024	**16**	**36**	**-3**	**0**	**0**	**-5**	**44**

Table No. 4
Status of Company Owned* Outlets
For Years 2022 to 2024

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
Tennessee	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
Total	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

* Outlets operated by our affiliate are included in the Franchised Outlets information above.

Table No. 5
Projected Openings as of October 31, 2024

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company Owned Outlets in the Next Fiscal Year
Arkansas	1	0	0
Arizona	2	0	0
Florida	2	2	0
Ohio	1	0	0
Pennsylvania	2	0	0
Texas	2	2	0
Utah	2	0	0
Total	12	4	0

Exhibit E lists the contact information for each franchisee in our System. Some franchisees have purchased multiple territories.

During our last fiscal year, no franchisee has had an outlet terminated, canceled, not renewed, or has otherwise voluntarily or involuntarily ceased to do business under the franchise agreement or has not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

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

There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Franchise Disclosure Document.

ITEM 21:
FINANCIAL STATEMENTS

The audited financial statements of our Parent, Home Run Holdings LLC, dated January 24, 2025, are included in included in Exhibit C. Neither we nor our Parent have been in business for three years or more and cannot include all the required financial statements. Our fiscal year end is October 31. Parent's Guarantee of Performance for our obligations to franchisees is included in Exhibit C.

ITEM 22:
CONTRACTS

Copies of all proposed agreements regarding the franchise offering are included in this Disclosure Document, as follows:

Exhibit B – The Franchise Agreement and all attachments to it Automated Clearing House Payment Authorization; General Release; Statement of Ownership Interests in Franchisee/Entity; Internet Advertising, Social Media, and Telephone Account Agreement; Confidentiality and Non-Compete Agreement; Receipt of Operations Manual and Confidentiality Agreement; Form of Non-Disclosure and Non-Use Agreement; Addenda Required by Certain States; Franchise Fee and Territory Description

Exhibit F – Closing Acknowledgment Statements, as permitted by state law. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ITEM 23:
RECEIPT

A receipt in duplicate is attached to this Disclosure Document as Exhibit H. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to Thomas Scott, Up Closets Franchising LLC, 370 Mallory Station Dr, Suite 501, Franklin, Tennessee 37067, or by scanning a copy of the signed and dated receipt and emailing it to us at info@upclosets.com. We may request that you sign, date and return the receipt by means of DocuSign.

EXHIBIT A

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

We intend to register this Disclosure Document as a "license" or "franchise" in some or all of the following states, in accordance with the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in that state:

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013 (213) 576-7505 (866) 275-2677 (Toll Free) www.dfpi.ca.gov Ask.DFPI@dfpi.ca.gov	Commissioner of the Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, California 95834
HAWAII	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 (808) 586-2722	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities 335 Merchant Street, Room 205 Honolulu, HI 96813
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Illinois Attorney General 500 South Second Street Springfield, Illinois 62706
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St. , Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State 302 W. Washington Street Indianapolis, Indiana 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, Michigan 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau 670 Law Building Lansing, Michigan 48913 (517) 373-7117
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55155

State	State Agency	Agent for Service of Process
NEW YORK	Office of the New York State Attorney General Investor Protection Bureau, Franchise Section 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8222 Phone (212) 416-6042 Fax	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, Avenue State Capitol 14th Floor Dept 414 Bismarck, North Dakota 58505-0510 (701) 328-4712	North Dakota Securities Commissioner 600 East Boulevard, Fifth Floor Bismarck, North Dakota 58505
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Regulation 233 Richmond Street, Providence, Rhode Island 02903
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, Rhode Island 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation 233 Richmond Street Providence, Rhode Island 02903
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	Director, Division of Securities, Department of Labor and Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501
TENNESSEE		Thomas Scott 370 Mallory Station Dr, Suite 501, Franklin, Tennessee 37067
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P. O. Box 41200 Olympia, Washington 98507-1200 (360) 902-8760	Director of Washington Financial Institutions Securities Division P. O. Box 41200 Olympia, Washington 98504-1200
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 West Washington Avenue Madison, Wisconsin 53703 (608) 266-8559	Commissioner of Securities of Wisconsin 345 West Washington Avenue P.O. Box 1768 Madison, Wisconsin 53701-1768

EXHIBIT B

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

between

____

and

UP CLOSETS FRANCHISING LLC

UP CLOSETS FRANCHISING LLC
FRANCHISE AGREEMENT

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FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "Agreement") is being entered into this day of ____ (the "Effective Date"), by and between Up Closets Franchising LLC, a Tennessee limited liability company, with its principal place of business at 370 Mallory Station Lane, Suite 501, Franklin, Tennessee 37067 ("Franchisor"), and ____, an individual, residing at ____, ("Franchisee" or "Principal" and together, "Franchisee"). For good and valuable consideration, the receipt and sufficiency of which the parties mutually acknowledge, the parties mutually agree as follows:

1. DEFINITIONS. Words and phrases used in initially-capitalized form in this Agreement have the meanings assigned in Section 21 of this Agreement unless the context indicates otherwise.

2. GRANT OF FRANCHISE. Subject to the terms and conditions in this Agreement, Franchisor hereby grants to Franchisee the right, license and privilege to operate an Up Closets business that designs, sells, and installs closet systems and organizational units for homes, home offices, garages, and other residential and commercial spaces services (the "Franchised Business") only within a territory designated in Attachment 10 (the "Territory") and the right, license and privilege to use and employ the Marks in strict conformity with the System during the Term.

3. TERRITORY.

3.1. Territory. This Agreement grants Franchisee the right to operate the Franchised Business within the Territory only. Subject to Sections 3.2 and 3.3, Franchisor agrees that during the Term of this Agreement, Franchisor will not, and Franchisor will not permit any other Up Closets franchisees, to operate an Up Closets business in the Territory using the same Marks as licensed to Franchisee in this Agreement as long as Franchisee is not in default under this Agreement or this Agreement has not been terminated. Except as otherwise specified in this Agreement, Franchisor reserves the right to open, operate or franchise Up Closets franchises to operate, to franchise and license other persons to operate the Franchised Business at any location outside of the Territory. Except as set forth in this Agreement, Franchisee is prohibited from serving and soliciting customers outside of the Territory and from alternative methods of distribution as more fully specified herein.

3.2. Outside-Area Sales. Franchisee is hereby permitted to perform residential services outside of the Territory where: (a) the customer is (i) a current in-Territory customer of Franchisee and (ii) solicited the service of Franchisee to provide residential servicing at a property located outside of the Territory; (b) the customer is (i) a former customer of Franchisee who has relocated outside of the Territory and (ii) solicited the service of Franchisee to provide residential services at a property in the customer's relocation area, and (iii) the relocation area is not in the territory of another Up Closets franchisee; or (c) Franchisee otherwise obtains Franchisor's prior approval. Prior to performing any residential services pursuant to this Section 3.2, Franchisee shall obtain Franchisor's approval to provide services at the location outside of the Territory. Franchisee acknowledges other System franchisees have substantially similar rights to service customers outside of their territories, which includes servicing customers that may be within Franchisee's Territory, and Franchisee agrees the exercise of such right by other System franchisees is deemed not to impair or injure Franchisee's rights under this Agreement.

3.3. Reservation of Rights. Franchisee understands and agrees that all rights to any businesses are fully reserved to Franchisor and its affiliates within or outside of the Territory under the Marks or otherwise except as expressly limited under this Agreement. Franchisor retains all of the right, in its sole discretion to: (a) establish and operate and grant to others the right to establish and operate, an Up Closets Business or any other business using the Marks, the System or any variation of the Marks and the System, in any location outside the Territory, on any terms and conditions that Franchisor deems appropriate; (b) to market and sell the same and similar services and products (residential custom closet or organizational services concepts or products) as those offered under the System under other trademarks, service marks, and commercial symbols different from the Marks in the Territory through the same, similar or different distribution channels; (c) to market and sell the same services and products as those offered as part of the System through alternate distribution channels, including, for example, co-branding with other custom closet or organizational services businesses, and products offered through retail stores, the Internet or direct marketing; (d) to advertise, market and sell those services and products on the Internet and otherwise; (e) acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with outlets, franchises, and operating units located anywhere; and (f) engage in any other activity, action or undertaking that Franchisor is not expressly prohibited from taking under this Agreement. Franchisee will receive no compensation for Franchisor's sales through alternate distribution channels made within the Territory. There are no implied covenants or obligations regarding territorial rights arising from this Agreement or any other agreement or arrangement between the parties. Franchisee has no right to participate in or benefit from any such other business activity. In addition, Franchisor reserves all rights of ownership, control, modification, development, revision, updating and termination with regard to the System. Franchisee's only rights with regard to the System are limited to the license as Franchisor expressly grants under this Agreement during the Term, and the parties intend that no implied covenants or rights attach or arise under the license Franchisee accepts in this Agreement.

4. TERM. The "Term" consists of the Initial Term and the Successor Terms described below.

4.1. Initial Term. This Agreement shall be effective as of the Effective Date and continue for an "Initial Term" of ten (10) years from the Opening Date, unless terminated earlier under this Agreement.

5. SUCCESSOR TERMS. Following the expiration of the Term, Franchisor may require Franchisee to enter into a successor Franchise Agreement that will succeed this Agreement to continue the affiliation of the Franchised Business (the "Successor Franchise Agreement") as a condition to begin each of two (2) additional successor terms of five (5) years each, subject to satisfaction of the conditions for succession in this Section. The Successor Franchise Agreement may have materially different terms, conditions and fees. THERE ARE NO OTHER RENEWAL RIGHTS OR OBLIGATIONS UNDER THIS AGREEMENT. The term of each such Successor Franchise Agreement shall commence upon the date of expiration of the immediately preceding term. Franchisee shall be charged a successor fee that is the greater of ten percent (10%) of the initial fee or five thousand dollars ($5,000) ("Successor Fee").

5.1. Form and Manner of Successor Agreement. If Franchisee desires to exercise Franchisee's option to enter into a Successor Franchise Agreement, it shall be done in the following manner:

5.1.1. Not fewer than nine (9) months prior to the expiration of the before the end of the Initial Term or the Successor Term, if any, Franchisee must provide written notice of its intent to enter a Successor Franchise Agreement. The Successor Fee must accompany the succession notice and is not refundable.

5.1.2. Franchisee must execute and return to Franchisor the Successor Franchise Agreement and all required documents within sixty (60) days after receipt.

5.1.3. The Successor Franchise Agreement shall supersede this Agreement in all respects, and Franchisee understands and acknowledges that the terms of such new agreement may differ from the terms of this Agreement, including, without limitation, higher or lower royalty and other fees.

5.1.4. If Franchisee fails to perform any of the acts or deliver any of the notices required pursuant to this Section 5.1 in a timely fashion, such failure shall be deemed an election by Franchisee not to exercise Franchisee's option to enter into the Successor Franchise Agreement, and such failure shall cause Franchisee's right and option to automatically lapse and expire, without further notice by Franchisor.

5.1.5. Franchisee acknowledges the Initial Term of this Agreement provides Franchisee more than a sufficient opportunity to recoup Franchisee's investment in the Franchised Business, as well as a reasonable return on such investment.

5.2. Conditions of Successor Franchise Agreement. Franchisee's right to enter into a Successor Franchise Agreement is conditioned upon the following:

5.2.1. Franchisee is in full compliance with this Agreement and has materially performed its obligations under this Agreement, Manual and under all other agreements that may be in effect between Franchisee and Franchisor and its affiliates.

5.2.2. Franchisee is not and has not been in default and has satisfied all limited to all monetary obligations then due and owing to Franchisor and its affiliates and to suppliers.

5.2.3. Franchisee shall not have committed five (5) or more events constituting default during the then current Term of this Agreement, whether or not such defaults were cured.

5.2.4. Franchisee will have completed any required advanced training to Franchisor's reasonable satisfaction.

5.2.5. Franchisee performs such repairs, upgrades and replacements as Franchisor may require causing the Franchised Business equipment, computer system, Vehicle(s) and other assets to conform to the then-current specifications.

5.2.6. Franchisee shall execute a general release of all claims Franchisee may have against Up Closets Franchising LLC, its parent, subsidiaries and affiliates, its officers, directors, shareholders, agents, and employees, whether in their corporate and/or individual capacities, in the form attached hereto as Attachment 3. This release will include all claims arising under any federal, state, or local law, rule, or ordinance.

5.2.7. Franchisee shall pay the required Successor Fee and sign the Successor Franchise Agreement.

5.3. Notice Required by Law. If applicable law requires Franchisor to give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a month-to-month basis until Franchisor has given the notice required by such applicable law. If Franchisor is not offering new Up Closets franchises, is in the process of revising, amending or renewing Franchisor's form of franchise agreement or disclosure document, or Franchisor is not lawfully able to offer Franchisee the then-current form of Successor Franchise Agreement at the time Franchisee advises Franchisor pursuant to Paragraph 5.2 that Franchisee desires to enter into a successor agreement, Franchisor may, in Franchisor's sole discretion, (i) offer to enter into a Successor Franchise Agreement to this Agreement upon the same terms set forth herein for the appropriate successor term or (ii) offer to extend the Term hereof on a month-to-month basis following the expiration of the Term for as long as Franchisor deems necessary or appropriate so that Franchisor may lawfully offer the then current form of Successor Franchise Agreement. Any timeframes specified in this Paragraph 5 shall be inclusive of any state mandated notice periods.

5.4. Additional Reservation of Rights. Franchisee agrees that the failure to satisfy the succession eligibility criteria constitutes good cause not to offer it succession at the end of the Initial Term or the first Successor Term. Franchisor will notify Franchisee within 30 days after receipt of the succession notice if Franchisee is not eligible to continue affiliation. Franchisor may waive, in its sole discretion, any disqualifications for any Franchised Business or franchisee to enter into a succession franchise agreement for its franchise. No such waiver will provide or confer any right or benefit on any person except the affected franchisee. If Franchisee is not eligible for a Successor Franchise Agreement, Franchisor may permit a transfer of the Franchised Business in accordance with this Agreement. Notwithstanding anything herein to the contrary, Franchisor reserves the right not to enter into a Successor Franchise Agreement with Franchisee as a result of a decision to withdraw from the Territory in which the Franchised Business is located.

6. FEES.

6.1. Initial Franchise and Royalty Fees. As part of the consideration for the right to operate the Franchised Business granted herein, Franchisee shall pay to Franchisor the following fees:

6.2. Initial Franchise Fee. Franchisee will pay Franchisor a non-refundable franchise fee in the amount specified on Attachment 10 when this Agreement is signed. **The Initial Fee is fully earned at the time this Franchise Agreement is signed and is not refundable under any circumstances.** Franchisee shall pay the full amount of the Initial Fee to Franchisor upon Franchisee's execution of this Agreement.

6.3. Royalty Fee. Franchisee will pay Franchisor, monthly throughout the Term, a royalty fee equal as set forth on the following chart (the "Royalty Fee"):

Single Territory (Approximately 500,000 population)

Year 1	$1,000 per month
Year 2+	$2,000 per month

Double Territory (Approximately 1,000,000 population)

Year 1	$1,500 per month
Year 2+	$3,000 per month

Triple Territory (Approximately 1,500,000 population)

Year 1	$2,000 per month
Year 2+	$4,000 per month

Beginning March 1, 2028, and every three (3) years thereafter during the Term, the Year 3+ amount shown in the applicable table will increase by the lesser of (i) five percent (5.00%) or (ii) the percentage change in the Consumer Price Index for Urban Consumers, All Items (CPI-U, 1982-84=100) between the index for the month of January immediately preceding the adjustment date and either (A) January 2024 on the first adjustment, or (B) January of the year of adjustment.

6.4. Brand Fund Contribution. Franchisor has not yet established a Brand Fund into which all franchisees will contribute a monthly non-refundable Brand Fund Contribution. After Franchisor gives notice to all franchisees it is implementing the Brand Fund, Franchisee will pay Franchisor at the same time it pays the Royalty Fee, a Brand Fund Contribution if, as and when required under this Agreement, in addition to the amounts required under Section 13.4 of this Agreement. The rate of the Brand Fund Contribution will be 2% of Gross Revenue of the Franchised Business during the preceding month.

6.5. Technology Fee. Franchisee will pay Franchisor at the same time it pays the Royalty Fee, monthly throughout the Term a Technology Fee of $600 per month for Franchisor's technology support services to franchisees to assist in using its designated technology systems for operating the Franchised Business. Franchisor may modify the covered services and amounts charged for the Technology Fee once annually. The monthly Technology Fee includes a base plan from Franchisor's Customer Relationship Management (CRM) provider and other technology, hosting and maintenance for your local website, directory submission and monitoring of your Google Business Directory and your marketing dashboard system. If Franchisee opts for an extended CRM plan, additional phone plan or minutes or needs more than five (5) users, Franchisee will incur additional expenses, which Franchisor will bill Franchisee monthly for the difference.

6.6. Bookkeeping Fee. Franchisee will pay a third-party vendor monthly throughout the Term a Bookkeeping Fee of $349 per month for the vendor's bookkeeping services to franchisees for operation of the Franchised Business. The vendor may modify the covered services and amounts charged for the Bookkeeping Fee.

6.7. Gross Revenue Reports. Franchisee will, on or before the fifth (5th) day of each calendar month, furnish Franchisor with a report showing Franchisee's Gross Revenue at or from the Franchised Business and/or made pursuant to the rights granted hereunder during the immediately prior calendar month (the "Gross Revenue Report"). The Gross Revenue Report must be in such form and contain such information as Franchisor may from time to time prescribe. At Franchisor's discretion, Franchisee shall submit the Gross Revenue Report by an electronic transfer of data via the computer information systems ("Computer System"), CRM, and other financial software that Franchisor requires Franchisee to use in the operation of the Franchised Business. The term "Gross Revenue" the aggregate of all revenue from operating the Franchised Business, whether payment is received in cash or by credit card, gift cards or other generally accepted form of payment, from the sale of products, services, merchandise (apparel and promotional items bearing any Marks) or other merchandise. Gross Revenue also excludes the following: (i) the amount of returns, credits, allowances, and adjustments; (ii) the amount of taxes collected and paid over to taxing authorities; (iii) the amount of any shipping, freight, or similar expense charged to customers; (iv) proceeds from insurance with respect to property damage or liability; (v) proceeds from any civil forfeiture, condemnation, or seizure by governmental entities; and (vi) uncollectible amounts, subject to the limitation that uncollectible amounts cannot exceed 0.5% of Gross Revenue for any fiscal year of the Franchisee, and subsequent collections of charged off amounts must be included in Gross Revenue when they are collected.

6.8. Method of Payment. Franchisee shall, together with the submission of the Gross Revenue Report, pay Franchisor the Royalty Fee, Technology Fee, and the Brand Fund Contribution, then due. At Franchisor's request, Franchisee must execute documents that allow Franchisor to automatically take the Royalty Fee and Technology Fee due as well as other sums due Franchisor, from business bank accounts via electronic funds transfers. Franchisee's failure to allow electronic funds transfers on an ongoing basis is a material breach of this Agreement.

6.9. Late Fee. If the Royalty Fee, Technology Fee, Brand Fund Contribution, other fees due and payable to Franchisor or any Gross Revenue Reports are not received by Franchisor as required by this Agreement, Franchisee shall pay to Franchisor, in addition to the overdue amount, a late fee of Seventy-Five Dollars ($75). This late fee is reasonably related to Franchisor's costs resulting from the delay in payment and/or receipt of any report, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement for Franchisee's failure to pay the Royalty Fee, Technology Fee, the Brand Fund Contribution, and/or submit Gross Revenue Reports in accordance with the terms of this Agreement.

6.10. Interest. Any and all amounts that shall become due and owing from Franchisee to Franchisor under the terms hereof shall bear interest from the date due until paid at the rate of 1.5% per month or at the highest rate permitted by law, whichever is higher.

6.11. Insufficient Funds Fee. In the event any of Franchisee's checks are returned, or an electronic funds transfer from Franchisee's bank account is denied, for insufficient funds, Franchisee shall pay Franchisor, in addition to the amount due, a non-sufficient funds fee of Seventy-Five Dollars ($75) per occurrence. This non-sufficient fund fee is reasonably related to Franchisor's costs resulting from the delayed and declined payment, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement.

6.12. Taxes. If any sales, excise, use or privilege tax is imposed or levied by any government or governmental agency on Franchisor for any Royalty Fee, Technology Fee, Brand Fund Contribution, or Technology Fee or other fees due and payable to Franchisor under this Agreement, Franchisee shall pay Franchisor a sum equal to the amount of such tax.

7. TRAINING.

7.1. Initial Management Training Program. Franchisee shall attend and complete to Franchisor's sole and absolute satisfaction, Franchisor's initial management training program ("Initial Management Training Program") prior to the Opening Date of the Franchised Business. The Initial Management Training Program consists of a four (4) day course conducted at Franchisor's headquarters in Franklin, Tennessee. Franchisor reserves the right to designate an alternate location for the Initial Management Training Program. Franchisee must at all times during the term of this Agreement have a Principal who has successfully completed the Initial Management Training Program to Franchisor's sole and complete satisfaction. No charge shall be made for Initial Management Training Program for up to four (4) people prior to opening the Franchised Business ("Initial Trainees"). Franchisee is responsible for paying Initial Trainees' compensation, benefits, travel, lodging and meal and other expenses. Fees for replacement trainees are Three Hundred Dollars ($300) per person (plus Franchisee's costs of transportation, lodging, meals and wages) and are due prior to the commencement of training.

7.2. Satisfactory Completion. Franchisor shall determine, in Franchisor's sole discretion, whether the Initial Trainees have satisfactorily completed the Initial Management Training Program. If the Initial Management Training Program is not satisfactorily completed by the Initial Trainees, or if Franchisor, in Franchisor's Reasonable Business Judgment based upon the performance of the Initial Trainees, determines that the Initial Management Training Program cannot be satisfactorily completed by Franchisee or a Principal, Franchisor may terminate this Agreement.

7.3. Advanced Training. Franchisor may offer mandatory and/or optional advanced training programs from time to time. If required by Franchisor, Franchisee, or

Franchisee's Principal(s), shall participate in on-going training and/or a national business meeting or annual convention, for up to five (5) days per year. Franchisor reserves the right to impose a reasonable fee for all advanced training programs. Franchisee shall be responsible for any and all incidental expenses incurred by Franchisee or Franchisee's personnel in connection with advanced training or attendance at Franchisor's national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages. Franchisee's failure to attend and/or complete mandatory advanced training or failure to attend Franchisor's national business meeting or annual convention is a default of this Agreement. Franchisee or Franchisee's Principal(s) shall be required to obtain any missed mandatory advanced training at a location Franchisor designates. Franchisee shall pay all costs and expenses for such additional missed training, including but not limited to, tuition at the then-current rate and any and all transportation, meals and lodging of Franchisee, Franchisee's Principal(s) and Franchisor's training personnel. Franchisee shall pay to Franchisor any incurred expenses by Franchisor's training personnel within ten (10) days of Franchisor's billing thereof to Franchisee via ACH.

7.4. Field Training. Upon Franchisee's reasonable request or as Franchisor shall deem appropriate, Franchisor shall, during the Term, subject to the availability of personnel, provide Franchisee with additional trained representatives who shall provide phone or screen-share training and assistance to Franchisee's personnel. For any additional on-site training and assistance within the Territory, Franchisee shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals.

7.5. Counseling and Assistance. In addition to visits by Franchisor's field representatives, as Franchisor deems appropriate, Franchisor shall, within reasonable limits and subject to the availability of Franchisor's personnel, upon Franchisee's request and at no charge, unless such assistance is provided in Territory pursuant to Section 7.4, furnish consultation and assistance to Franchisee, either in person or by telephone, video conference, electronic mail or postal service, as determined by Franchisor, in Franchisor's sole discretion, with respect to the operation of the Franchised Business, including consultation and advice regarding employee training, marketing, operation issues, bookkeeping and System improvements.

8. FRANCHISED BUSINESS SITE REQUIREMENTS.

8.1. Franchised Business Office.

8.1.1. Franchisee may commence operation of the Franchised Business from a home-based office within or convenient to the Territory (the "Franchised Business Office") that is not open to the public as a showroom, demonstration facility or retail space. The Franchised Business Office location is stated on Attachment 10. Franchisee may not relocate the Franchised Business Office without Franchisor's prior written consent.

8.1.2. Franchisee may relocate the Franchised Business Office to a suitable commercial space at Franchisee's risk, cost, liability, expense and responsibility for obtaining and developing a location for the Franchised Business Office within the Territory, after first obtaining Franchisor's consent to the new location and the lease. Franchisor will act on Franchisee's request for consent within 14 days after submission of all relevant information. The Manual may specify criteria, general location, design and other features for a Franchised Business Office. The Franchised Business Office will not offer a retail showroom, demonstration or sample area open to the public without first obtaining Franchisor's specific consent to such use. Franchisee shall hold Franchisor harmless with respect to Franchisee's selection of the new location for the Franchised Business Office. Franchisee will submit the proposed form of lease for the Franchised Business Office to Franchisor to review for compliance with the standards for a lease in the Manual and for no other purpose. At a minimum, the lease shall include a right of entry for Franchisor to enter the premises and remove all Mark-bearing materials, Confidential Information and other System proprietary materials. Franchisor's consent to a proposed location selected by Franchisee does not act as guarantee that the location will be a success.

8.1.3. After obtaining Franchisor's consent to relocate the Franchised Business Office and Franchisee notifies Franchisor that the relocation is completed, Franchisor will unilaterally prepare and transmit an amended Attachment 10, to be substituted as Attachment 10 to this Agreement. No relocation of the Franchised Business Office will modify the Territory boundaries and included zip codes.

8.2. Time to Open. Franchisee acknowledges that time is of the essence in this Agreement. Upon Franchisee's compliance with the conditions stated below, Franchisee shall open the Franchised Business. Prior to commencing operations of the Franchised Business, Franchisee shall (a) satisfactorily complete Franchisor's Initial Management Training Program; (b) hire and train staff, if required; (c) obtain all required licenses to operate the Franchised Business, and (d) obtain all insurance policies and equipment Franchisor requires, including but not limited to, Computer Systems, software, applications, and Vehicle in accordance with Franchisor's standards. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from opening for business. Franchisee's failure to open and commence operations of the Franchised Business (i) in accordance with the foregoing and (ii) within sixty (60) days following the Effective Date of this Agreement, unless otherwise extended by Franchisor, will be deemed a material event of default under this Agreement. Notwithstanding the foregoing, Franchisee's obligation to pay the Royalty Fee, the Technology Fee, and Brand Fund Contribution begins sixty (60) days following the Effective Date of this Agreement and will be due on the first day of the month 60 days from the Effective Date.

8.3. No Relocation. Franchisee's rights to operate the Franchised Business shall be limited to the Territory. Franchisee shall not relocate the office of the Franchised Business to commercial premises at any time without Franchisor's written approval, which approval shall be granted only in the sole and complete discretion of Franchisor, and if permitted, shall be at Franchisee's sole expense. In the event such permission is granted, (i) Franchisee shall remove any signs or other property from the original Franchised Business office which identified the original Franchised Business office as part of the System and (ii) the parties shall amend Attachment 10 to reflect the address of the new Franchised Business office location.

8.4. Business Entity Franchisee. After Principals execute this Agreement and form a business entity, Franchisee must provide to Franchisor Franchisee's certificate of incorporation, shareholders' agreement, partnership agreement, trust agreement, operating agreement, or other similar agreement (a "Core Agreement"). Such Core Agreement must provide that the purpose will consist only in the development, ownership, operation and maintenance of an Up Closets Business as a franchisee. The Core Agreement must prohibit the issuance of any additional equity ownership interests or the transfer, assignment or pledge of any issued equity ownership interests without Franchisor's consent and must provide that each certificate or document issued to evidence any equity ownership interest will contain a legend disclosing the foregoing restriction. In giving consent to any issuance or Transfer of Franchisee's equity interests, Franchisor may in its discretion impose one or more conditions, Franchisee must deliver to Franchisor the documents demonstrating compliance with this Section when Franchisor so requests.

9. MAINTENANCE AND IMPROVEMENT OF THE FRANCHISED BUSINESS AND SYSTEM.

9.1. Maintenance of Franchised Business Assets. Franchisee shall maintain the Franchised Business office location, all required Franchised Business equipment, Franchisee's Vehicle, the Computer System, and all hardware, software and related accessories to the standards of quality, repair and condition required by Franchisor, which standards are specified in the Manual and other written directives, standards and specifications. Franchisee, at Franchisee's expense, shall make such alterations, repairs, refurbishing and replacements as may be required to comply with Franchisor's standards, including, without limitation, periodic repairs or replacement of worn or impaired equipment, vehicles and computer hardware, software and accessories, as Franchisor may direct.

9.2. Equipment and Technology Updates. Franchisee shall make any and all upgrades to equipment, including but not limited to, the Computer System, telecommunications hardware and software, payment processing systems, and any technology used in conjunction therewith, as Franchisor requires in its sole and absolute discretion.

9.3. System Services. From time to time, Franchisor, in Franchisor's sole discretion, may modify or add to the custom closet and organizational services options offered by Up Closets. Upon written notice by Franchisor, Franchisee shall incorporate all modifications and additions to the services offered by Franchised Business, and Franchisee shall (i) purchase, or otherwise obtain access to, all necessary equipment, software, applications and/or supplies to perform such modified or additional services and (ii) attend any advanced training, in accordance with Section 7.3 hereof, as Franchisor may direct.

9.4. Trade Dress Modifications.

9.4.1. Franchisee is aware that to maintain and improve the image and reputation of the System, Franchisor, in its sole and absolute discretion, may change and modify identifying elements of the System, including but not limited to, the adoption and use of new or modified color schemes, tag lines, logos or marks (collectively, "Trade Dress Modifications").

9.4.2. Franchisee shall, at Franchisee's sole expense, modify identifying elements of the Franchised Business, as required by Franchisor to conform to Trade Dress Modifications. Franchisee, upon notice by Franchisor and in accordance with Section 14.6 hereof, shall immediately discontinue the use of any Mark that is no longer desirable or available to Franchisor and substitute a different Mark or Marks as Franchisor directs.

9.4.3. Franchisee will accept, use and display any such Trade Dress Modifications as if they were a part of this Franchise Agreement at the time of execution hereof.

9.5. No Liability/Waiver of Claims. Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the additions or modifications, including Trade Dress Modifications, required by this Article 9. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party, complaining of any such or seeking expenses, losses or damages caused thereby. Further, Franchisee expressly waives any claims, demands or damages arising from or related to the additions and modifications contemplated by this Article 9, including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

9.6. Franchisee Advisory Council. Franchisor reserves the right to create (and if created, the right to change or dissolve) a franchisee advisory council as a formal means for System franchisees to communicate ideas. In the event a franchisee advisory council is created, Franchisor may invite Franchisee to participate in council-related activities and meetings, which invitation may be based on a franchisee's level of success, superior performance and profitability.

10. FRANCHISOR'S OBLIGATIONS. Franchisor and/or its designated representative will provide the services described below:

10.1. Territory and Site Determination. Designate the boundaries of Franchisee's Territory, by description and/or mapped boundaries. Franchisor shall also approve a commercial site of the Franchised Business office location in accordance with Section 8.3, if applicable.

10.2. Manual. Provide Franchisee access to the Manual and such other manuals and written materials as Franchisor may hereafter develop for use by franchisees, as the same may be revised by Franchisor from time to time. Such documents may be provided electronically or via the Intranet or Internet, at Franchisor's sole and absolute discretion.

10.3. Pre-Opening Requirements. Provide Franchisee with the initial equipment package, the initial marketing materials, and a written list of other equipment (including Vehicle specifications), signage, supplies and products that will be required and/or recommended to open the Franchised Business for business.

10.4. Advertising Materials. Provide samples or digital artwork of certain advertising and promotional materials and information developed by Franchisor from time to time for use by Franchisee in marketing and conducting local advertising for the Franchised Business.

10.5. List of Suppliers. Make available from time to time, and amend as deemed appropriate by Franchisor, a list of approved and/or recommended suppliers of products and services for System franchisees. This list will be included in the operations manual.

10.6. Training. The training programs specified in Article 7 herein.

10.7. On-Going Assistance. Post-opening assistance in accordance with the provisions of Article 7.

10.8. Brand Fund. Administer a Brand Fund in accordance with Section 13.4.

11. FRANCHISEE'S REPRESENTATIONS, WARRANTIES AND COVENANTS.

11.1. Best Efforts. Franchisee, including each of Franchisee's Principals, covenants and agrees that he or she shall make all commercially reasonable efforts to operate the Franchised Business so as to achieve optimum sales.

11.2. Corporate Representations. If Franchisee is a corporation, partnership, limited liability company, or other legal entity, Franchisee and each Principal represent, warrant and covenant that:

11.2.1. Franchisee is duly organized and validly existing under the state law of its formation;

11.2.2. Franchisee is duly qualified and is authorized to do business in the jurisdiction of the Franchised Business location and the Territory;

11.2.3. Franchisee's organizational documents shall at all times provide that the activities of Franchisee are confined exclusively to the operation of the Franchised Business granted herein, unless otherwise consented to in writing by Franchisor, which consent may be withheld by Franchisor in Franchisor's sole discretion;

11.2.4. The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's power and have been duly authorized by Franchisee; and

11.2.5. Any financial statements and tax returns provided to Franchisor shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of the statements or returns, whether accrued, unliquidated, absolute, contingent or otherwise, that are not reflected as liabilities.

11.3. Personal Supervision.

11.3.1. Franchisee shall personally run the day-to-day operations of the Franchised Business. Franchisee may not appoint a manager of the Franchised Business, unless Franchisee receives Franchisor's prior written approval. Upon approval, Franchisee's manager must successfully complete the Initial Business Training Program and all other training courses Franchisor require and sign a Confidentiality and Non-Compete Agreement before such training starts in substantially the form attached as Attachment 6. Franchisee shall ensure that its agents, employees and all third-party business affiliates observe and adhere to all applicable terms, conditions and restrictions contained in this Agreement and in the Manual; including but not limited to quality and service standards, confidentiality, works made for hire, non-compete and the agreement to return all Franchisor proprietary and Confidential Information. Any breach of a term or condition contained in this Agreement by an agent, employee or third party working for Franchisee shall be deemed to be the same as a direct breach by Franchisee and its Principals; and Franchisor shall have all the same rights and remedies as if the breach occurred through the direct acts or omissions of the Franchisee and/or its named Principals. Franchisee's agents, employees and third-party business affiliates shall further:

(i) Meet all Franchisor's standards and criteria for such individual(s), as set forth in the Manual.

(ii) Execute a confidentiality and non-compete agreement in a form substantially similar to Attachment 6.

(iii) Satisfy the training requirements set forth in Article 7, including completion of the Initial Management Training Program, if required by Franchisor. Franchisee shall pay Franchisor the then-current fee for attendance at the Initial Management Training Program and shall pay all other costs to attend training, including transportation, lodging, and meals.

11.3.2. Franchisee shall promptly notify Franchisor when any employee, agent or third-party affiliate previously granted access to Franchisor's proprietary or Confidential Information ceases to be employed or affiliated with Franchisee, so that any and all access rights to Franchisor proprietary or Confidential Information may be terminated and all such materials returned to Franchisor. Any failure by Franchisee to comply with the requirements of this Section shall be deemed a material event of default under this Agreement.

11.4. Legal Compliance. Franchisee shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business. Such laws, rules and regulations shall include, without limitation, licenses to do business, fictitious name registrations, sales and other tax permits, any permits, certificates or licenses required by any industry regulatory agency or association and any other requirement, rule, law or regulation of any federal, state or local jurisdiction.

11.5. Claims and Potential Claims. Franchisee shall notify Franchisor in writing within three (3) days of any incident or injury that could lead to, or the actual commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which in any way relating to or affecting the operation or financial condition of the Franchised Business. Any and all media inquiries concerning the Franchised Business, including, but not limited to, the business operation and incidents and occurrences related to a customer or employee, shall be referred to Franchisor. Neither Franchisee, Franchisee's employees nor anyone on Franchisee's behalf may comment to any broadcast medium, except as directed by Franchisor.

11.6. Assignment of Numbers and Listings. Franchisee shall execute such forms and documents included in Attachment 5 to appoint Franchisor its true and lawful attorney-in-fact, with full power and authority, for the sole purpose of assigning to Franchisor, Franchisee's telephone numbers, listings, and passwords and administrator rights for all email and social media accounts used or created by Franchisee. Upon the expiration or termination of this Agreement, Franchisor may exercise its authority, pursuant to such documents, to obtain any and all of Franchisee's rights to the telephone numbers of the Franchised Business and all related telephone directory listings and other business listings, and all Internet listings, domain names, Internet advertising, websites, listings with search engines, electronic mail addresses, social media, or any other similar listing or usages related to the Franchised Business.

11.7. Access to Tax Filings. Upon Franchisor's reasonable request, Franchisee shall execute such forms and documents as Franchisor deems necessary, to appoint Franchisor its true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all returns and reports filed by Franchisee with any state or federal taxing authority.

11.8. Continuing Obligation. Franchisee and each Principal acknowledge and agree that the representations, warranties and covenants set forth in this Article 11 are continuing obligations of Franchisee and each Principal, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Franchisee and each Principal shall cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants.

12. FRANCHISEE'S OBLIGATIONS AND OPERATIONS.

12.1. Operation of Franchised Business. From and after the Opening Date, Franchisee covenants to promote, market, develop and operate the Franchised Business to maximize the sale of Up Closets services and products in the Territory to customers. In order to maintain the highest degree of quality and service on a uniform System-wide basis, throughout the Term of this Agreement, Franchisee must operate its Franchised Business continuously under the System and shall comply with all System Standards, specifications and operating procedures from time to time prescribed by Franchisor, in the Manual or otherwise in writing, relating to the System and to the operation of the Franchised Business, including without limitation (a) the goods and services offered for sale from the Franchised Business; (b) the safety, maintenance, cleanliness, function, condition, and appearance of the Franchised Business; (c) the general appearances of employees of the Franchised Business; (d) the use of the Marks; and (e) the hours during which the Franchised Business is open for business. Furthermore, Franchisee shall:

12.1.1. Procure the necessary licenses or permits to allow the operation of the Franchised Business and otherwise comply with all applicable governmental laws, ordinances, rules and regulations;

12.1.2. Conduct sales and service of customers using Franchisor's format, methods, forms, reports and software and otherwise in accordance with Franchisor's standards and specifications;

12.1.3. Employ sufficient employees as prescribed by Franchisor to operate the Franchised Business at its maximum capacity and efficiency as required by Franchisor;

12.1.4. Employ only qualified individuals, in accordance with Section 12.19 below, who are trained and licensed as required by Franchisor and who will at all times conduct themselves in a competent and courteous manner in accordance with this Agreement and the image and reputation of the System. Franchisee shall require Franchisee's employees to wear clothing conforming to Franchisor's specifications as to style, color, and design as Franchisor may from time to time reasonably designate so as to maintain the goodwill and reputation of Franchisor, the System and the Marks. Franchisee acknowledges and agrees that poorly trained employees, sloppy or unclean appearances and incompetent or discourteous service are extremely damaging to the goodwill of the System and the Marks and are a material default of this Agreement;

12.1.5. Permit Franchisor or its agents, to inspect the Franchised Business and any services, products or equipment, through service call attendance or otherwise, to determine whether they meet Franchisor's then-current standards, specifications and requirements. In addition to any other remedies Franchisor may have, Franchisee shall reimburse Franchisor for Franchisor's inspection costs of any product or service that does not conform to the System standards and specifications;

12.1.6. Maintain in good working order, cleanliness and appearance, Vehicle for use in the Franchised Business. Franchisor reserves the right to set specifications and standards of condition, age and branding, as set forth in the Manual, of vehicles used in the Franchised Business;

12.1.7. Prominently display identifying elements of the System of such nature, form, color, number, location and size, and containing such material, as Franchisor may from time to time reasonably direct or approve in writing; and to refrain from using any sign, advertising media or identifying element of any kind to which Franchisor reasonably objects, including signs and advertising media which have been outdated. Upon giving Franchisee notice of its objection to same or upon termination hereof, Franchisor may at any time enter upon the Franchised Business office location or elsewhere and remove any objectionable or non-approved sign, advertising media or identifying element and keep or destroy same without paying therefor or without being deemed guilty of trespass or any other tort; and

12.1.8. Conduct all advertising programs in a manner consistent with Franchisor's standards and specifications, in a manner satisfactory to Franchisor and that will not detract from the reputation of the System or the Marks.

12.2. <u>Bookkeeping, Accounting and Records</u>.

12.2.1. Franchisee shall establish a bookkeeping, accounting and record-keeping system conforming to the requirements prescribed from time to time by Franchisor including without limitation, the use of Franchisor mandated CRM, retention of estimates, invoices, purchase orders, payroll records, sales tax records and returns, books of original entry and general ledger together with such further and other records and documents as may from time to time be required by Franchisor. Franchisee shall purchase or lease all necessary computer hardware and software as specified by Franchisor from time to time in order to implement any computerized bookkeeping and accounting systems required by Franchisor. Franchisee and all its employees shall record at the time of sale, all sales or other transactions, whether for cash or credit, or by electronic equivalent.

12.2.2. Franchisee acknowledges that Franchisor may independently access from a remote location, at any time, all information inputted to and/or compiled by Franchisee's computer system or any off-site server it maintains.

12.2.3. Franchisee will keep all records of the Franchised Business for at least seven (7) years after the end of the fiscal year in which they are created in a manner and form satisfactory to Franchisor and will deliver any additional financial, operating and other information and reports which Franchisor may request on the forms and in the manner it prescribes in the Manual. Franchisor will have the right to assemble and disseminate to third parties financial and other information regarding Franchisee and other franchisees to the extent required by law or to the extent necessary or appropriate to further the interests of the System as a whole. Franchisor will have the right to disclose the business name, address and telephone number as they appear in Franchisor's records in its franchise disclosure documents and to any person making inquiry as to the ownership of the Franchised Business. Franchisor will not disclose specific financial information regarding Franchisee or the Franchised Business to any person without (a) Franchisee's consent or (b) compulsion of law.

12.3. Reports and Financial Information. Within thirty (30) days after the close of each calendar quarter and within ninety (90) days after the close of each fiscal year, Franchisee will furnish Franchisor a full and complete written statement of income and expense and a profit and loss statement for the operation of the Franchised Business during said period, together with a balance sheet for the Franchised Business, all of which shall be prepared in accordance with generally accepted accounting principles and practice. Franchisee's annual statements and balance sheets shall be prepared by an independent certified public accountant and certified to be correct.

12.3.1. The financial statements required hereunder shall be in such form and contain such information as Franchisor may from time to time reasonably designate.

12.3.2. Franchisor reserves the right to require Franchisee to engage the services of a third-party accounting services firm, designated and approved by Franchisor, in the event that (i) Franchisee fails to keep books and records in accordance with Franchisor's standards or (ii) Franchisor, in its sole discretion, determines that use of a third-party accounting services firm by all System franchisees is beneficial to the System.

12.4. Right to Audit. Franchisee agrees Franchisor shall have the right, at all reasonable times and without prior notice to Franchisee, to inspect or audit, or cause to be inspected or audited, the financial books, records, bookkeeping and accounting records and tax returns in respect of the Franchised Business. Franchisee shall fully cooperate with representatives of Franchisor or its agents conducting any such inspection or audit and will make copies of those items available for audit at its corporate offices at its cost.

12.5. Inquiry by Franchisor. Franchisee hereby authorizes Franchisor to make reasonable inquiry of Franchisee's financial institution, suppliers and other trade creditors of the Franchised Business as to their dealings with Franchisee in relation to the Franchised Business, and Franchisee hereby authorizes and directs such bankers, suppliers and other trade creditors to disclose to Franchisor the affairs, finances and accounts of the Franchised Business and to provide to Franchisor information and copies of invoices relating to sales or other dealings between all such persons. If required, Franchisee agrees to execute and deliver such directions and other documents as Franchisor may require in order to permit such bankers, suppliers or other trade creditors to release or disclose any such information and documents to Franchisor.

12.6. Computer Systems and Required Software.

12.6.1. Franchisee, at Franchisee's sole expense, must purchase, install and maintain the Computer System and other computer hardware and software Franchisor requires for the operation and bookkeeping of the Franchised Business and shall follow the procedures related thereto that Franchisor specifies in the Manual or otherwise in writing. The Computer System will generate or store data such as customer data, labor data, financial information, and transaction details.

12.6.2. Franchisor has the right to specify in the Manual or otherwise in writing that Franchisee acquires and uses in the operation of the Franchised Business electronic data collection, storage, reporting, exchange and interchange capability and services, including certain brands, types, makes and models of communications, hardware and software systems, peripherals and equipment (together, the "Technology"), including without limitation: (i) back office accounting, inventory and management systems, (ii) storage, retrieval and transmission systems for data, audio, video and voice files, (iii) point of sale systems or such other types of cash registers as Franchisor may designate or approve, (iv) physical, electronic and other security systems and procedures, (v) archival back-up systems, (vi) internet access capability and connectivity, and (vii) customer-facing marketing, ordering, entertainment, audio, video, internet access points and service systems. Franchisor has the right, but not the obligation, to develop or have developed for it, or to designate computer software programs and accounting system software Franchisee must use as part of the Technology ("Required Software"). Franchisee shall install, learn, use and integrate all updates, supplements, modifications or enhancements to the Required Software when Franchisor so requires. Franchisor may specify in the Manual or otherwise the tangible media upon which Franchisee shall record data, the database file structure of the Technology and the requirements to ensure compliance with legal and payment card industry security standards. Franchisee shall implement and periodically make upgrades and other changes to the Technology as Franchisor requests in writing (together, "Technology Upgrades") for all System Franchised Businesses. Franchisor may be the sole supplier of proprietary Technology or Technology Upgrades that it develops or acquires for use at all Franchised Business. in addition to the Technology Fee, Franchisee shall pay all other fees and expenses for technology required by this Agreement, including but not limited to, the costs of computer hardware and software, regularly recurring fees for software and Internet access, license fees, licensing or user-based fees.

12.7. Data. Franchisor may specify in the Manual or otherwise in writing the information that Franchisee shall collect and maintain on the Technology. Franchisee will maintain conduct all financial transactions of the Franchised Business on-line in the Franchisor-mandated CRM and accounting software so that Franchisor may access them remotely at its discretion, copy stored data, update software, and view all records, files and reports available on or from those systems. Franchisee shall provide to Franchisor such reports as Franchisor may reasonably request from the data so collected and maintained. All data Franchisee provides to Franchisor, transfers to Franchisor from Franchisee's Technology and download from Franchisor's to Franchisee's Technology will be owned exclusively by Franchisor or the data source Franchisor identifies. Franchisor will have the right to use such data in any manner that it deems appropriate without compensation to Franchisee. All other data Franchisee captures, creates or collects in the operation of the Franchised Business or from its affiliation with Franchisor (including, without limitation, consumer and transaction data), is and will be owned exclusively by Franchisor during the Term of, and following termination or expiration of, this Agreement. Franchisee must provide to Franchisor in the format it requires copies or original files of such data at Franchisor's request. Franchisor licenses the use of such data back to Franchisee, at no additional cost, solely for the Term and solely for the lawful use in the Franchised Business franchised under this Agreement. Franchisee may not lease, sell or rent such data to others.

12.8. Customer Facing Technology. Franchisor may mandate that an accepted means of communication for customers of the Franchised Business and may also mandate customer facing technology to accept and process product orders, payments, and other means of providing service and an attractive environment to customers.

12.9. Privacy & Security. Franchisee shall abide by all applicable laws and payment card industry standards pertaining to the privacy and security of consumer, employee and transactional information ("Privacy Laws"). Franchisee shall comply with the System Standards and policies pertaining to Privacy Laws. If there is a conflict between the System Standards and policies pertaining to Privacy Laws and applicable law, Franchisee shall: (a) comply with the requirements of applicable law; (b) immediately give Franchisor written notice of said conflict; and (c) promptly and fully cooperate with Franchisor and its counsel to determine the most effective way, if any, to meet the System Standards and policies pertaining to Privacy Laws within the bounds of applicable law. Franchisee shall not publish, disseminate, implement, revise or rescind a data privacy policy without Franchisor's prior written consent. Franchisee shall encrypt personally identifiable information about customers and employees as required by Privacy Laws or the Manual and follow all notification requirements, with a copy of all of outbound notices to Franchisor, if any data breach, hack or unauthorized access event occurs. Franchisee is solely responsible for maintaining the security and integrity of the Computer Systems and Technology used in the Franchised Business and the customer and other data stored therein. Franchisee, at Franchisee's sole cost and expense, shall implement all computer hardware, software and Internet security procedures, including required updates or upgrades thereto, that are reasonably necessary to protect Franchisee's computer and payment processing systems and the data stored therein from viruses, malware, privacy breaches or other unauthorized access.

12.10. Intranet. Franchisor has established a dedicated website with secure access for communication with and among franchisees and to offer information content relevant to operation of the Franchised Business (the "Intranet"). Franchisee shall comply with the requirements set forth in the Manuals or otherwise in writing for connecting to the Intranet and utilizing the Intranet in the operation of the Franchised Business. The Intranet may include, without limitation, and if so, will satisfy Franchisor's obligations under this Agreement to provide to Franchisee, the Manuals, training and other assistance materials, and management reporting solutions (both upstream and downstream, as Franchisor may direct).

12.11. Websites. Franchisor has established a website that provides information about the System and the services and products offered by Up Closets System (the "Website"). Franchisor has sole discretion and control over the Website. Franchisor shall include a listing on its Website of Franchisee's contact information and permit Franchisee to upload previous completed work. Franchisee has no ownership or other proprietary rights to Franchisor's Website and Franchisee will lose all rights to such listing of Franchisee's contact information upon expiration or termination of this Agreement for any reason. Franchisee shall not establish a separate Website but shall only have one or more references or webpage(s), as Franchisor designates and approves in advance, within Franchisor's Website. Franchisee will establish such hyperlinks to Franchisor's Website and others as Franchisor may request in writing.

12.12. Online Use of Marks and E-mail Solicitations. Franchisee shall not use the Marks or any abbreviation or other name associated with the System or Franchisor as part of any e-mail address, domain name and/or other identification of Franchisee or its owners in any electronic medium. Franchisee will not transmit or cause any other party to transmit on its behalf advertisements or solicitations by e-mail or other electronic media without first obtaining Franchisor's written consent as to: (a) the content of such e-mail advertisements or solicitations and (b) its plan for transmitting such advertisements. Franchisee shall be solely responsible for compliance with any laws pertaining to sending e-mails including but not limited to the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003"). Under no circumstances shall Franchisee send any e-mail to a person or address outside the United States.

12.13. No Outsourcing without Prior Written Approval. Franchisee shall not hire third party or outside vendors to perform any services or obligations related to the Technology, Required Software, or any other of its obligations under this Section, without Franchisor's prior written approval. Franchisor may condition its consideration of any proposed outsourcing vendor(s) upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with Franchisor and Franchisee in a form provided by Franchisor.

12.14. Changes to Technology. The parties acknowledge that technology used in closet design and organization business is dynamic and not subject to predictable patterns of development and change. To keep pace with technological needs and opportunities and to support the competitiveness of the System, Franchisee acknowledges that Franchisor shall have the right to establish, in writing, new and revised System Standards for the implementation of technology as part of the System. Franchisee shall abide by those new or revised System Standards as implemented on a System-wide basis.

12.15. E-Mail Communication. Franchisee acknowledges Franchisor is entitled to rely upon e-mail to communicate with it as part of the economic bargain underlying this Agreement. To facilitate the use of e-mail to exchange information between the parties, Franchisee will maintain e-mail capabilities as specified in the Manual. Franchisee authorizes the transmission of e-mail from and to Franchisor, its affiliates, and vendors on matters pertaining to the business contemplated under this Agreement. Franchisee will provide Franchisor with the current e-mail address and shall immediately notify of any change of e-mail address and any technical problems with the e-mail account of Franchisee and its owners that would make communications delayed or impossible. If any such e-mail account becomes disabled for any reason, Franchisee shall immediately provide Franchisor with an alternative e-mail address. Franchisee will cause its officers, directors, members and employees (as a condition of their association or position with Franchisee) to give their consent (in an e-mail, electronically, or in a pen-and-paper writing, as Franchisor may reasonably require) to transmission of Franchisor's e-mails to them, and such persons shall not opt-out, or otherwise ask to no longer receive e-mails from Franchisor during the time that such person works for or is affiliated with Franchisee. Franchisee acknowledges that if it opts-out, or otherwise asks to no longer receive e-mails from Franchisor during the Term, it will be in material breach of this Agreement. Franchisor will assign email account(s) to Franchisee to conduct its official business. Franchisee covenants with Franchisor (i) to use such official email account only for the purposes of conducting the Franchised Business and (ii) to comply with Franchisor's instructions regarding access and use restrictions, password protection and changes, data security and Privacy Law compliance.

12.16. Data. Franchisor may specify in the Manual or otherwise in writing the information that Franchisee shall collect and maintain on the Technology. Franchisee will maintain its Computer Systems on-line so that Franchisor may access them remotely at its discretion, copy stored data, update software, and view all records, files and reports available on or from those systems. Franchisee shall provide to Franchisor such reports as Franchisor may reasonably request from the data so collected and maintained. All data Franchisee provides to Franchisor, transfers to Franchisor from Franchisee's Technology and download from Franchisor's to Franchisee's Technology will be owned exclusively by Franchisor or the data source Franchisor identifies. Franchisor will have the right to use such data in any manner that it deems appropriate without compensation to Franchisee. All other data Franchisee captures, creates or collects in the operation of the Franchised Business or from its affiliation with

Franchisor (including, without limitation, consumer and transaction data), is and will be owned exclusively by Franchisor during the Term of, and following termination or expiration of, this Agreement. Franchisee must provide to Franchisor in the format it requires copies or original files of such data at Franchisor's request. Franchisor licenses the use of such data back to Franchisee, at no additional cost, solely for the Term and solely for the lawful use in the Franchised Business franchised under this Agreement. Franchisee may not lease, sell or rent such data to others.

12.17. Vehicle. Franchisee must obtain, customize and operate a Vehicle in accordance with System Standards, though subject to changes in System Standards after the Effective Date and during the Term of this Agreement. Franchisor must approve the Vehicle Franchisee proposes to use as the Vehicle for the Franchised Business. Franchisee may buy, lease or rent the Vehicle from a Franchisor-approved list of manufacturers and models, and the Vehicle must be customized (outfitted, wrapped and set up for operation) per the System Standards. If the Vehicle is out of service for more than 72 hours, Franchisee shall make arrangements to rent a suitable temporary vehicle while the regular Vehicle is being repaired. Franchisee will comply with Franchisor's requirements as set out in the Manual to assure that each Vehicle is maintained, cleaned and serviced properly, displays no unapproved signage, and reflects positively on the image and reputation of the Franchised Business and the System.

12.18. Safety and Security. Franchisee is solely responsible for the safe and secure operation of the Franchised Business and the services provided thereby for Franchisee, Franchisee's personnel, customers, agents and the general public. All matters of safety and security are within Franchisee's discretion and control, and Franchisee's indemnification obligations set forth in Section 15.8 hereof shall apply to any claims made against Franchisor regarding safety or security.

12.19. Franchisee's Employees. Franchisee shall be responsible for ensuring its policies and practices are in accordance with all labor relations legislation in the state in which the Franchised Business is operated. Franchisee must recruit, hire, train, schedule, equip, dress, discipline, manage and supervise a competent, conscientious staff to meet the System Standards, compliant with such uniforms and/or dress code as Franchisor may prescribe in the Manual, and take such steps as are necessary to ensure that the employees preserve good customer relations and the goodwill of the System. Franchisor may require Franchisee's employees to sign a written agreement at the time of employment to maintain confidentiality. Franchisee shall be fully responsible for all matters relating to its employees including but not limited to:

12.19.1. the hiring, firing, promotions, or demotions of its employees;

12.19.2. controlling the remuneration and classification of its employees; and

12.19.3. training and supervision of its employees including ensuring that all employees satisfactorily pass such background check as is necessary for those working with, or providing services to, seniors and others considered to be vulnerable.

12.20. Employee Background Check. Franchisee shall conduct a background review of every prospective employee's criminal history and any other histories (such as motor vehicle or credit histories) Franchisor requires and Franchisee determines to be necessary and appropriate, prior to hiring. This includes a nationwide sex offender search and a statewide and/or countywide criminal history search for each jurisdiction in which an applicant has address history. Franchisee shall not hire any prospective employee for any position involving entrance to a residence if such prospective employee's background review indicates, in Franchisee's sole discretion, a propensity for violence, dishonesty, negligent, reckless or careless behavior, or a conviction for any violent crime. Notwithstanding the foregoing, all matters of employment and the safety of Franchisee's customers and their clients are within Franchisee's discretion and control. Franchisor shall not be liable to Franchisee, any employee or prospective employee of Franchisee, or any third-party for any act or omission of Franchisee or any employee or agent of Franchisee, and Franchisee's indemnification obligations set forth in Section 15.8 hereof shall apply to any claims, demands or actions against Franchisor arising from any act or omission of Franchisee or any employee or agent of Franchisee (including, without limitation, refusal to hire or discrimination claims or claims asserted by third parties for torts allegedly committed by any employee or agent of Franchisee).

12.21. Credit Cards. Franchisee agrees to at all times to comply with the Payment Card Industry Data Security Standard and to have arrangements in existence with Visa, MasterCard, American Express and such other credit card issuers or sponsors and electronic funds or debit card transfer systems as Franchisor designates or approves in writing from time to time to enable Franchisee to accept customer's credit cards, checks, and other methods of payment for the products and services.

12.22. Customer Dispute Resolution. Franchisee acknowledges Franchisor's philosophy that exceeding customers' expectations is essential to Franchisee's success as well as the reputation and success of the System and other Up Closets franchisees and that all System franchisees shall endeavor to go above and beyond expectations and generosity in all customer dealings. Accordingly, Franchisee agrees to: (a) use its best efforts to ensure the complete satisfaction of each of Franchisee's customers; (b) apply the highest standards of customer service and use good faith in all dealings with customers, potential customers, referral sources, suppliers and creditors; (c) respond to customer complaints in a courteous, prompt, and professional manner; (d) use its best efforts to promptly and fairly resolve customer disputes; and (e) within twenty-four (24) hours of receiving a request from Franchisor, provide Franchisor a written summary of the dispute. If Franchisee fails to resolve a dispute with a customer, for any reason whatsoever, Franchisor, in its sole discretion and for the sole purpose of protecting the goodwill and reputation of the System and the Marks, may (but shall not be obligated to) investigate the matter and take such action as Franchisor may deem necessary or appropriate to resolve the dispute fairly and promptly, including, but not limited to, the issuance of a refund on Franchisee's behalf. Nothing contained in this Section or any other provision of this Agreement shall be construed to impose liability upon Franchisor to any third party for any action by or obligation of Franchisee.

12.23. Upgrades of Franchised Business. Franchisor may require Franchisee to upgrade the Franchised Business to conform to changes in the System Standards, which may include new signage, image, décor, equipment, Technology and Vehicle standards. Franchisor will not require any such upgrade within two (2) years before the expiration date of the Initial

Term or any Successor Term. Franchisor may encourage Franchisee at any time to make a voluntary upgrade because of economic circumstances, competition, technological advances, brand imaging opportunities, or other compelling events or circumstances. Franchisee's voluntary agreement to perform an upgrade in those cases will not constitute a required upgrade under this paragraph.

12.24. Unapproved Item/Suppliers. If Franchisee desires to purchase, lease or use any unapproved equipment, product, or service or to purchase, lease or use any equipment, product or service from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval prior to using such product, service or supplier. Franchisee shall not purchase or lease any item or use any supplier until and unless such item or supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities and to test or otherwise evaluate samples from the supplier.

12.25. External Quality Assurance Services. Franchisor reserves the right to establish quality assurance programs conducted by third-party providers, including, but not limited to, customer surveys and periodic quality assurance audits ("Quality Review Services"). Upon Franchisor's request and at Franchisee's sole cost and expense, Franchisee shall subscribe to any such third-party provider for Quality Review Services to monitor the operations of the Franchised Business as directed by Franchisor.

12.26. Variations in Standards. Notwithstanding anything to the contrary contained in this Agreement and this Section 12 in particular, Franchisee acknowledges and agrees that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary performance standards for some franchisees based upon the peculiarities and characteristics of the particular circumstance, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such particular franchise business. Franchisor has full rights to vary standard specifications and practices for any other franchisee at any time without giving Franchisee comparable rights. Franchisee shall not be entitled to require Franchisor to disclose or grant to Franchisee a like or similar variation.

13. ADVERTISING, PROMOTIONS, AND BRAND FUND

13.1. Advertising Programs. Franchisor may from time to time develop and administer advertising and sales promotion programs designed to promote and enhance the collective success of all Franchised Businesses operating under the System. Franchisee shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor from time to time for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by Franchisor, as modified from time to time, shall be final and binding upon Franchisee.

13.2. Local Advertising.

13.2.1. In addition to the ongoing advertising contributions set forth herein, and following the expenditures set forth below, Franchisee shall spend not less than Four Thousand Hundred Dollars ($4,000) per month subject to reasonable increases by Franchisor, on advertising for the Franchised Business in the Territory ("Local Advertising"). Franchisor may require Franchisee to allocate to an advertising cooperative, as described in Section 13.7, up to one-half of Franchisee's required Local Advertising expenditures. Such allocation will be in partial satisfaction of Franchisee's obligations pursuant to this Section 13.2.1.

13.2.2. Within thirty (30) business days of Franchisor's request, Franchisee shall provide a quarterly expenditure report accurately reflecting Franchisee's Local Advertising expenditures for the preceding quarterly period. The following costs and expenditures incurred by Franchisee shall ***not*** be included in Franchisee's expenditures on Local Advertising for purposes of this Section, unless approved in advance by Franchisor in writing: (a) incentive programs for employees or agents of Franchisee; (b) research expenditures; (c) salaries and expenses of any of Franchisee's personnel to attend advertising meetings, workshops or other marketing activities; and (d) charitable, political or other contributions or donations.

13.3. Initial Marketing Program. Franchisee agrees to pay Franchisor a start-up marketing program fee of Seven Thousand Five Hundred Dollars ($7,500) ("Initial Marketing Program Fee"). This fee is fully earned by Franchisor and due in lump sum upon signing this Agreement and is not refundable under any circumstance. The Start-Up Marketing Program Fee shall be used by Franchisor for initial marketing services to be provided by Franchisor or one of Franchisor's affiliates during the set up and opening of the Franchised Business. This initial marketing program starts at the time of signing this Agreement and may continue through the Opening Date of the Franchised Business. The Opening Date is the date the Franchised Business first begins advertising to the public. The Start-Up Marketing Program Fee includes the costs of local websites, initial months of customer relationship management (CRM) use and set up, advertising, initial marketing materials, apparel, and first month of marketing with an affiliate.

13.4. Brand Fund.

13.4.1. Franchisor may, in its sole discretion, establish and administer a national marketing and brand fund (the "Brand Fund") for the purpose of supporting marketing (including without limitation advertising, promotion, public relations and other marketing activities) of Up Closets Business and System, as Franchisor may deem necessary or appropriate. Franchisor shall direct all such advertising programs in its sole discretion with respect to the creative concepts, materials, endorsements and media used therein, and the placement and allocation thereof. Franchisee will pay a Brand Fund Fee to Franchisor in an amount Franchisee shall contribute to the Brand Fund in each year an amount determined by Franchisor from time to time but in any event not less than two percent (2%) of the Gross Revenue of the Franchised Business during the preceding month plus any applicable taxes ("Brand Fund Contribution"). Payments will be made in the same manner and time as the Royalty Fee.

13.4.2. Franchisor will create, supervise and manage all advertising programs with sole control over the strategic direction, creative concepts, materials and media used in the programs, and the geographic, market and media placement and allocation of advertising. The Brand Fund shall be used and expended for items such as media costs, commissions, market research costs, creative and production costs, including, without limitation, the costs of creating promotions and artwork, printing costs, and other costs relating to advertising and promotional programs undertaken by Franchisor. Franchisor reserves the right to place and develop such advertisements and promotions and to market same as agent for and on behalf of Franchisee, either directly or through an advertising agency retained or formed for such purpose or through co-operative advertising groups composed of Up Closets franchisees designated by Franchisor.

13.4.3. Franchisor will account for all Brand Fund Fees it collects in a separate account. Franchisor also may deposit the marketing, promotional and other payments it receives from suppliers into the Brand Fund. Franchisor will disburse the Brand Fund to pay for marketing, advertising, promotional, public relations, and other similar activities intended to benefit the Up Closets Businesses and their administration. Those activities may include (without limitation) (a) market research, (b) marketing technology development and implementation, (c) customer service, loyalty and reward programs, (d) media purchases, (e) advertising production, (f) advertising and public relations agency fees and expenses, and (g) product research and development. Franchisor also may use the Brand Fund to pay or reimburse it for its administrative overhead incurred for activities supported by the Brand Fund but will not use the Brand Fund to defray any of Franchisor's general operating expenses. Franchisor shall be entitled to charge a reasonable amount to the Brand Fund, not to exceed fifteen percent (15%) of the total contributions to the Brand Fund, to cover its actual administrative expenses and overhead incurred in connection therewith. Any moneys in the Brand Fund not spent at the end of each fiscal year will remain in the Brand Fund, provided that amounts contributed to the Brand Fund may be used to pay taxes associated with unspent amounts on deposit in the Brand Fund.

Franchisor will have the sole and exclusive discretion to direct all activities and programs funded by the Brand Fund. Franchisor generally will administer the Brand Fund for the benefit of all Up Closets Businesses. Franchisee acknowledges that Franchisor has no obligation expend Brand Fund amounts for its benefit equivalent or proportionate to its Brand Fund, and Franchisor does not warrant or guaranty that Franchisee will receive or derive any benefit from Brand Fund activities. Franchisee acknowledges that the Brand Fund is intended to further general public recognition and acceptance of the Marks for the benefit of the System. Franchisee further acknowledges that Franchisor and its designees undertake no obligation in administering the Brand Fund to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contributions, to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising or to ensure that any advertising or marketing impacts or penetrates the Franchised Business or surrounding area. The Brand Fund is not a trust and Franchisor is not a fiduciary with respect to the Brand Fund. Franchisor will make all studies and reports produced by the Brand Fund available to Franchisee at no cost as Confidential Information. Franchisor will make copies of all materials produced by the Brand Fund for franchisee use available to Franchisee at Franchisee's expense. Franchisor may suspend, terminate and reinstate the Brand Fund at any time. The Brand Fund will not terminate, however, until Franchisor has spent all moneys in the Brand Fund for the purposes set forth above.

13.4.4. Franchisor has no obligation to contribute to the Brand Fund on the same basis as Franchisee with respect to Up Closets outlets operated by Franchisor or Franchisor's affiliates.

13.5. Social Media Use. Franchisee may not maintain any business profile on Facebook, Instagram, Twitter, LinkedIn, YouTube or any other social media and/or networking site except in strict accordance with Franchisor's requirements, as follows:

13.5.1. Franchisee shall provide Franchisor with all passwords and administrative rights to any and all social media accounts for the Franchised Business, and Franchisee hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking whatever action as is necessary for the best interest of the System, if Franchisee fails to maintain such accounts in accordance with Franchisor's standards.

13.6. Approval of Advertising. All advertising and promotion by Franchisee, in any medium, shall be conducted in a professional manner and shall conform to the standards and requirements of Franchisor as set forth in the Manual or otherwise. Franchisee shall submit to

Franchisor for its approval samples of all advertising, press releases, promotional plans and materials and public relations programs that Franchisee desires to use, including, without limitation, any materials in digital, electronic or computerized form, or in any form of media now or hereafter developed that have not been either provided or previously approved by Franchisor. Franchisor shall approve or disapprove such plans and materials within thirty (30) business days of Franchisor's receipt thereof. If Franchisor fails to respond to Franchisee's submission within thirty (30) business days, such plans and materials shall be deemed "disapproved". Franchisee shall not use such unapproved plans or materials until they have been approved by Franchisor in writing and shall promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Franchisor. Any advertising, marketing or sales concepts, programs or materials proposed or developed by Franchisee for Up Closets brand and approved by Franchisor may be used by other System franchisees without any compensation to Franchisee.

13.7. Advertising Cooperative. Franchisor may establish one or more advertising cooperatives at any time and, further, may modify, terminate and reform any existing advertising cooperative at any time in its sole discretion. If the Franchised Business operates within a DMA for which an approved advertising cooperative exists, Franchisee will contribute to the advertising cooperative the amounts required by the cooperative up to 2% of the Gross Revenue of the Franchised Business during each month. Any such payments made to any cooperative will count towards satisfaction of the minimum local advertising spending under Section 13.2. All System Franchised Businesses that Franchisor or its affiliates operate will participate in any advertising cooperative that Franchisor establishes for the DMA in which they are located on the same basis as the Franchised Business in the DMA. Franchisor will administer the cooperative unless it designates another party to perform the administrative functions. The cooperative may have written governing documents that Franchisor must provide or approve, which will be available for all participants in the cooperative to review. Each cooperative will maintain accounting records and compile financial statements that will be available for review by all participants. Franchisor retains the power to require any cooperative to be formed, changed, dissolved or merged with another cooperative.

13.8. Publicity and Promotional Materials. Franchisor will have the right to photograph the Franchised Business and to use the photographs in any of its publicity or advertising programs. Franchisee consents to such photography and use, and covenants to cooperate in securing the photographs and the consents of any individuals pictured. Franchisee will place franchised recruitment advertising and promotional materials for Up Closets Business franchises in the Franchised Business if and when Franchisor so requests.

14. INTELLECTUAL PROPERTY.

14.1. Ownership.

14.1.1. Franchisee expressly understands and acknowledges that Home Run Franchising LLC, or its successor, ("Licensor") is the record owner of all rights, title, and interest in and to the Marks. Franchisor and its affiliates have taken and will take all steps reasonably necessary to preserve and protect the ownership and validity in and of the Marks. Franchisor holds the exclusive right to license the Marks to franchisees of the System for use pursuant to the System. Franchisee further expressly understands and acknowledges that Franchisor and/or Licensor claims copyrights on certain material used in the System, including but not limited to its website, documents, advertisements, promotional materials and the Manual, whether or not Franchisor has filed for copyrights thereto with the U.S. Copyright Office.

14.1.2. As between Franchisor and Franchisee, Licensor and Franchisor are the owner of all right, title and interest in and to the Intellectual Property and the goodwill associated with and symbolized by them. Neither this Agreement nor the operation of the Franchised Business shall in any way give, or be deemed to give, Franchisee any interest in the Intellectual Property except for the right to use same pursuant to the terms of this Agreement.

14.2. No Interference. Neither Franchisee nor any Principal shall take any action that would prejudice or interfere with the validity of Franchisor's or Licensor's rights with respect to the Intellectual Property. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Intellectual Property or any of Franchisor's or Licensor's service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Intellectual Property and the System in accordance with the terms and conditions of this Agreement for the operation of a Franchised Business and only at or from the Franchised Business office location or in approved advertising related to the Franchised Business.

14.3. Goodwill. Franchisee understands and agrees that any and all goodwill arising from Franchisee's use of the Intellectual Property and the System shall inure solely and exclusively to the benefit of Franchisor and Licensor, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Intellectual Property.

14.4. Validity. Franchisee agrees during the Term of this Agreement and thereafter, it will not dispute or contest, directly or indirectly, the validity or enforceability of Franchisor's or Licensor's interest in, the Intellectual Property or counsel, procure or assist anyone else to do the same, nor directly or indirectly attempt to depreciate the value of the goodwill attaching to the Intellectual Property. Franchisee's right to use the Intellectual Property is limited to such uses as are authorized under this Agreement and the Manual, and any unauthorized use thereof shall constitute an infringement of the rights of the owner of the Intellectual Property; Franchisee shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection for the Marks or to maintain their continued validity and enforceability.

14.5. Infringement. Franchisee shall immediately notify Franchisor of any suspected infringement of or known challenge to the validity of the Intellectual Property, any known challenge to the ownership of or Franchisee's use of the Intellectual Property, including any claim Franchisee's use of the Intellectual Property infringes on any third party's trademark rights. Franchisor shall have the sole discretion to take such action as it deems appropriate, including the sole right to direct and control any civil, administrative or other proceeding involving the Intellectual Property, including any settlement. Franchisor shall also have the sole right, but not the obligation, to take action against uses by others that may constitute infringement of the Intellectual Property. Franchisee must fully cooperate with Franchisor with respect to any prosecution of any claim or any defense of a claim Franchisee is infringing the trademark rights of any third party. Provided Franchisee complies with the terms of this Agreement, Franchisor agrees to indemnify Franchisee against and to reimburse Franchisee for any damages for which it is held liable in any trademark infringement proceeding disputing Franchisee's authorized use of any Intellectual Property under this Agreement if Franchisee has timely notified Franchisor of the proceeding and has complied with Franchisor's reasonable directions in responding to the proceeding.

14.6. Substitution. If it becomes advisable or desirable at any time, in the sole discretion of Franchisor, to modify or discontinue the use of any of the Marks or to use one or more additional or substitute Marks, trade names, trade dress, or trademarks, Franchisee must comply with Franchisor's directions within a reasonable time frame after receiving notice at its sole cost and expense. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee or for any expenditures Franchisee makes as a result of any additions, modifications, substitutions or discontinuation of the Marks or to promote a modified or substitute trademark or service mark. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.

14.7. Franchisee's Use of the Intellectual Property. Franchisee shall use the Intellectual Property only in the operation of or advertising for the Franchised Business and only in the manner prescribed by Franchisor in the Manual and in other notices to Franchisee. With respect to Franchisee's use of the Intellectual Property pursuant to this Agreement, Franchisee further agrees that:

14.7.1. Unless otherwise authorized or required by Franchisor, Franchisee shall advertise the Franchised Business only under the Marks "Up Closets" and design. Franchisee shall not use the Marks as part of its corporate or other legal name. All fictitious names (also known as doing business as or DBA) used by Franchisee shall bear the designation of an "Up Closets Franchise." Subject to Franchisor's approval of the form of the proposed use, which it will not unreasonably withhold or delay, Franchisee may include in its fictitious name filing and in the references to your Franchised Business a geographic reference relating to the Franchised Business's location as long as the reference does not interfere with the proper use of the Marks under the System and the required use of the Marks under trademark law (e.g., Up Closets Fort Lauderdale).

14.7.2. Franchisee shall identify itself as the owner of the Franchised Business and as an independent Up Closets franchisee in conjunction with any use of the Intellectual Property, including, but not limited to, uses on invoices, stationery, pamphlets or promotional materials, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous location upon the office and Vehicle(s), as directed by Franchisor, used in the Franchised Business, as Franchisor may designate in writing.

14.7.3. Franchisee shall not use the Intellectual Property to incur any obligation or indebtedness on behalf of Franchisor.

14.7.4. Any item offered by Franchisee that contains the Marks, must be approved by Franchisor in writing prior to being distributed or sold by Franchisee and such approval may be granted or denied in Franchisor's sole and absolute discretion.

14.7.5. Franchisee shall operate the Franchised Business utilizing the Intellectual Property without any accompanying words or symbols of any nature, unless first approved in writing by Franchisor.

14.8. Claims. Franchisee shall notify Franchisor immediately via both email and telephone, of any apparent infringement of or challenge to Franchisee's use of any Intellectual Property and of any claim by any person of any rights in any Intellectual Property. Franchisee shall not communicate with any person other than Franchisor or any designated affiliate thereof, their counsel and Franchisee's counsel in connection with any such infringement, challenge or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, or to delegate control to any of its affiliates of, any settlement, litigation or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Intellectual Property. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any other person or entity in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Intellectual Property. Franchisor will indemnify and defend Franchisee against and reimburse Franchisee for actual damages (including settlement amounts) for which Franchisee is held liable in any proceeding arising out of Franchisee's use of any of the Intellectual Property that infringes on the rights of any other party, provided that the conduct of Franchisee with respect to such proceeding and use of the Intellectual Property is in full compliance with the terms of this Agreement.

14.8.1. Franchisor may use and grant franchises and licenses to others to use the Intellectual Property and the System and to establish, develop and franchise other systems, different from the System licensed to Franchisee herein, without offering or providing Franchisee any rights in, to or under such other systems and Franchisor may modify or change, in whole or in part, any aspect of the Intellectual Property or the System, so long as Franchisee's rights thereto are in no way materially harmed thereby.

14.8.2. Franchisee shall not register or attempt to register the Intellectual Property in Franchisee's name or that of any other person, firm, entity or corporation.

15. INSURANCE AND INDEMNIFICATION.

15.1. Procurement. Franchisee shall procure, within 30 days of the Effective Date and prior to the Opening Date, and maintain in full force and effect during the Term of this Agreement at Franchisee's sole cost and expense and to Franchisor's sole satisfaction, insurance policies protecting Franchisee and Franchisor, and naming Franchisor, its officers, directors, partners, owners, employees and affiliates as additional insureds as their interests may appear, in the following minimum limits (except as additional coverage and higher policy limits may reasonably be specified from time to time in the Manual or otherwise in writing):

15.1.1. *Commercial General Liability* coverage ($1 million single limit per occurrence; $2 million general aggregate limit, for both general liability and products /completed operations liability) for personal injury and property damage, including premises, independent contractors, products and completed operations, contractual, personal and advertising liability, on an occurrence basis, with coverage on a 1986 or later ISO commercial general liability form policy;

15.1.2. *"All Risk*" property coverage including a property damage limit for the full cost of replacement of the Franchised Business and business interruption coverage for up to twelve months of projected earnings;

15.1.3. *Business Automobile Liability* covering liability arising out of any auto (including owned, hired and non-owned autos), with a minimum of $1 million combined single limit each accident;

15.1.4. *Workers' Compensation* or legally appropriate alternative covering all employees and contractors working at the Franchised Business for statutory limits and employer's liability with minimum limits of $500,000 bodily injury for each accident, $500,000 bodily injury by disease for each employee and $500,000 bodily injury disease aggregate;

15.1.5. *Umbrella Policy* having a limit of $1 million per occurrence in excess of covering excess of the underlying insurance described in (15.1.1), (15.1.3) and (15.1.4) above which is at least as broad as each and every underlying policy, provided that Franchisee may purchase more underlying coverage and less umbrella coverage under such policies as long as Franchisee maintains the total amount of the limits specified for each coverage area; and

15.1.6. Any other insurance as may be required by the state or locality of the Franchised Business.

15.2. Additional Insurance. Franchisor recommends but does not require the following additional insurance policies and limits:

15.2.1. Products/Completed Operations insurance with an aggregate limit of $2 million;

15.2.2. Personal and advertising injury insurance with a limit of $1 million;

15.2.3. Fire damage legal liability limit insurance with a limit of $300,000;

15.2.4. Business income coverage insurance of 50% of annual gross sales;

15.2.5. Cyber coverage insurance of $250,000;

15.2.6. Professional liability insurance with a limit of $1 million per occurrence and $2 million aggregate;

15.2.7. Employment practices liability insurance with a limit of $500,000; and

15.2.8. Employee Dishonesty/Fidelity insurance with a limit of $100,000.

15.3. Coverage. Franchisee must obtain and maintain the specified insurance coverage during the Term of the Franchise Agreement from a responsible carrier or carriers authorized to write coverage in Franchisee's state having an A. M. Best rating of at least A-VI that Franchisor finds acceptable.

15.4. Evidence of Insurance. Franchisee shall deliver to, and maintain at all times with Franchisor, current Certificates of Insurance evidencing the existence and continuation of the required coverages. In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policy or policies required hereunder.

15.5. Failure to Procure. If, for any reason, Franchisee should fail to procure or maintain the insurance required by this Agreement as revised from time to time for all franchisees by the Manual or otherwise in writing, Franchisor shall have the right and authority (without, however, any obligation) to immediately procure such insurance and to charge Franchisee for the cost thereof together with an administrative fee of ten percent (10%) for Franchisor's expenses in so acting, including all attorneys' fees. Franchisee shall pay Franchisor immediately upon notice by Franchisor to Franchisee that Franchisor has undertaken such action and the cost thereof.

15.6. Increase in Coverage. The levels and types of insurance stated herein are minimum requirements. Franchisor reserves the right to raise the required minimum requirements for any type of insurance or add additional types of insurance requirements as Franchisor deems reasonably prudent to require. Within thirty (30) days of any such required new limits or types of coverage, Franchisee must submit proof to Franchisor of Franchisee's coverage pursuant to Franchisor's requirements.

15.7. Additional Insured. All required insurance policies shall name Franchisor, Licensor and their affiliates and their members, officers, agents and employees as additional insureds as their interests may appear. All public liability policies shall contain a provision that the additional insureds, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss caused by Franchisee or Franchisee's servants, agents or employees. The form of additional insured endorsement will be ISO CG 2010 11 85 Form B or its equivalent. If the additional insured has other insurance applicable to a loss, it will be on an excess or contingent basis. The additional insured's insurance coverage will not be reduced by the existence of such other insurance.

15.8. Indemnification. TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISEE AGREES TO EXONERATE AND INDEMNIFY AND HOLD HARMLESS UP CLOSETS FRANCHISING LLC, LICENSOR, AND ANY PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES (COLLECTIVELY REFERRED TO AS THE "UP CLOSETS INDEMNITEES") AS WELL AS UP CLOSETS INDEMNITEES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES, FROM ALL CLAIMS BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATED TO THE OPERATION, CONDITION, OR ANY PART OF FRANCHISEE'S UP CLOSETS FRANCHISE, THE FRANCHISED BUSINESS, THE SERVICES OR PRODUCTS, THE FRANCHISED BUSINESS OFFICE LOCATION, OR ANY ASPECT OF THE REAL ESTATE CONNECTED TO FRANCHISEE'S FRANCHISED BUSINESS, WHETHER CAUSED BY FRANCHISEE, FRANCHISEE'S AGENTS OR EMPLOYEES, OR ARISING FROM FRANCHISEE'S ADVERTISING OR BUSINESS PRACTICES, REGARDLESS OF WHETHER THE ALLEGED INJURY OR LIABILITY IS CAUSED IN WHOLE OR IN PART BY ANY NEGLIGENT ACT OR OMISSION OF UP CLOSETS INDEMNITEES. FRANCHISEE AGREES TO PAY FOR ALL UP CLOSETS INDEMNITEES' LOSSES, EXPENSES (INCLUDING, BUT NOT LIMITED TO ATTORNEYS' FEES) OR CONCURRENT OR CONTRIBUTING LIABILITY INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, INQUIRY (REGARDLESS OF WHETHER THE SAME IS REDUCED TO JUDGMENT OR DETERMINATION), OR ANY SETTLEMENT THEREOF FOR THE INDEMNIFICATION GRANTED BY FRANCHISEE HEREUNDER. UP CLOSETS INDEMNITEES SHALL HAVE THE RIGHT TO SELECT AND APPOINT INDEPENDENT COUNSEL TO REPRESENT ANY OF UP CLOSETS INDEMNITEES IN ANY ACTION OR PROCEEDING COVERED BY THIS INDEMNITY. FRANCHISEE AGREES THAT TO HOLD UP CLOSETS INDEMNITEES HARMLESS, FRANCHISEE WILL REIMBURSE UP CLOSETS INDEMNITEES AS THE COSTS AND EXPENSES ARE INCURRED BY UP CLOSETS INDEMNITEES.

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16. TRANSFERS

16.1. Transfers by Franchisor.

16.1.1. Franchisor has the right to assign this Agreement, and all of Franchisor's rights and privileges hereunder, to any person, firm, corporation or other entity, without Franchisee's permission or prior knowledge, provided that, with respect to any assignment resulting in the subsequent performance by the assignee of Franchisor's obligations, the assignee shall expressly assume and agree to perform Franchisor's obligations hereunder. Specifically, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may: (i) sell Franchisor's assets and Franchisor's rights to the Marks and the System outright to a third party; (ii) engage in a public or private placement of some or all of Franchisor's securities; (iii) merge, acquire other corporations, or be acquired by another corporation, including competitors; (iv) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and (v) with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or relating to the loss of association with or identification of Franchisor. Nothing contained in this Agreement requires Franchisor to remain in the business franchised herein or to offer the same products and services, whether or not bearing the Marks, in the event that Franchisor exercises its prerogative hereunder to assign Franchisor's rights in this Agreement.

16.1.2. Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of the facilities (which Franchisee acknowledges may be within the Territory, proximate thereto, or proximate to any of Franchisee's locations).

16.1.3. If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the any business or to offer or sell any products or services to Franchisee.

16.2. Restrictions on Transfers by Franchisee. Franchisee's rights and duties under this Agreement are personal to Franchisee as it is organized and with the Principal(s) of the business as they exist on the date of execution of this Agreement, and Franchisor has made this Agreement with Franchisee in reliance on Franchisor's perceptions of the individual and collective character, skill, aptitude, attitude, business ability, and financial capacity of Franchisee. Thus, no transfer, as hereafter defined, may be made without Franchisor's prior written approval. Franchisor may void any transfer made without such approval.

16.3. Transfers by Franchisee. Franchisee shall not directly or indirectly sell, assign, transfer, give, devise, convey or encumber this Agreement or any right or interest herein or hereunder (a "Transfer"), the Franchise, the Franchised Business or any assets thereof (except in the ordinary course of business) or suffer or permit any such assignment, transfer, or encumbrance to occur by operation of law unless it first obtains the written consent of Franchisor. A transfer of any stock in the Franchisee if it is a corporation or a transfer of any ownership rights in Franchisee if it is a partnership, a limited liability company or limited partnership shall be considered a Transfer restricted hereunder. If Franchisee has complied fully with this Agreement and subject to Franchisor's Right of First Refusal set forth in Section 16.6, Franchisor will not unreasonably withhold its consent of a Transfer that meets the following requirements:

16.3.1. The proposed transferee and all its principals must have the demeanor and be individuals of good character and otherwise meet Franchisor's then-applicable standards for franchisees;

16.3.2. The transferee must have sufficient business experience, aptitude and financial resources to operate the Franchised Business and to comply with this Agreement;

16.3.3. The transferee has agreed to complete Franchisor's Initial Management Training Program to Franchisor's satisfaction;

16.3.4. Franchisee has paid all amounts owed to Franchisor and third-party creditors;

16.3.5. The transferee has executed Franchisor's then-standard form of Franchise Agreement, which may have terms and conditions different from this Agreement, except that the transferee shall not be required to pay the Initial Franchise Fee;

16.3.6. Franchisee and the transferee and each of Franchisee's and the transferee's Principals shall have executed a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's officers, directors, shareholders, members and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances. Franchisee will agree to subordinate any claims Franchisee may have against the transferee to Franchisor, and indemnify Franchisor against all claims brought against Franchisor by the transferee for a period of three (3) years following the transfer;

16.3.7. Franchisor has granted written approval of the material terms and conditions of the Transfer, including, without limitation, that the price and terms of payment will not adversely affect the Franchised Business's operation. However, Franchisor's approval of a Transfer is not in any way a representation or warranty of the transferee's success or the soundness of transferee's decision to purchase the Franchised Business on such terms and conditions. Franchisee must provide Franchisor all proposed transfer documents for Franchisor's review at least thirty (30) days prior to a closing of the proposed Transfer; and

16.3.8. If Franchisee or any Principal finances any part of the sale price of the Transfer, Franchisee or its Principal have agreed that all obligations of the transferee under any notes, agreements or security interests to Franchisee or its Principal will be subordinate to the transferee's obligations to Franchisor.

16.4. Transfer Fee. As a condition to any Transfer, Franchisee must pay Franchisor a transfer fee that is the greater of ten percent (10%) of the then current Initial Fee or Five Thousand Dollars ($5,000), plus any broker and attorney fees incurred as a result of the Transfer.

16.5. Entity Formation Documents. The By-Laws of a corporation or Operating Agreement of a limited liability company of a Franchisee that is an entity must state that (i) the issuance and assignment of any interest in Franchisee are restricted by this Article 16; (ii) Franchisee may conduct no business except the operation of a Franchised Business pursuant to the terms of this Agreement; (iii) transfers of interests in Franchisee are subject to the terms of this Agreement governing transfers; and (iv) stock or member certificates will contain a legend so indicating.

16.6. Franchisor's Right of First Refusal.

16.6.1. If Franchisee wishes to transfer all or part of its interest in the Franchised Business or this Agreement or if a Principal wishes to transfer any ownership interest in Franchisee, pursuant to any bona fide offer to purchase such interest, then Franchisee or such Principal must promptly notify Franchisor in writing of each such offer and such information and documentation relating to the offer as Franchisor may require.

16.6.2. Franchisor has the right, exercisable by written notice to Franchisee within ten (10) days after receipt of written notification and copies of all documentation required by Franchisor describing such offer, to buy the interest in this Agreement and the Franchised Business or the Principal's interest in Franchisee for the price and on the terms and conditions contained in the offer, subject to Section 16.6.3.

16.6.3. Franchisee further agrees, in the event Franchisor exercises its right of first refusal, notwithstanding anything to the contrary contained in the offer, that (a) Franchisor may substitute cash for any other form of consideration contained in the offer; (b) at Franchisor 's option, Franchisor may pay the entire purchase price at closing; (c) Franchisor 's credit will be deemed equal to the credit of any proposed transferee; (d) Franchisor will have at least thirty (30) days to close the purchase; and (e) Franchisor will be entitled to receive from the Franchisee all customary representations and warranties given by a seller of the assets of a business or equity interest in an entity, as applicable.

16.6.4. If Franchisor does not exercise its right to buy within fifteen (15) days, Franchisee may thereafter transfer the interest to the transferee on terms no more favorable than those disclosed to Franchisor, provided that such transfer is subject to Franchisor's prior written approval pursuant to Section 16.3 hereof. However, if (a) the sale to the transferee is not completed within forty-five (45) days after the offer is given to Franchisor or (b) there is any material change in the terms of the offer, the offer will again be subject to Franchisor's right of first refusal.

16.7. Death or Permanent Disability. The grant of rights under this Agreement is personal to Franchisee, and on the death or permanent disability of Franchisee or any of Franchisee's Principals, as the case may be, the Franchised Business granted by this Agreement will terminate, unless prohibited by applicable law. If prohibited by applicable law, the executor, administrator, conservator or other personal representative of Franchisee or Franchisee's Principal, as the case may be, will transfer Franchisee's or Franchisee's Principal's interest in this Agreement within six (6) months from the date of death or permanent disability to a third party approved by Franchisor. A transfer under this Section 16.7, including without limitation, transfer by devise or inheritance, is subject to the conditions for Transfers in this Article 16 and unless transferred by gift, devise or inheritance, subject to the terms of Section 16.6 above. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of Franchisee's Franchised Business during the six (6)-month period from its onset. Immediately after the death or permanent disability of such person, or while the Franchised Business is owned by an executor, administrator, guardian, personal representative or trustee of that person, the Franchised Business shall be supervised by an interim successor manager satisfactory to Franchisor, or Franchisor, in its sole discretion, may provide interim management for a fee equal to the then-current interim management support fee, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, pending transfer of the Franchised Business to the deceased or disabled individual's lawful heirs or successors.

16.8. Effect of Consent to Transfer. Franchisor's consent to a Transfer will not waive any claims Franchisor may have against the Franchisee or any Franchisee's Principals nor waive its right to demand that the transferee comply strictly with this Agreement.

16.9. Security Interests to Lender. If Franchisee is in full compliance with this Agreement, Franchisee may pledge or give a security interest in Franchisee's interest in the assets and the Franchised Business to a lender of the funds needed by Franchisee for Franchisee's initial investment, provided that the security interest is subordinate to Franchisee's obligations to Franchisor, that a foreclosure on such a pledge or security interest and/or any

Transfer resulting from such a foreclosure shall be subject to all provisions of this Agreement, and that Franchisee obtains from the lender a written acknowledgement to Franchisor of these restrictions. Notwithstanding the foregoing, in the event Franchisee obtains financing whereby funding is provided with the assistance of the United States Small Business Administration ("SBA Financing"), Franchisee shall be permitted to grant the lender of such SBA Financing a senior lien on any collateral Franchisee uses to secure the SBA Financing, and Franchisor agrees to (i) subordinate its interest in any lien on Franchisee's collateral to that of the lender of the SBA Financing and (ii) waive the requirement of the written acknowledgement referenced in this Section.

17. DEFAULTS.

17.1. Default and Automatic Termination. Franchisee shall be deemed to be in material default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee or Principal shall become insolvent or makes a general assignment for the benefit of creditors; or if Franchisee or Principal files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing an inability to pay debts when due; or if Franchisee or Principal is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee or Principal under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or Principal or other custodian for Franchisee's business or assets is filed and consented to by Franchisee or Principal; or if a receiver or other custodian (permanent or temporary) of Franchisee's or Principal's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee or Principal; or if a final judgment remains unsatisfied for of record for sixty (60) days or longer (unless supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's or Principal's business or property; or if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against Franchisee and not dismissed within sixty (60) days.

17.2. Defaults with No Opportunity to Cure. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.2.1. fails to identify a Franchised Business Office location acceptable to Franchisor when required, or to obtain all required licenses and permits before opening, or to open the Franchised Business within the time and in the manner specified in Article 8;

17.2.2. falsifies any report required to be furnished Franchisor hereunder;

17.2.3. closes the Franchised Business for business or informs Franchisor of its intent to cease operating the Franchised Business, ceases to operate the Franchised Business for a period of ten (10) days or more, or otherwise abandons or appears to have abandoned its rights under this Agreement;

17.2.4. fails to comply with any federal, state or local law, rule or regulation, applicable to the operation of the Franchised Business, including, but not limited to, the failure to pay taxes;

17.2.5. understates Gross Revenue on two (2) occasions or more, whether or not cured on any or all of those occasions;

17.2.6. fails to comply with the covenants in Article 15;

17.2.7. permits a Transfer in violation of the provisions of Article 16 of this Agreement;

17.2.8. fails, or Franchisee's legal representative fails, to transfer the interests in this Franchise Agreement and the Franchised Business upon death or permanent disability of Franchisee or any Principal of Franchisee as required by Section 16.7;

17.2.9. has misrepresented or omitted material facts in applying for the Franchised Business;

17.2.10. is convicted of, or pleads no contest to, a felony or to a crime that could damage the goodwill associated with the Marks or does anything to harm the reputation of the System or the goodwill associated with the Marks;

17.2.11. receives an adverse judgment or a consent decree in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices or similar claim which is likely to have an adverse effect on the System, or the Marks, the goodwill associated therewith or Franchisor's interest therein, in Franchisor's sole opinion;

17.2.12. conceals revenues, knowingly maintains false books or records, or knowingly submits any false reports;

17.2.13. creates a threat or danger to public health or safety from operation of the Franchised Business;

17.2.14. refuses to permit Franchisor to inspect or audit Franchisee's books or records;

17.2.15. makes any unauthorized use of the Marks or copyrighted material or any unauthorized use or disclosure of Confidential Information (as defined in Section 19.2);

17.2.16. fails to comply with the non-competition covenants in Section 19.5;

17.2.17. defaults in the performance of Franchisee's obligations under this Agreement five (5) or more times during the term of this Agreement or any successor agreements or has been given at least two (2) notices of default in any consecutive twelve (12)–month period, whether or not the defaults have been corrected;

17.2.18. has insufficient funds to honor a check or electronic funds transfer two (2) or more times within any consecutive twelve (12)-month period;

17.2.19. defaults, or an affiliate of Franchisee defaults, under any other agreement, including any other franchise agreement, with Franchisor or any of its affiliates, or suppliers and does not cure such default within the time period provided in such other agreement; or

17.2.20. terminates this Agreement without cause.

17.3. Curable Defaults. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, if Franchisee fails to cure the default within the time period set forth in this Section 17.3, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.3.1. fails to pay when due any amounts due to Franchisor under this Agreement or any related agreement and does not correct the failure within ten (10) days after written notice; provided, however, Franchisor has no obligation to give written notice of a late payment more than two (2) times in any twelve (12)–month period, and the 2 such late payment in any twelve (12)–month period shall be a non-curable default under Sections 17.2.17 and/or 17.2.18; and

17.3.2. fails to perform any non-monetary obligation imposed by this Agreement (excepting those defaults of obligations set forth in Sections 17.1 and 17.2 for which there is no opportunity to cure) and such default shall continue for thirty (30) days after Franchisor has given written notice of such default, or if the default cannot be reasonably corrected within said thirty (30)-day period, then if it is not corrected within such additional time as may be reasonably required assuming Franchisee proceeds diligently to cure; provided, however, Franchisor has no obligation to give written notice of a non-monetary default more than two (2) times in any twelve (12)–month period, and the third such default, whether monetary or non-monetary, in any twelve (12) – month period shall be a non-curable default under Section 17.2.17.

17.4. Franchisor's Cure of Franchisee's Defaults. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor may, but has no obligation to:

17.4.1. effect a cure on Franchisee's behalf and at Franchisee's expense, and Franchisee shall immediately pay Franchisor the costs incurred by Franchisor upon demand; or

17.4.2. exercise complete authority with respect to the operation of the Franchised Business until such time as Franchisor determines that the default of Franchisee has been cured and that Franchisee is complying with the requirements of this Agreement. Franchisee specifically agrees that a designated representative of Franchisor may take over, control and operate the Franchised Business. In addition to all other fees payable under this Agreement, Franchisee shall pay Franchisor four hundred dollars ($400) per day during the term of interim management, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, until the default has been cured and Franchisee is complying with the terms of this Agreement.

17.5. Notice to Suppliers. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor reserves the right with three (3) days' prior written notice to Franchisee, to direct suppliers to stop furnishing any and all products and services, including, but not limited to products and services sold under Franchisor's discounted pricing schedules, until such time as Franchisee's default is cured. In no event shall Franchisee have recourse against Franchisor for loss of revenue, customer goodwill, profits or other business arising from Franchisor's actions and the actions of suppliers.

17.6. Termination by Franchisor for Commercial Impracticability. The parties agree that the commercial purpose of this Agreement is for Franchisor to license the System specified by Franchisor to Franchisee for use in operating the Franchised Business strictly in accordance with the Operations Manual, in exchange for payment of the fees and under the conditions set forth in this Agreement. This Agreement intends for Franchisee to control the terms and conditions of employment for the employees of the Franchised Business, and to supervise such employees as their employer, as set forth in Section 12.19, without constituting Franchisor as a joint employer of Franchisee or Franchisee's employees. Franchisee acknowledges that Franchisor is not in the business of owning and operating any Franchised Business, and Franchisee has independently decided to enter into this Agreement to obtain the right to use the System so as to enter into the trade and business contemplated by the System. Franchisor may terminate this Agreement by written notice to Franchisee without penalty and without payment of any refunds or damages to Franchisee, and Franchisee will follow its post-termination obligations under Section 18.1 at its expense, if Franchisor determines in its sole discretion that either (i) a law or regulation is enacted, promulgated, repealed, modified or amended, (ii) a judicial or administrative tribunal or administrative agency has issued, published or released a decision, ruling or opinion in a matter not involving the parties directly or indirectly that Franchisor reasonably expects will affect applicable law or its interpretation, or (iii) an administrative agency, arbitrator or judge has issued an interim or final decision in a matter in which the parties are involved directly or indirectly, which (A) frustrates or adversely affects or could reasonably be expected to affect adversely the purposes of this Agreement, (B) makes performance of this Agreement commercially impracticable, (C) effectively modifies the allocation of risk, benefits and burdens agreed by the parties, (D) deprives any party of its benefits of the bargain struck by the parties, as originally set forth in this Agreement, or (E) determines that an employment or a joint employment relationship exists between Franchisor and Franchisee.

18. POST-TERMINATION.

18.1. Franchisee's Obligations. Upon termination or expiration of this Agreement, all rights and licenses granted hereunder to Franchisee shall immediately terminate and Franchisee and each Principal shall:

18.1.1. immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly identify himself, herself or itself as a current Up Closets owner, franchisee or licensee;

18.1.2. immediately and permanently cease to use the Marks, any imitation of any Mark, Franchisor's Intellectual Property, confidential or proprietary material or indicia of the Franchised Business, or use any trade name, trade or service mark or other commercial symbol that suggests a current or past association with Franchisor, Licensor, or the System. In particular, Franchisee shall cease to use, without limitation, all signs, billboards, advertising materials, displays, stationery, forms and any other articles, which display the Marks;

18.1.3. take such action as may be necessary to cancel any assumed name or equivalent registration that contains the Mark or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence of compliance with this obligation which is satisfactory to Franchisor, within ten (10) days after termination or expiration of this Agreement;

18.1.4. promptly pay all sums owing to Franchisor and its affiliates. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Franchisee. The payment obligation herein shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, fixtures, and inventory or other business assets owned by Franchisee at the time of default;

18.1.5. pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement that survive its termination;

18.1.6. immediately deliver at Franchisee's sole cost and expense, to Franchisor the Manual and all records, files, instructions, correspondence, invoices, agreements, all confidential, proprietary and copyrighted material and all other materials related to operation of the Franchised Business, including but not limited to customer lists and records, (all of which are acknowledged to be Franchisor's property), delete all electronic copies and retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents that Franchisee reasonably needs for compliance with any provision of law;

18.1.7. in the event this Agreement is terminated due to Franchisee's default, pay Franchisor a lump sum payment (as liquidated damages and not as a penalty) in an amount equal to: (a) the average weekly Royalty Fee, Technology Fee, and Brand Fund contribution payable by Franchisee over the twelve (12) month period immediately prior to the date of termination (or such shorter time period if the Franchised Business has been open less than twelve (12) months); (b) multiplied by the lesser of (i) twenty-four (24) months or (ii) the number of months then remaining in the then-current term of this Agreement. Franchisee acknowledges that a precise calculation of the full extent of the damages Franchisor will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light thereof. The damages payable by Franchisee pursuant to this Section 18.1.7 shall be in addition to all other amounts payable under this Agreement and shall not affect Franchisor's right to obtain appropriate injunctive relief and remedies pursuant to any other provision of this Agreement; and

18.1.8. comply with the non-disclosure and non-competition covenants contained in Article 19.

18.2. <u>Right to Purchase</u>.

18.2.1. Franchisor shall have the option, to be exercised within ten (10) days after termination or expiration of this Agreement, to purchase from Franchisee any or all of the equipment (including any computer systems and vehicles), signs, fixtures, advertising materials, supplies, and inventory of Franchisee related to the operation of the Franchised Business, at Franchisee's cost or fair market value, whichever is less. Franchisor shall purchase Franchisee's assets free and clear of any liens, charges, encumbrances or security interests and Franchisor shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within ten (10) days of Franchisor's exercise of its option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees equally. If Franchisor elects to exercise its option to purchase herein provided, it shall have the right to set off (i) all fees for any such independent appraiser due from Franchisee, (ii) all amounts due from Franchisee to Franchisor or any of its affiliates and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash. Closing of the purchase shall take place no later than thirty (30) days after determination of the fair market value.

18.2.2. With respect to the option described in Section 18.2.1, Franchisee shall deliver to Franchisor in a form satisfactory to Franchisor, such warranties, releases of lien, bills of sale, assignments and such other documents and instruments that Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the assets being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all of these certificates and other documents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

18.2.3. Franchisor shall be entitled to assign any and all of its option in Section 18.2.1 to any other party, without the consent of Franchisee.

18.3. Assignment of Communications. Franchisee, at the option of Franchisor, shall assign to Franchisor all rights to the telephone numbers of the Franchised Business and any related public directory listing or other business listings and execute all forms and documents required by Franchisor and any telephone company at any time, to transfer such service and numbers to Franchisor. Further, Franchisee shall assign to Franchisor any and all social media and internet listings, domain names, internet advertising, websites, listings with search engines, electronic mail addresses or any other similar listing or usage related to the Franchised Business. Notwithstanding any forms and documents that may have been executed by Franchisee under

Section 11.6, Franchisee shall provide Franchisor with all passwords and administrative rights, and hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. Franchisee shall thereafter use different telephone numbers, electronic mail addresses, social media accounts or other listings or usages at or in connection with any subsequent business conducted by Franchisee.

18.4. Survival. The rights and obligations of the parties contained in this Article 18 shall survive the expiration or sooner termination of this Agreement.

19. NON-DISCLOSURE AND NON-COMPETITION COVENANTS.

19.1. Operations Manual.

19.1.1. Franchisor has provided to Franchisee, on loan, a current copy of the Manual. The Manual may be in hard copy or made available to Franchisee in digital, electronic or computerized form or in some other form now existing or hereafter developed that would allow Franchisee to view the contents thereof. If the Manual (or any changes thereto) are provided in a form other than physical copy, Franchisee shall pay any and all costs to retrieve, review, use or access the Manual. To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee shall operate all aspects of the Franchised Business in accordance with the Manual, as they may from time to time be modified by Franchisor, other written directives that Franchisor may issue to Franchisee from time to time, whether or not such directives are included in the Manual, and any other manual and materials created or approved for use in the operation of the Franchised Business.

19.1.2. Franchisee and all Principals shall at all times treat the Manual, written directives, and other materials and any other confidential communications or materials, and the information contained therein, as confidential and shall maintain such information as trade secret and confidential in accordance with this Article and this Agreement. Franchisee and Franchisee's Principal(s) shall not divulge and make such materials available to anyone other than those of Franchisee's employees who require the information contained therein to operate the Franchised Business. Franchisee shall, prior to disclosure, fully train and inform its employees on all the restrictions, terms and conditions under which it is permitted to use Franchisor's intellectual, proprietary and Confidential Information; and shall ensure its employees' compliance with such restrictions, terms and conditions. Franchisee, Franchisee's Principal(s), and any person working with Franchisee shall agree not, at any time to use, copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent.

19.1.3. The Manual, written directives, and other materials and any other confidential communications provided or approved by Franchisor shall at all times remain the sole property of Franchisor. Franchisee shall maintain the Manual and all Franchisor's confidential and proprietary materials at all times in a safe and secure location, shall take all reasonable measures to prevent unauthorized access thereto, whether any attempted unauthorized access takes the form of physical access or access via computer or telecommunications networks or otherwise, and shall report the theft or loss of the Manual, or any portion thereof, immediately to Franchisor. At a minimum, Franchisee shall, in the case of computer and telecommunications networks, use the latest available firewall, encryption and similar technology to prevent unauthorized access. Franchisee shall delete all electronic copies and return and cease using any physical copy of the Manual and other confidential and proprietary materials to Franchisor immediately upon request or upon transfer, termination or expiration of this Agreement.

19.1.4. Franchisor may from time to time revise the contents of the Manual and other materials created or approved for use in the operation of the Franchised Business. Franchisee expressly agrees to comply with each new or changed policy, standard or directive. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor shall control.

19.1.5. If Franchisee loses, misplaces or otherwise requests a physical copy of the Manual, Franchisor, in its discretion, may provide such physical copy and Franchisee shall pay Franchisor the then-current replacement fee.

19.2. Confidential Information. Franchisee along with its Principal(s) acknowledge and accept that during the term of this Agreement, Franchisee and any Principal will have access to Franchisor's trade secrets, including, but not limited to, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, costs, pricing, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; instructional materials; any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively referred to herein as the "Confidential Information"). Neither Franchisee nor any Principal shall, during the term of this

Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person or entity, and, following the expiration or termination of this Agreement, shall not use for their own benefit, any Confidential Information that may be communicated to Franchisee or any Principal or of which Franchisee or any Principal may be apprised in connection with the operation of the Franchised Business under the terms of this Agreement. Franchisee and any Principal shall not divulge and make any Confidential Information available to anyone other than those of Franchisee's employees who require the Confidential Information to operate the Franchised Business and who have themselves entered into confidentiality and non-compete agreements containing the same provisions as contained in this Agreement, in accordance with Section 19.10 hereof. Franchisee and any Principal shall not at any time copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent. The covenant in this Section 19.2 shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Franchisee and each Principal.

19.3. Protection of Information. Franchisee shall take all steps necessary, at Franchisee's own expense, to protect the Confidential Information and shall immediately notify Franchisor if Franchisee finds that any Confidential Information has been divulged in violation of this Agreement.

19.4. New Concepts. If Franchisee or any Principal develops any new concept, process, product, service, or improvement in the operation or promotion of the Franchised Business ("Improvements"), Franchisee is required to promptly notify Franchisor and provide Franchisor with all related information, processes, products or other improvements, and sign any and all forms, documents and/or papers necessary for Franchisor to obtain full proprietary rights to such Improvements, without compensation and without any claim of ownership or proprietary rights to such Improvements. Franchisee and any Principal acknowledge that any such Improvements will become the property of Franchisor, and Franchisor may use or disclose such information to other franchisees as it determines to be appropriate.

19.5. Noncompetition Covenants. Franchisee and each Principal specifically acknowledge that, pursuant to this Agreement, Franchisee and each Principal will receive valuable training, trade secrets and Confidential Information of the System that are beyond the present knowledge, training and experience of Franchisee, each Principal and Franchisee's employees. Franchisee and each Principal acknowledge that such specialized training, trade secrets and Confidential Information provide a competitive advantage and will be valuable to them in the development and operation of the Franchised Business, and that gaining access to such specialized training, trade secrets and Confidential Information is, therefore, a primary reason why Franchisee and each Principal are entering into this Agreement. In consideration for such specialized training, trade secrets, Confidential Information and rights, Franchisee and each Principal covenant that, except as otherwise approved in writing by Franchisor:

19.5.1. During the term of this Agreement, Franchisee and each Principal shall not, either directly or indirectly, for themselves or through, on behalf of, or in conjunction with, any person or entity (i) divert, or attempt to divert, any business, customer or referral source of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any custom closet or organizational business similar to the System; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Up Closets franchisees or Franchisor-affiliated outlets.

19.5.2. Upon the expiration or earlier termination of this Agreement or upon a Transfer and continuing for twenty-four (24) months thereafter, Franchisee and Principals shall not, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity (i) divert, or attempt to divert, any business, customer or referral source of the Franchised Business, Franchisor or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; or (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any custom closet or organizational services business within twenty-five (25) miles of the Territory or within fifty (50) miles of any Up Closets office location; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Up Closets franchisees.

19.6. Reasonableness of Restrictions. Franchisee and each Principal acknowledges and agrees that the covenants not to compete set forth in this Agreement are fair and reasonable and will not impose any undue hardship on Franchisee or Principal(s), since Franchisee or Principal(s), as the case may be, have other considerable skills, experience and education which afford Franchisee or Principal(s), as the case may be, the opportunity to derive income from other endeavors.

19.7. Reduction of Time or Scope. If the period of time or the geographic scope specified above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Paragraph 19 or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees to forthwith comply with any covenant as so modified.

19.8. Injunction. Franchisee and each Principal acknowledges that a violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Franchisee and each Principal hereby consents to the entry of an injunction prohibiting any conduct by Franchisee or any Principal in violation of the terms of the covenants not to compete set forth in this Agreement.

19.9. No Defense. Franchisee and each Principal expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section.

19.10. Covenants of Employees, Agents and Third Persons. Franchisee shall require and obtain execution of covenants similar to those set forth in this Section (including covenants applicable upon the termination of a person's employment with Franchisee) from all employees, contractors or third persons who will have access to Franchisor's confidential and proprietary information. Such covenants shall be substantially in the form set forth in Attachment 8 as revised and updated from time to time and contained in the Manual.

20. DISPUTE RESOLUTION.

20.1. Exclusive Dispute Resolution Mechanism. The parties shall resolve any dispute, controversy, or claim arising out of or relating to this Agreement, or the breach, termination or invalidity hereof (each, a "Dispute"), under the provisions of Sections 20.2 through 20.14. The procedures set forth in Article 20 shall be the exclusive mechanism for resolving any Dispute that may arise from time to time and Sections through 20.2 through 20.3 are express conditions precedent to binding arbitration or litigation of the Dispute.

20.2. Internal Dispute Resolution. Franchisee shall first submit any Dispute between the parties or any affiliates, and Franchisor's and their respective owners, officers, directors, agents, and employees, arising out of or relating to (a) this Agreement, including the scope or validity of this Agreement or any provision hereof, or (b) the relationship created by this Agreement, to Franchisor's president and/or chief executive officer for resolution. After providing notice that specifies, in detail, the precise nature and grounds of such Dispute, the parties shall first attempt in good faith to resolve any Dispute set forth in the dispute notice by negotiation and consultation between themselves. Franchisee agrees to meet with Franchisor in person at the then-current location of Franchisor's corporate headquarters (currently, Franklin, Tennessee). Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Dispute before a third party. This agreement to first attempt internal resolution of disputes internally shall survive termination or expiration of this Agreement. If the parties cannot resolve any Dispute, after the date of the in-person either party may initiate mediation under Section 20.3.

20.3. Mediation. Any Dispute that is not resolved pursuant to Section 20.2 hereof shall be submitted to non-binding mediation. Franchisee shall provide Franchisor with written notice of Franchisee's intent to pursue any unresolved Dispute, specifying in sufficient detail the subject of the dispute and the relief requested, prior to commencing any legal action. Either party may submit such Dispute to mediation. Mediation shall be conducted through a mediator in accordance with the American Arbitration Association Commercial Mediation Rules. Such mediation shall take place in the then-current location of Franchisor's corporate headquarters (currently, Franklin, Tennessee). The parties shall cooperate with one another in selecting a mediation service and shall cooperate with the mediation service and with one another in selecting a neutral mediator and in scheduling the mediation proceedings. The parties covenant that they will use commercially reasonable efforts in participating in the mediation. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorneys' fees incurred by either party) will be shared equally between the parties. Franchisor may specifically enforce Franchisor's rights to mediation, as set forth herein. If Franchisee does not submit its claim to mediation, this Agreement shall terminate.

The parties further agree that all offers, promises, conduct, and statements, whether oral or written, made in the course of the mediation by any of the parties, their agents, employees, experts, and attorneys, and by the mediator and any employees of the mediation service, are confidential, privileged, and inadmissible for any purpose, including impeachment, in any litigation, arbitration or other proceeding involving the parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation.

20.4. Arbitration as a Final Resort. If the parties cannot resolve any Dispute for any reason, including, but not limited to, the failure of either party to agree to enter into mediation or agree to any settlement proposed by the mediator, either party may commence binding arbitration in accordance with the provisions of set forth below.

20.4.1. Except Disputes (a) not subject to alternative dispute resolution as set forth in Section 20.5 or (b) for an amount greater than $100,000, any Dispute between Franchisor and Franchisee and/or any Principal arising out of or relating to this Agreement, the Exhibits hereto or any breach thereof, including any claim that this Agreement or any of its parts, is invalid, illegal or otherwise voidable or void, which has not been resolved in accordance with Sections 20.2 or 20.3, will be resolved by submission to the American Arbitration Association or its successor organization to be settled by a single arbitrator in accordance with the Commercial Arbitration Rules then in effect for such Association or successor organization.

20.4.2. All issues relating to arbitrability or the enforcement of the agreement to arbitrate contained in this Article 20 will be governed by the Federal Arbitration Act (9 U.S.C. §1 *et seq.*) and the federal common law of arbitration. All hearings and other proceedings will take place in Franklin, Tennessee, or the offices of the American Arbitration Association, or, if Franchisor so elects, in the county where the principal place of business of Franchisee is then located.

20.4.3. This arbitration provision is self-executing and will remain in full force and effect after expiration or termination of this

Agreement. Any arbitration will be conducted on an individual, and not a class-wide or multiple plaintiffs, basis. If either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against the party by default or otherwise, notwithstanding the failure to appear. Judgment upon an arbitration award may be entered in any court having jurisdiction and will be binding, final and not subject to appeal. No punitive or exemplary damages will be awarded against Franchisor, Franchisee, or entities related to either of them, in an arbitration proceeding or otherwise, and are hereby waived.

20.4.4. The provisions of this Section 20.4 are independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of the provisions are unlawful in any way, the court will modify or interpret the provisions to the minimum extent necessary to have them comply with the law.

20.4.5. In proceeding with arbitration and in making determinations hereunder, no arbitrator shall extend, modify, or suspend any terms of this Agreement or the reasonable standards of business performance and operation established by Franchisor in good faith. No notice, request or demand for arbitration shall stay, postpone, or rescind the effectiveness of any termination of this Agreement.

20.4.6. Except as expressly required by law, Franchisor, Franchisee and any Principal shall keep all aspects of any mediation and/or arbitration proceeding in confidence, and shall not disclose any information about the proceeding to any third party other than legal counsel who shall be required to maintain the confidentiality of such information.

20.5. Exceptions. Notwithstanding the requirements of Sections 20.2 or 20.3, the following claims shall not be subject to mediation or arbitration:

20.5.1. Franchisor’s claims for injunctive or other extraordinary relief;

20.5.2. disputes and controversies arising from the Sherman Act, the Clayton Act or any other federal or state antitrust law;

20.5.3. disputes and controversies based upon or arising under the Lanham Act, as now or hereafter amended, relating to the ownership or validity of the Marks;

20.5.4. disputes and controversies relating to actions to obtain possession of the premises of the Franchised Business; and

20.5.5. enforcement of Franchisee's post-termination obligations, including but not limited to, Franchisee's non-competition covenants.

20.6. Governing Law and Venue. This Agreement is made in, and shall be substantially performed, in the State of Tennessee. Any Disputes arising out of this Agreement shall be governed, enforced and interpreted pursuant to the laws of the State of Tennessee. Franchisee and its Principals, except where specifically prohibited by law, hereby irrevocably submit themselves to the sole and exclusive jurisdiction in in state courts in Williamson County, Tennessee and the United States District Court for the Middle District of Tennessee. Franchisee and its Principal(s) hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision.

20.7. Mutual Benefit. Franchisee, each Principal, if any, and Franchisor acknowledge the parties' agreement regarding applicable state law and forum set forth in Section 20.6 provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising hereunder. Each of Franchisee, Principal(s), and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

20.8. Jury Trial Waiver. FRANCHISOR AND FRANCHISEE EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER FRANCHISOR OR FRANCHISEE.

20.9. Waiver of Punitive Damages. EXCEPT FOR FRANCHISEE'S OBLIGATIONS TO INDEMNIFY FRANCHISOR PURSUANT TO SECTION 15.8 OF THIS AGREEMENT AND CLAIMS FOR UNAUTHORIZED USE OF THE MARKS, COPYRIGHTS OR CONFIDENTIAL INFORMATION OR FRANCHISEE OR ITS OWNERS', OFFICERS', DIRECTORS', EMPLOYEES' OR AGENTS' VIOLATION OF THE NONCOMPETITION COVENANTS, FRANCHISOR AND FRANCHISEE EACH WAIVE TO THE FULL EXTENT PERMITTED BY LAW ANY RIGHT TO, OR CLAIM FOR, ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER. FRANCHISOR AND FRANCHISEE ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THE PARTIES THAT IS SUBJECT TO THE LIMITATION OR EXEMPTION OF PUNITIVE DAMAGES, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

20.10. No Class Actions. FRANCHISEE WAIVES THE RIGHT AND OPTION, AND COVENANT NOT TO PARTICIPATE IN, ANY CLASS ACTION, MULTIPLE CLAIMANT, COUNTER CLAIMANT OR THIRD PARTY CLAIMANT CLASS ARBITRATION OR LITIGATION AGAINST FRANCHISOR OR ANY AFFILIATE. FRANCHISEE ACKNOWLEDGES THAT THE REMEDIES PROVIDED TO AND FOR IT UNDER THIS AGREEMENT ARE SUFFICIENT AND ACCEPTABLE TO FRANCHISEE AND PROVIDE AN APPROPRIATE MEANS TO SEEK REDRESS AGAINST FRANCHISOR FOR BREACH OF THIS AGREEMENT OR APPLICABLE LAW.

20.11. Injunctive Relief. Nothing herein contained (including, without limitation, Sections 20.1 through 20.4 above) shall bar Franchisor from the right to obtain immediate injunctive relief from any court of competent jurisdiction against threatened conduct by Franchisee that may cause Franchisor loss or damage, under the usual equity rules, including the applicable rules for obtaining specific performance, restraining orders, and preliminary injunctions.

20.12. Limitations of Claims. Any and all claims asserted by Franchisee arising out of or relating to this Agreement or the relationship among the parties will be barred unless a proceeding for relief is commenced within one (1) year from the date on which Franchisee knew or should have known of the facts giving rise to such claims.

20.13. Legal Fees. In the event of any action in law or equity by and between Franchisor and Franchisee concerning the operation, enforcement, construction or interpretation of this Agreement, the prevailing party in such action shall be entitled to recover reasonable attorneys' fees and court costs incurred, in addition to any other relief obtained by the prevailing party.

20.14. Survival. The provisions of this Article 20 shall continue in full force and effect notwithstanding the expiration or termination of this Agreement or a transfer by Franchisee or any Principal of their respective interests in this Agreement.

21. DEFINITIONS. Unless the context of their use in this Agreement requires otherwise, the following words and phrases have the following meanings when used in initially-capitalized form in this Agreement.

21.1. DMA means a Designated Market Area, as defined by Nielsen Media Research or its successors in interest from time to time. Franchisor may designate a substitute independent source for providing the boundaries of a single television advertising market in the Manual.

21.2. Effective Date means the date on this Agreement as the date on which Franchisee and Franchisor are legally bound under this Agreement, provided that if no such date is entered, then the Effective Date shall be the date on which Franchisor executes and delivers this Agreement.

21.3. Intellectual Property means the Marks, patents, copyrights, copyrightable material, ideas, concepts, inventions, know-how, trade secrets, service marks, trade dress, Confidential Information, and other proprietary information that Franchisor designate in written or electronic form or through usage from time to time as part of or prescribed for use with the System.

21.4. Manual means the manual or collection of materials in written or electronic form which Franchisor designate from time to time as containing the System Standards, specifications, procedures, policies, methods of operating the Franchised Business, other elements of the System and any information designated in this Agreement for inclusion or modification in the Operations Manual. "Manual" includes all books, pamphlets, memoranda, other publications and other written communications prepared by or on behalf of Franchisor for use by franchisees generally or for Franchisee in particular, setting forth information, advice, instructions or policies relating to the System and the operation of an Up Closets Business, as such may be amended from time to time. Nothing in the Manual is intended to disclaim the representations Franchisor made in the franchise disclosure document that Franchisor furnished to Franchisee.

21.5. Marks means the registered and unregistered distinctive and characteristic trade names, domain names, trademarks, service marks, logotypes, and trade dress elements that Franchisor or its affiliates may own and which are licensed to Franchisor for its use and its franchisee's use in connection with the System, including but not limited to those Marks listed in Attachment 1 attached hereto. Franchisor may designate additional Marks in written or electronic form or through usage from time to time as prescribed for use with the System.

21.6. Opening Date means the date Franchisee first begins advertising its Franchised Business to the public, after receiving Franchisor's consent to open.

21.7. Principal means any person (any individual or business entity, including (without limitation) corporation, joint venture, general partnership, limited partnership, limited liability company, or trust) that holds a direct or indirect equity ownership interest (including beneficial and record interests) in Franchisee.

21.8. System means the distinctive, unique and Marks and trade dress, products, presentation styles and services, know-how, methods of operation, identification, décor, furnishings, equipment, training, service, production, technology, marketing, advertising, promotion and development that Franchisor may designate in written or electronic form or through usage from time to time that define and distinguish a franchised business, including (without limitation) (1) plans and specifications for interior and exterior signs, designs, layouts and color schemes; (2) methods, techniques, formats, systems, product and service preparation instructions, specifications, procedures, information, trade secrets, sales and marketing programs; (3) methods of business operations and management; (4) System Standards; (5) the Manual; and (6) knowledge and experience regarding the operation and franchising of Up Closets businesses.

21.9. System Standards means the standards developing, equipping, managing and operating the Franchised Business and using the System published in the Manual and elsewhere, including but not limited to standards for design, furnishings, fixtures and equipment, use and display of Marks, operations, Technology and any other standards, policies, rules and procedures Franchisor promulgate about System operation and usage.

21.10. Vehicle means a vehicle Franchisee purchases or leases for the purpose of adapting it to the System Standards and using it in the operation of a Franchised Business.

22. ACKNOWLEDGEMENTS.

22.1. Independent Investigation. Franchisee and Principals acknowledge that, prior to executing this Agreement, they have conducted an independent investigation of the business franchised hereunder. Franchisee and Principals further acknowledge that the business venture contemplated by this Agreement involves business risks and that its success will be dependent upon the ability of Franchisee and Principals as independent businessmen. Franchisor expressly disclaims the making of, and Franchisee and each Principal acknowledges that he has not received, any representation, warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

22.2. Independent Advice. Franchisee and Principals acknowledge that they have received, have had an ample time to read and have read this Agreement and Franchisor's Disclosure Document and fully understand all of their respective provisions. Franchisee and Principals further acknowledge that they have had an adequate opportunity to be advised by advisors of their own choosing regarding all pertinent aspects of the business venture contemplated by this Agreement and the franchise relationship created hereby.

23. GENERAL.

23.1. Independent Contractor. Franchisee is and shall be an independent contractor under this Agreement, and no partnership shall exist between Franchisee and Franchisor. No fiduciary relationship is created or intended. Neither this Agreement nor the performance of the obligations set forth in this Agreement will operate to make Franchisee as an agent, legal representative, partner, or employee of Franchisor for any purpose whatsoever, and Franchisee is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisor. Franchisee agrees not to incur or contract any debt or obligation on behalf of Franchisor or commit any act, make any representation or advertise in any manner which may adversely affect any right of Franchisor or be detrimental to Franchisor or other franchisees of Franchisor. Pursuant to the above, Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorney's fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs or judgments against Franchisor arising out of any allegation of an agent, partner or employment relationship. Neither party will have any responsibility for the obligations of the other party.

23.2. Reserved Rights. Whenever Franchisor reserved in this Agreement a right to take or withhold an action, or are deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant Franchisee a right to take or omit an action, except as otherwise expressly and specifically provided in this Agreement, Franchisor may make its decision or exercise its rights, on the basis of the information readily available to Franchisor and its judgment of what is in its best interests and/or in the best interests of the its franchise network, at the time the decision is made, without regard to whether: (i) other reasonable alternative decisions or actions could have been made by us; (ii) its decision or action will promote its financial or other individual interest; (iii) its decision or the action Franchisor take applies differently to Franchisee and one or more other franchisees or its Franchisor-affiliated operations or outlets; or (iv) its decision or the exercise of its right or discretion is adverse to Franchisee's interests. In the absence of an applicable statute, Franchisor will have no liability to Franchisee for any such decision or action. Franchisor and Franchisee intend that the exercise of its right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties acknowledge that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of this Agreement and that this Agreement grants Franchisor the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations hereunder.

23.3. Reasonable Business Judgment. Franchisee and Franchisor agree that Franchisor may use its Reasonable Business Judgment in the exercise of its rights, obligations and discretion under this Agreement except where otherwise indicated. “Reasonable Business Judgment” means that its determination shall prevail even in cases where other alternatives are also reasonable so long as Franchisor intend to benefit or its actions or omissions could benefit the System. Examples of benefits to the System would include, without limitation, protecting or enhancing the value of the Marks, promoting economic efficiency or gain for the System, increasing customer satisfaction, increasing brand identification, or minimizing possible customer brand or location confusion. Franchisor shall not be required to consider Franchisee’s particular economic or other circumstances when exercising its Reasonable Business Judgment. At no time is Franchisee or any third party (including, but not limited to other franchise owners or any trier of fact) entitled to substitute your or its judgment for a judgment, which has been made by or on behalf of Franchisor which meets the definition of Reasonable Business Judgment. Franchisee and Franchisor agree that the long-term goals of a franchise system, and the long-term interests of both Franchisor and all the franchisees, taken together, require that Franchisor have the latitude to exercise its Reasonable Business Judgment.

23.4. Successors. This Agreement shall bind and inure to the benefit of the successors and assigns of Franchisor and shall be personally binding on and inure to the benefit of Franchisee (including the individuals executing this Agreement on behalf of the Franchisee entity) and its or their respective heirs, executors, administrators and successors or assigns; provided, however, the foregoing provision shall not be construed to allow a transfer of any interest of Franchisee or Principals in this Agreement or the Franchised Business, except in accordance with Article 16 hereof.

23.5. Invalidity of Part of Agreement. Should any provisions in this Agreement, for any reason, be declared invalid, then such provision shall be invalid only to the extent of the prohibition without in any way invalidating or altering any other provision of this Agreement.

23.6. Entire Agreement. This Agreement, including all attachments, is the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to Franchisee, except that nothing herein is intended to disclaim any representations made to Franchisee in Franchisor’s Franchise Disclosure Document.

23.7. Amendments. Franchisor may unilaterally amend Attachment 1 when a Mark registration issues and when a new Mark is added to the System, by transmittal to Franchisee. Franchisor may unilaterally amend any other Attachment as required to comply with applicable law, by transmittal of the updated Attachment to Franchisee. Except for the foregoing, no agreement of any kind relating to the matters covered by this Agreement and no amendment of the provisions hereof shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties.

23.8. Construction. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any provision herein may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Franchisee and any Principal shall be deemed to be joint and several covenants, agreements and obligations of each of the persons named as Franchisee, if more than one person is so named.

23.9. Captions. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.

23.10. Notices. Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified mail or courier, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective addresses as set forth in the introductory paragraph of this Agreement, or at such other address or addresses as the parties may from time to time designate in writing.

23.11. Effect of Waivers. No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Franchisee shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or of a different kind. Any use by Franchisee of the System or any part thereof at any place other than in the Territory shall not give Franchisee any rights not specifically granted hereunder. Failure to take action to stop such use shall not in any event be considered a waiver of the rights of Franchisor at any time to require Franchisee to restrict said use to the Territory.

23.12. Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Articles 17 and 18 shall not discharge or release Franchisee or any Principal from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

23.13. Consent to Do Business Electronically. The parties to the Franchise Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the State of Tennessee, the parties hereby affirm to each other that they agree with the terms of the Franchise Agreement, and by attaching their digital signature, including any DocuSign signature, to the Franchise Agreement, they are executing the document and intending to attach their digital signature to it. Furthermore, the parties acknowledge that the other parties to the Franchise Agreement can rely on a digital signature, including a DocuSign signature, as the respective party's signature.

23.14. No Liability. Franchisor and its affiliates and their respective officers, directors, employees and agents shall not be responsible or otherwise liable for any injury, loss, or damage resulting from, occasioned to or suffered by any person or to any property because of any goods or services sold or otherwise provided by them to Franchisee.

23.15. Right of Offset. Notwithstanding any other provision of this Agreement, upon the failure of Franchisee to pay Franchisor as and when due any sums of money, Franchisor may, at its election, deduct any and all such sums remaining unpaid from any monies or credit held by Franchisor for the account of Franchisee.

23.16. Franchisee Cannot Withhold. Franchisee agrees that it shall not, on grounds of the alleged non-performance by Franchisor of any of its obligations hereunder, withhold payment of any amounts owing to Franchisor or its affiliates pursuant to this Agreement or otherwise.

23.17. Joint and Several Liability. If two or more individuals, corporations, partnerships or other entities (or any combination of two or more thereof) shall sign or be subject to the terms and conditions of this Agreement as Franchisee or as a Principal, the liability of each of them under this Agreement shall be deemed to be joint and several.

23.18. Taxes. All payments provided for herein are exclusive of applicable sales taxes, good and services taxes and other like taxes imposed upon the provision of goods or services.

23.19. Applicable Taxes. Franchisee agrees to promptly pay when due all taxes levied or assessed by reason of its operation of the Franchised Business and its performance under this Agreement including without limitation sales or use taxes, business taxes and realty taxes.

23.20. Cross Default. Any default by Franchisee in the performance or observance of any of the terms and conditions of under any other agreement between Franchisor and Franchisee shall be deemed to be a default under this Agreement.

23.21. Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

23.22. Survival. Any obligation of Franchisee or any Principal that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or any Principal therein shall be deemed to survive such termination, expiration or transfer.

(Signatures Appear on Following Page)

The parties hereto have executed this Franchise Agreement on the day and year first above written.

FRANCHISOR:

UP CLOSETS FRANCHISING LLC

By: ____

Thomas Scott, Founder/CEO

FRANCHISEE:

By: ____

____
(Print Name)

ATTACHMENT 1

TRADEMARKS

Home Run Franchising LLC, or its successor, (“Licensor”) is the owner of the Marks and has granted us the exclusive right to use the Marks and license to others the right to use the Marks in the operation of an Up Closets outlet in accordance with the System. The Franchise Agreement grants you the right to operate your Franchised Business under Up Closets Marks, as described below.

Licensor has registered the following Marks on the Principal Register of the United States Patent and Trademark Office:

Mark	Registration Number	Registration Date	Register
Up Closets UPGRADE YOUR SPACE	7,590,223	December 3, 2024	Principal
Up Closets	7,590,082	December 3, 2024	Principal

ATTACHMENT 2

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION

Authorization Form

This form **MUST** be accompanied by a **Printed Voided Check or Bank Letter**

Add ☐ Delete ☐ Change ☐

Company Name:____
Address:____
City:______________________________State:_______Zip:________
Phone:______________________________

Funds Settlement Information

Bank Name:____
Account Owner:____
Account Name:____
Address:____
City:______________________________State:_______Zip:________
Routing # (9 digits)_________________________
Account #________________________________

___________________________________ (hereinafter referred to as User) authorizes Up Closets Franchising LLC ("Up Closets") to initiate ACH transfer entries and to credit and/or debit the account identified herein. Such credits and/or debits shall take place on a [RECURRING TIME PERIOD] basis with a minimum amount of $______ and a maximum amount of $______ per transaction. Such minimum and maximum amounts may be amended at any time by any written notice from User to Up Closets. This authorization shall remain in effect unless and until Up Closets receives written notification from User that this authorization has been terminated in such time and manner to allow Up Closets to act. Undersigned represents and warrants to Up Closets that the person executing this form is an authorized signatory on the Account referenced above and all information regarding the Account and Account Owner is true and correct.

____ / / ______
Account Owner Signature Date

____
Print Name and Title

ATTACH PRE-PRINTED VOIDED CHECK OR BANK LETTER

ATTACHMENT 3

GENERAL RELEASE

GENERAL RELEASE FOR TRANSFER

This General Release (the "Release") is made as of the ____ day of ____________, 20___ ("Termination Date") by and between ____________________, a ______________________ (the "Franchisee") and Up Closets Franchising, LLC, a Tennessee limited liability company ("Franchisor").

WHEREAS, Franchisee is a party to a certain Franchise Agreement dated _______, 20___ (the "Franchise Agreement") by and between Franchisee and Franchisor; and

WHEREAS, Franchisee desires to sell and assign the Franchise Agreement or transfer the Franchised Business (as defined in the Franchise Agreement) to a third party in accordance with the transfer provisions of the Franchise Agreement, and Franchisor has approved the application of the transferee to succeed to and become the franchisee of the Franchised Business; and

WHEREAS, the Franchise Agreement requires that, as a condition to any transfer (as defined in the Franchise Agreement) under the Franchise Agreement, Franchisee and the transferee must first execute a general release of all claims in favor of Franchisor.

NOW, THEREFORE, for and in consideration of the premises and of the mutual agreements contained herein, the parties covenant and agree as follows:

1. Release of Franchisor. Franchisee hereby releases and forever discharges Franchisor, any subsidiary or affiliate of Franchisor, their respective officers, directors, members, employees, agents, contractors and their respective successors, assigns, heirs and personal representatives from any and all claims, demands, rights and causes of action of any kind that Franchisee now has or hereafter may have on account of or in any way arising out of or related to the offer, sale, administration, performance, default, assignment and termination of the Franchise Agreement. Franchisor and Franchisee mutually intend that this Release shall include, without limitation, claims, demands and causes of action arising out of alleged misrepresentations of any kind or nature whatsoever, alleged breaches of contract (based upon implied, express, estoppel, waiver, or alternative theories of contractual obligation), or breach of any alleged special, trust, agency or fiduciary relationship, whether asserted or proposed to be asserted by way of claim, setoff, affirmative defense, counterclaim, cross-claim or third party claim.

2. No Release of Franchisee. Franchisee is not released from any duty or obligation imposed upon Franchisee by the Franchise Agreement, provided that upon assignment and assumption of the Franchise Agreement by the authorized transferee and delivery of all of the documents and fees required by Franchisor as a condition to the assignment or transfer of the Franchised Business, Franchisee shall have no liability or obligation with respect to any breach of the Franchise Agreement by the transferee arising after the date of transfer or assignment.

3. Survival of Obligations. Franchisee and Principal(s) each acknowledge that its obligations under the Franchise Agreement with respect to indemnification, audits (as to accounting periods prior to the Termination Date) and confidentiality of materials disclosed while the Franchise Agreement was in effect, and any other provision that specifies it survives

termination of the Franchise Agreement all remain in full force and effect. Franchisee and Principal(s) shall contact Franchisor regarding any questions on such surviving obligations. For purposes of this Release, "Confidential Materials" means all materials in all forms, including electronically stored information, that was disclosed to Franchisee and Principal(s) in confidence, contains confidential information as described in the Franchise Agreement, including without limitation all customer information subject to any privacy requirements, or by the facts and circumstances attending disclosure, should be considered confidential and proprietary.

4. Non-Competition Covenants. Notwithstanding the foregoing, the post-termination termination covenants against competition set forth in Section 19 of the Franchise Agreement shall be in full force and effect from the Termination Date until their stated expiration date.

5. No Violation of Applicable Law. Notwithstanding the foregoing, this Release does not apply to any claim or cause of action arising under laws governing the offer and sale of franchises to Franchisee or the relationship between Franchisee and Franchisor if the Release would violate or is prohibited by such applicable law.

6. Representations and Warranties. Franchisee and Principal(s) each represent and warrant to Franchisor that: (a) Franchisee has reported the net sales of the Franchised Business accurately and correctly calculated the fees due during the Term of the Franchise Agreement; (b) Franchisee, Principal(s) and Franchisee's employees, contractors and agents have not used, disclosed or made unauthorized copies of any Confidential Materials, or shared any access codes to electronic information and secure web sites of Franchisor in violation of the Franchise Agreement; (c) no consent of any third party is required for Franchisee to enter into or perform this Release; (d) Franchisee or Principal(s) have not filed a lawsuit or arbitration demand against Franchisor, its parent companies or affiliates and have not filed a proceeding, complaint or notice regarding this franchise or Franchisor with any federal, state or local regulatory or law enforcement agency, including without limitation the Federal Trade Commission regarding the Franchise Agreement; (e) Franchisee or Principal(s) are not the subject of any pending bankruptcy, receivership, composition, assignment or similar proceeding; (f) Franchisee has obtained the necessary equity owner and governance board authorization to execute and perform this Release; and (g) the persons negotiating and executing this Release on Franchisee's behalf have been duly authorized by its owners and its governance board.

7. Confidentiality. Each party hereto and their respective counsel, representatives and agents agrees that they will not disclose any of the terms of this Release. The parties and their respective counsel, representatives and agents are not, however, precluded from disclosing the terms of the Release to their attorneys, accountants, tax preparers, paid financial advisors or any governmental, regulatory or judicial authority which might compel the disclosure of this Release. Notwithstanding the foregoing, if any of the parties is served with a subpoena or other governmental or judicial process seeking to compel the disclosure of this Release, it shall be the responsibility of the party that receives the subpoena or other governmental or judicial process to notify all other parties to this Release within 72 hours of receipt, thus affording the other parties to this Release an opportunity to move to quash the subpoena or oppose the entry of any order seeking to compel the disclosure of this Release. Additionally, in the event it becomes necessary to file this Release with a court in any future enforcement action between the parties, the parties hereby agree to apply jointly for leave to file this Release under seal.

8. Future Conduct. Franchisee, on behalf of itself and its owners, agents, contractors, officers, managers, and directors, and the Principals (collectively, "Franchisee's Representatives") expressly covenant and agree that each of them shall not, at any time, either orally or in writing or through any other medium (including without limitation through any social media outlet, posting, blog or comment), or any other form of communication, (i) disparage, defame, impugn, assail or criticize the reputation, integrity, professionalism or conduct of the Franchisor or its officers, directors, managers, owners, agents, contractors and employees (collectively, "Franchisor's Representatives,") the franchisees of Franchisor, or any of their representatives, (ii) pursue or promote any action to encourage any of Franchisor's Franchisees to (1) abandon or terminate their franchise, (2) not pay amounts due to Franchisor, (3) not perform under any Franchise Agreement, or (4) not support the Franchisor or any of its programs in any way; or (iii) voluntarily testify or appear as a witness, consultant or expert, or participate as an adverse party to Franchisor, in any civil litigation, arbitration or dispute resolution proceeding against Franchisor or any of Franchisor's Representatives related to the franchise, the business of Franchisor or the System, Franchisee's Representatives may answer truthfully to any inquiry received from a governmental authority or in response to any lawful discovery or subpoena issued in any civil or criminal proceeding. The Franchisee's Representatives and the Franchisor's Representatives will treat each other with mutual respect. Franchisor and the Franchisor's Representatives covenant and agree not to disparage, defame, impugn, assail or criticize the reputation, integrity, professionalism or conduct of Franchisee and the Principals in connection with this franchise. The parties acknowledge that monetary damages may not be sufficient to provide redress to an aggrieved party if the other party breaches this Section, so the parties consent to the entry of injunctive relief to prevent any breach or continuing breach of this Section.

9. Consultation with Counsel. Franchisee and Principal(s) acknowledge that each of them has consulted with, or had the opportunity to consult with, legal counsel of their own selection about this Release. Franchisee and Principal(s) each understand how this Release will affect your legal rights and voluntarily enter into this Release with such knowledge and understanding.

10. Governing Law; Consent to Jurisdiction. This Release will be governed by and interpreted under Tennessee law. The parties hereby consent and waive all objections to the non-exclusive personal jurisdiction of, and venue in, the United States District Court for the Middle District of Tennessee and Tennessee state courts situated in Davidson County, Tennessee for the purposes of all cases and controversies involving this Release and its enforcement, and the Franchise Agreement.

11. Attorneys' Fees. The parties agree that the non-prevailing party will pay all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party to enforce this Release or collect amounts owed under this Release.

12. Capitalized Terms. Capitalized terms not otherwise defined in this Release shall have the meaning assigned to that term in the Franchise Agreement, including its addenda and amendments.

13. Execution in Counterparts. To facilitate execution of this Release by geographically separated parties, this Release and all other agreements and documents to be executed in connection herewith may be executed in as many counterparts as may be required; and it shall not be necessary that the signatures on behalf of each party appear on each counterpart; but it shall be sufficient that the signature on behalf of each party appear on one or more of the counterparts. All counterparts shall collectively constitute a single agreement. It shall not be necessary in making proof of this Release to produce or account for more than a number of counterparts containing the respective signatures on behalf of all the parties hereto. All facsimile executions shall be treated as originals for all purposes.

14. Entire Agreement. This Release constitutes the entire understanding and agreement between the parties with respect to the Franchised Business and the termination of the Franchise Agreement. This Release may not be changed or modified, except by a writing signed by the parties hereto.

(Signatures Appear on Following Page)

IN WITNESS WHEREOF, the parties hereto have executed this Release as of the date and year first above written.

FRANCHISEE:

____

By: _________________________________

Printed Name: _________________________

Title: ________________________________

FRANCHISOR:

UP CLOSETS FRANCHISING LLC

By:__________________________________

Printed Name: Thomas Scott

Title: Founder, CEO

PRINCIPALS:

____

Printed Name: _________________________

____

Printed Name: _________________________

____

Printed Name: _________________________

ATTACHMENT 4

STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE/ENTITY

1. Address and Contact Information of Franchisee:

2. Initial Franchise Fee: ☐ $39,000 ☐ $78,000 ☐ $117,000

3. Owners:

Principal Name and Position held in Franchisee	Address	Telephone	Email	❖ Percentage Ownership

❖ Must add to 100%

* Principal has the authority to bind the Franchisee.

ATTACHMENT 5

INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT

THIS INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT (the "Agreement") is made and entered into this day of ____ (the "Effective Date") by and between Up Closets Franchising LLC a Tennessee limited liability company (the "Franchisor"), and ____, an individual residing at ____ ("Franchisee").

WHEREAS, Franchisee desires to enter into a franchise agreement with Franchisor for an Up Closets business ("Franchise Agreement") which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, and use telephone listings linked to Up Closets brand.

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. Internet Advertising and Telephone Accounts

2.1 Interest in Web Sites, Social Media Accounts and Other Electronic Listings. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet web sites, and the right to hyperlink to certain web sites and listings on various internet search engines (collectively, "Electronic Advertising") related to the Franchised Business or the Marks.

2.2 Interest in Telephone Numbers and Listings. Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, social media companies, and other listing agencies (collectively, the “Internet Companies”) with which Franchisee has Internet Web Sites, Social Media Accounts and other Listings: (i) to transfer all of Franchisee’s Interest in such Internet Web Sites, Social Media Accounts and other Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Internet Web Sites, Social Media Accounts and other Listings, Franchisee will immediately direct the Internet Companies to terminate such Internet Web Sites, Social Media Accounts and other Listings or will take such other actions with respect to the Internet Web Sites, Social Media Accounts and other Listings as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Franchisee has Telephone Numbers and Listings: (i) to transfer all Franchisee’s Interest in such Telephone Numbers and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Numbers and Listings or will take such other actions with respect to the Telephone Numbers and Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact with full power and authority in Franchisee’s place and stead, and in Franchisee’s name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet Companies to transfer all Franchisee's Interest in and to the Internet Web Sites, Social Media Accounts and/or other Listings to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Internet Web Sites, Social Media Accounts and/or other Listings;

2.4.2 Direct the Telephone Companies to transfer all Franchisee's Interest in and to the Telephone Numbers and Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Numbers and Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee's Interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet Companies and the Telephone Companies have duly transferred all Franchisee's Interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and/or Telephone Listing. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. Miscellaneous

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the state of Tennessee, without regard to the application of Tennessee conflict of law rules.

(Signatures Appear on Following Page)

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

UP CLOSETS FRANCHISING LLC

By: ____

Thomas Scott, Founder/CEO

FRANCHISEE:

By: ____

____
(Print Name)

ATTACHMENT 6

CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Confidentiality and Non-Compete Agreement (the "Agreement") is made and entered into this day of ________________________, by _________________________ ("Franchisee"), a franchisee of Up Closets Franchising LLC, a Tennessee limited liability company ("Franchisor"), and ________________, an individual ("Covenantor") in connection with a Franchise Agreement dated.

WHEREAS, Franchisee and Franchisor are parties to a franchise agreement dated _____________, 20__ (the "Franchise Agreement"), whereby Franchisor has granted Franchisee the right to use certain trademarks, including, the registered trademark "Up Closets" and design mark, and certain proprietary products, services, promotions and methods (the "System") for the establishment and operation of an Up Closets franchise (the "Franchised Business");

WHEREAS, in connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the confidential information, knowledge, know-how, techniques, contents of the Up Closets operations manual and other materials used in or related to the System and/or concerning the methods of operation of the System (collectively referred to as "Confidential Information");

WHEREAS, the Confidential Information provides economic advantages to Franchisor and licensed users of the System, including Franchisee;

WHEREAS, Franchisee has acknowledged the importance of restricting the use, access and dissemination of the Confidential Information, and Franchisee therefore has agreed to obtain from Covenantor a written agreement protecting the Confidential Information and further protecting the System against unfair competition; and

WHEREAS, Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

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

1. Confidentiality Agreement.

a. Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of his or her employment by or association with Franchisee in connection with the operation of a Franchised Business under the Franchise Agreement.

b. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor's express written permission.

c. Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except, and only then to the limited extent necessary, to those employees of Franchisee for training and assisting such employees in the operation of the Franchised Business.

d. Covenantor shall surrender any material containing some or all of the Confidential Information to Franchisee or Franchisor, upon request, or upon termination of employment or association with Franchisee.

e. Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the System.

f. Covenantor agrees that no Confidential Information may be reproduced, in whole or in part, without written consent.

2. Covenants Not to Compete.

a. In order to protect the goodwill and unique qualities of the System, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor further agrees and covenants that during Covenantor's employment or association with Franchisee, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business, customer or referral source of the Franchised Business or of other Up Closets franchisees in the System to any competitor, by direct or indirect inducement or otherwise,

(ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any closet or organizational services substantially similar to the System.

b. In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the goodwill and unique qualities of the System, Covenantor further agrees and covenants that, upon the termination of Covenantor's employment or association with Franchisee and continuing for twenty-four (24) months thereafter, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business, customer or referral source of the Franchised Business or of other franchisees in Up Closets System to any competitor, by direct or indirect inducement or otherwise,

(ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any residential closet or organizational services business within the within twenty five (25) miles outside of the boundaries of the Franchisee's Territory or within twenty five (25) miles of any Up Closets office location.

c. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor.

d. If the period of time or the geographic scope specified Section 2.b. above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement or any portion thereof, without Covenantor's or Franchisee's consent, effective immediately upon receipt by Covenantor of written notice thereof, and Covenantor agrees to forthwith comply with any covenant as so modified.

3. General.

a. Franchisee shall take full responsibility for ensuring that Covenantor acts as required by this Agreement.

b. Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisee is obligated to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies that are made available to it at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

c. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

d. Any failure Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

e. THIS AGREEMENT SHALL BE INTERPRETED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TENNESSEE. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF OR HERSELF TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS OF TENNESSEE. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON COVENANTOR IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY THE LAWS OF SUCH STATE OR FEDERAL LAW. COVENANTOR FURTHER

AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE IN THE STATE OF TENNESSEE; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION THAT INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE THAT HAS JURISDICTION.

f. The parties agree that each of the foregoing covenants contained herein shall be construed as independent of any other covenant or provision of this Agreement.

g. Covenantor acknowledges and agrees that each of the covenants contained herein will not impose any undue hardship on Covenantor since Covenantor has other considerable skills, experience and education which affords Covenantor the opportunity to derive income from other endeavors.

h. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

i. All notices and demands required to be given hereunder shall be in writing and shall be delivered personally or by certified or registered mail, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or the date delivery is refused. All such notices shall be addressed to the party to be notified at the following addresses:

If directed to Franchisee:

____

____

If directed to Covenantor:

____

____

Any change in the foregoing addresses shall be affected by giving written notice of such change to the other parties.

j. Franchisor is an intended third-party beneficiary of this Agreement, and Franchisor may take whatever action it deems necessary to enforce Covenantor's obligations hereunder. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns.

k. The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor, without the prior written consent of Franchisor.

(Signatures Appear on Following Page)

IN WITNESS WHEREOF, the undersigned have entered into this Confidentiality and Non-Compete Agreement as witnessed by their signatures below.

FRANCHISEE:

____

By: ________________________________

Name:______________________________

COVENANTOR:

____

Name:______________________________

ATTACHMENT 7

RECEIPT OF OPERATIONS MANUAL AND CONFIDENTIALITY AGREEMENT

RECEIPT FOR OPERATIONS MANUAL

The undersigned franchisee ("Franchisee") acknowledges receipt of Up Closets Franchising LLC Operations Manual No. ______ and/or receipt of access codes and instructions to access the on-line version of the Operations Manual. The Operations Manual is being loaned, and access is being granted, to Franchisee under the Franchise Agreement between Franchisee and Up Closets Franchising LLC ("Company"). Franchisee expressly agrees as follows:

1. Operations Manual. If the Operations Manual is misplaced, destroyed (in whole or in part), or otherwise lost, the Franchisee must pay for a replacement Operations Manual from the Company at a cost of $500.00 and must sign a new receipt. The Franchisee shall not copy or otherwise reproduce any portion of the Operations Manual. The Operations Manual shall not be removed from the premises of the Location identified in the Franchise Agreement. The Franchisee shall not loan or disclose the Operations Manual to any third party. The Franchisee shall not communicate, transmit, describe, summarize, or otherwise convey the information contained in the Operations Manual, in whole or in part, to any third party not employed by the Franchisee to operate the Franchised Business. The Operations Manual shall at all times remain the property of the Company, its successors and assigns.

2. Confidentiality Agreement. The Franchisee acknowledges that the Franchisee will receive certain confidential information and knowledge contained in the Operations Manual that is the subject of confidentiality obligations in the Franchise Agreement. When the Franchise Agreement with the Company terminates for any reason, the Franchisee promptly shall surrender to the Company the Operations Manual identified above, along with all papers, documents, writings and other property produced to the Franchisee or coming into the Franchisee's possession by or through the relationship with the Company and related in any way to the confidential information. All of the foregoing materials shall remain the property of the Company, its successors, or its assigns.

3. Indemnification and Injunctive Relief. The Franchisee's obligations to indemnify the Company and accept injunctive relief described in the Franchise Agreement shall apply to breaches of Franchisee's undertakings regarding the Operations Manual

4. Supplement to Franchise Agreement. This Receipt is a supplement and subject to the Franchise Agreement in all respects.

Executed and delivered this _____ day of ________________________, 20__.

FANCHISEE:

____

____
Signature

____
Printed Name

____
Title:

ATTACHMENT 8

FORM OF NON-DISCLOSURE AND NON-USE AGREEMENT

NON-DISCLOSURE AND NON-USE AGREEMENT

THIS NON-DISCLOSURE AND NON-USE AGREEMENT (the "***Agreement***") is made and given to Up Closets Franchising LLC, a Tennessee limited liability company, for the collective benefit such entity and its affiliates (collectively, "***Company***"), by the undersigned, as of the date set forth below.

BACKGROUND:

In conjunction with exploration of a potential business relationship between the undersigned and the Company (the "***Purpose***"), the undersigned has need of, may become aware of, and/or may come into possession of (i) financial information, business plans, information about the Company's business and/or other non-public information and trade secrets that Company considers confidential or proprietary, (ii) information about a customer of Company that is non-public, confidential, or proprietary in nature, and/or that is protected by law or by order of a court, arbitrator, or other such authority, and/or (iii) information and property held by Company pursuant to a contractual or fiduciary relationship. Company is willing to disclose to the undersigned, or permit the disclosure to the undersigned of, such information and property only upon receipt of the assurances contained within this Agreement, and the undersigned is willing to give such assurances.

NOW, THEREFORE, in consideration of the recitals above and other good and valuable consideration, the undersigned hereby agrees as follows:

1. <u>Definition of Confidential Information</u>

"***Confidential Information***" means any information of any type in any form that (i) is disclosed to or observed or obtained by the undersigned from Company (or from a person the recipient knows or reasonably should assume has an obligation of confidence to Company) in the course of, or by virtue of, the Purpose and (ii) either is designated as confidential or proprietary in writing at the time of such disclosure or within a reasonable time thereafter (or, if disclosure is made orally or by observation, is designated as confidential or proprietary orally by the person disclosing or allowing observation of the information) or is of a nature that the recipient knew or reasonably should have known, under the circumstances, would be regarded by the owner of the information as confidential or proprietary.

For purposes of this Agreement, however, the term "Confidential Information" specifically shall not include any portion of the foregoing (other than information about the health or financial status of any person) that (i) was in the undersigned's possession or knowledge at the time of disclosure and that was not acquired directly or indirectly from Company, (ii) was disclosed to the undersigned by a third party not having an obligation of confidence of the information to any person or body of which the undersigned knew or that, under the circumstances, the undersigned reasonably should have assumed to exist, or (iii) is or becomes (other than by the act or omission of the undersigned) a part of the public domain not under seal by a court of competent jurisdiction.

In the event of any ambiguity as to whether information is Confidential Information, the foregoing shall be interpreted strictly and there shall be a rebuttable presumption that such information is Confidential Information.

Without limiting any other provisions of this Agreement or granting by implication any rights with respect to any particular item, and whether or not otherwise meeting the criteria described herein, the following shall be deemed conclusively to be Confidential Information: (i) all information that the recipient knows or reasonably should know is a trade secret pursuant to applicable law; (ii) any notes, compilations, analyses, or other materials created by or on behalf of the undersigned that contain, describe, or refer to information that is Confidential Information of Company; and (iii) to the extent not generally known to the public or to third parties in the relevant industry, (A) all data, documents, flow charts, logic diagrams, design concepts, technical information, processes, standards, specifications, improvements, inventions, procedures, know-how, formulae, algorithms, source and executable codes, scripts, file layouts, database arrangements, test materials, business concepts and methods, financial information, recipes and preparation instructions for menu items, ingredients, new menu items and the like, sales and marketing information, development plans, business plans, strategies, forecasts, customer lists, customer data, supplier lists, supplier contract and arrangement terms, non-obvious restaurant design, décor, and organization elements, and passwords, entry codes, access sequences, or the like of the Company, (B) all information and property that the recipient knows or reasonably should assume is possessed by Company through a contractual or fiduciary relationship with a third party (including without limitation property possessed or accessible pursuant to a license or other contractual arrangement, information regarding the business of Company's customer or prospective customer, the identity of any third party in a confidential relationship with Company, and information about the health or financial status of any person), and (C) this Agreement (other than the fact of its existence), the identity of Company as a party to this Agreement, and the fact of the parties' Purpose.

Any information otherwise meeting the foregoing definition of "Confidential Information" that was received by the undersigned prior to the date of this Agreement but preliminary to or in contemplation of this Agreement or the Purpose shall be deemed to be Confidential Information.

2. <u>Non-Disclosure of Confidential Information</u>

Except as otherwise specifically authorized by Company in writing, the undersigned shall keep all Confidential Information disclosed to it strictly confidential and shall not disclose (or permit the disclosure by any of its employees, contractors, or agents of) any Confidential Information except as expressly approved in writing by Company or as otherwise permitted under this Agreement; provided, however, that the undersigned may disclose appropriate portions of Confidential Information to those of its employees, contractors, agents, and professional advisors who have a substantial need to know the specific information in question in connection with the Purpose so long as all such persons (i) have been instructed that such Confidential Information is subject to the obligation of confidence set forth by this Agreement and (ii) are bound either by contract, employment policies, or fiduciary or professional ethical obligation to maintain such information in confidence. The foregoing notwithstanding, in the event the undersigned becomes legally compelled to disclose any Confidential Information, the undersigned shall provide Company with prompt notice thereof so that Company may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. If such protective order or other remedy is not obtained, or if Company waives compliance with the provisions of this Agreement, the undersigned agrees to furnish only the portion of the Confidential Information that it is legally required to disclose, as advised by written opinion of counsel. The undersigned also shall exercise its best efforts to obtain reasonable, reliable assurance that confidential treatment as provided in this Agreement will be accorded to the Confidential Information so disclosed.

3. <u>Non-Use of Confidential Information</u>

The undersigned shall not, in any manner or at any time, use or authorize the use of any Confidential Information except as is necessary to effectuate the purposes of the Purpose.

4. <u>Security of Confidential Information</u>

In addition to any other restrictions or obligations imposed at law, the undersigned will maintain all Confidential Information under secure conditions, using reasonable security measures and in any event not less than the same security procedures used by the undersigned for the protection of its own Confidential Information of a similar kind.

5. <u>Copying of Confidential Information.</u>

Except as otherwise specifically authorized by Company in writing, the undersigned shall not copy or otherwise reproduce any part of any Confidential Information, nor attempt to do so, other than as is necessary to effectuate the purposes of the Purpose. Any embodiments of Confidential Information that may be generated by the undersigned, either pursuant to or in violation of this Agreement, will be deemed the Confidential Information of Company.

6. Proprietary Legends

Except as otherwise specifically authorized by Company in writing, the undersigned shall not remove, obscure, or deface on or from any embodiment of any Confidential Information any proprietary legend relating to Company's rights.

7. Compliance with Export Restrictions

The undersigned shall comply with all applicable laws, regulations, and restrictions relating to the use, handling, disclosure, export, and transfer of the Confidential Information. The undersigned warrants that no technical data furnished to it by Company will be exported from the United States, including without limitation disclosing technical data to a foreign firm, foreign government, or foreign national not lawfully admitted to the United States as a permanent resident, without first (i) obtaining the express written consent of Company in its sole discretion and (ii) complying with all applicable requirements of the International Traffic in Arms Regulations and the Export Administration Act, including without limitation the requirement for obtaining any export license or other approval, if applicable. The undersigned shall not submit any request for authority to export any such technical data without the express written consent of Company in its sole discretion.

8. Term

The obligations of the undersigned pursuant to this Agreement shall continue until three years following the last date that Confidential Information is disclosed to or observed or obtained by the undersigned pursuant to this Agreement; provided, however, that the obligations of the undersigned pursuant to this Agreement with respect to Confidential Information that the recipient knows or reasonably should know is a trade secret pursuant to applicable law shall continue for as long as such information remains a trade secret; and provided, further, that the obligations of the undersigned pursuant to Section 2 of this Agreement shall continue indefinitely.

9. Acknowledgment of Rights

The undersigned acknowledges that, as between Company and the undersigned, all Confidential Information shall be and remain exclusively the property of Company. Nothing contained in this Agreement shall be construed as granting to or conferring upon the undersigned any right, by license or otherwise, expressly or by implication, in respect of any Confidential Information or any applications thereof.

10. No Warranties

The undersigned acknowledges that Company makes no representation or warranty as to the Confidential Information disclosed hereunder, including without limitation any representation or warranty as to accuracy, completeness, or relevance, and any implied such representations and warranties are hereby disclaimed. Company shall have no liability to the undersigned for any use of Confidential Information by the undersigned.

11. Return or Destruction of Confidential Information

At any time or times as may be requested by Company, and in any case within 10 days following the end of the Purpose, the undersigned shall return or permanently and securely destroy all copies and other physical embodiments of the Confidential Information in its possession or under its control and permanently and securely delete any electronic embodiments of the Confidential Information from its computers and storage devices and media. Upon request of Company, the undersigned shall deliver a certificate of an officer of the undersigned that all such Confidential Information has been returned or destroyed.

12. Injunctive Relief

The undersigned acknowledges that the Confidential Information has been and is developed and obtained by Company with considerable effort and expense or subject to legal obligations regarding its confidentiality, that the

Confidential Information is unique, secret, and valuable to Company, and that any unauthorized use of Confidential Information by the undersigned, or any disclosure of the same to any third party other than as permitted under this Agreement, would be wrongful, may violate law, and would cause irreparable injury to Company. The undersigned further acknowledges that any breach of this Agreement would cause irreparable harm to Company for which an award of money damages alone would not be an adequate remedy, and the undersigned therefore agrees that Company shall be entitled to specific performance and immediate preliminary and permanent injunctive relief without bond, without the need of proof of actual damages, and without prejudice to any other rights or remedies to which Company may be entitled as a result of a breach of this Agreement. Company shall be entitled to reasonable attorney's fees and costs incurred by it in enforcing its rights under this Agreement. Nothing in this Agreement is intended to or shall be interpreted as diminishing or otherwise limiting Company's rights under applicable law to protect its Confidential Information.

13. No Partnership; No Commitment; No Exclusivity

Except as expressly set forth in a separate written agreement between the undersigned and Company, nothing contained in this Agreement or in any discussions undertaken or disclosures made pursuant hereto shall (i) create any partnership or joint venture as between the undersigned and Company; (ii) be deemed a commitment by the undersigned or Company to engage in any business relationship, contract, or future dealing with of for the benefit of the other, or (iii) limit the right of the undersigned or Company to conduct discussions or engage in any undertaking, whether similar to or different from the Purpose, so long as such discussions or undertaking do not violate this Agreement.

14. Other Provisions

This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee (other than its conflicts of law provisions) and venue shall be exclusive in the federal or state courts sitting in Davidson County, Tennessee. If any provision of this Agreement is deemed invalid or unenforceable, such provision shall be deemed limited by construction in scope and effect to the minimum extent necessary to render the same valid and enforceable. This Agreement, including any exhibits referred to in this Agreement, all of which form a part hereof, contains the entire understanding of the undersigned and Company with respect to its subject matter. This Agreement may be amended only by a written instrument duly executed by the undersigned and Company. No failure or delay in the exercise of any power, right, or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right, or privilege preclude the further exercise thereof or of any other right, power, or privilege. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

(Signatures Appear on Following Page)

IN WITNESS WHEREOF, the undersigned has caused this Agreement to be executed by him/herself or its duly authorized representative as of the date shown below.

____

Name:________________________________

UP CLOSETS FRANCHISING LLC

By: ________________________________
Thomas Scott, Founder/CEO

ATTACHMENT 9

ADDENDA REQUIRED BY CERTAIN STATES

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE CALIFORNIA FRANCHISE INVESTMENT LAW

This "Addendum" is made and entered into by and between Up Closets Franchising LLC, a Tennessee limited liability company ("we", "our" or "us"), as franchisor and __________________, a ________________ ("you"), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

1. This Addendum applies to your Franchise Agreement if and only if (i) your Franchised Location is in the State of California, or (ii) you are domiciled in the State of California.

2. The California Franchise Relations Act, Business and Professions Code Sections 20000 to 20044 (**"**CFRA**"**), provides you with certain rights on termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the CFRA, the CFRA will control.

3. California Corporations Code, Section 31125 requires us to give you a disclosure document approved by the Department of Financial Protection and Innovation prior to solicitation of a proposed material modification of an existing franchise.

4. Our right to terminate pursuant to Section 17 of the Franchise Agreement if Franchisee commences bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C.A. 101 et seq.).

5. Section 18.1.7 of the Franchise Agreement contains liquidated damages clauses. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

6. California law may not enforce the choice of Tennessee law provision in Section 20.6 of the Franchise Agreement.

7. The Franchise Agreement requires binding arbitration. The arbitration will occur in Franklin, Tennessee, or the offices of the American Arbitration Association, or, if Franchisor so elects, in the county where the principal place of business of Franchisee is then located. In the event of any action in law or equity by and between Franchisor and Franchisee concerning the operation, enforcement, construction or interpretation of this Agreement, the prevailing party in such action shall be entitled to recover reasonable attorneys**'** fees and court costs incurred, in addition to any other relief obtained by the prevailing party.

8. Notwithstanding any other provision of the Franchise Agreement to the contrary, we may terminate the Franchise Agreement without giving you the right to cure as provided in Section 20021 of CFRA.

9. Under Section 20022 of the CFRA, we are obligated to purchase from you, upon a lawful termination or nonrenewal of the Franchise Agreement, at the value of price paid, minus

depreciation, all inventory, supplies, equipment, fixtures, and furnishings purchased or paid for under the terms of the Franchise Agreement or any ancillary or collateral agreement by the franchisee from us or our approved suppliers and sources, that are, at the time of the notice of termination or nonrenewal, in in your possession or use in the franchise. Certain conditions must be met for this obligation to arise specified in the CFRA. We have the right to receive clear title to and possession of all items purchased from you as a condition of performing this obligation.

10. We reserve the right to notify you at the time we terminate the Franchise Agreement that we will not enforce the post-termination covenant in Section 19 and will then have no obligation to purchase any items from you under Section 20022 of CFRA.

11. Notwithstanding any other provision of the Franchise Agreement to the contrary, we may exercise the right to terminate the Franchise Agreement in accordance with CFRA Section 20020.

12. You acknowledge your obligation to provide us with notice of transfer, sale or assignment under CFRA Section 20029.

13. The Franchise Agreement requires you to execute a general release in certain circumstances. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). CFRA Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20044).

14. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

15. We are prohibited from modifying the Franchise Agreement or requiring a general release in exchange for any assistance related a declared state or federal emergency under Section 20044 of CFRA.

16. You acknowledge that the Franchise Agreement and all related agreements between you and us are not consumer contracts and are not within the scope of California Civil Code Section 1632. You confirm and agree that all contract negotiations and discussions between us and you have been conducted in the English language and no other language.

17. California's Franchise Investment Law (Corporations Code Sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i)

representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

18. Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.

19. All other rights, obligations, and provisions of the Franchise Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Franchise Agreement for the State of California.

(Signatures Appear on Following Page)

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Franchise Agreement.

FRANCHISOR:

UP CLOSETS FRANCHISING LLC

By: ________________________________

Name: ________________________________

Title: ________________________________

Date: ________________________________

FRANCHISEE:

By: ________________________________

Name: ________________________________

Title: ________________________________

Date: ________________________________

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE FLORIDA FRANCHISE ACT

This "Addendum" is made and entered into by and between Up Closets Franchising LLC, a Tennessee limited liability company ("we", "our" or "us"), as franchisor and ___________________, a _________________ ("you"), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

This Agreement contains covenants not to compete. Both you and we acknowledge and understand that (a) these provisions may or may not be enforceable under applicable Florida law, and (b) if any such provision is determined by a court or agency having valid jurisdiction to be unenforceable under applicable Florida law, then there shall automatically be added to this Agreement a provision as similar in terms to such unenforceable provision as may be possible and legal, valid and enforceable.

The undersigned have executed and delivered this Addendum effective concurrently with the execution and delivery of the Franchise Agreement.

Signed on ____, 20___.

____

UP CLOSETS FRANCHISING LLC

By: ______________________________

Thomas Scott, Founder / CEO

Attest:___________________________

YOU, AS FRANCHISEE:

By:________________________________ Attest:___________________________

Title:

ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF HAWAII

This "Addendum" is made and entered into by and between Up Closets Franchising LLC, a Tennessee limited liability company ("we", "our" or "us"), as franchisor and __________________, a ________________ ("you"), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

1. You acknowledge that your failure to pay the Initial Franchise Fee when due is a material default under the Franchise Agreement, and we can suspend providing services to you and cause approved suppliers to suspend providing goods and services to you until we receive the Initial Franchise Fee.

2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. All other rights, obligations, and provisions of the Franchise Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Franchise Agreement for the State of Hawaii.

(Signatures Appear on Following Page)

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Franchise Agreement.

FRANCHISOR:

UP CLOSETS FRANCHISING LLC

By: ________________________________

Name: ________________________________

Title: ________________________________

Date: ________________________________

FRANCHISEE:

By: ________________________________

Name: ________________________________

Title: ________________________________

Date: ________________________________

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT

This "Addendum" is made and entered into by and between Up Closets Franchising LLC, a Tennessee limited liability company ("we", "our" or "us"), as franchisor and __________________, a ________________ ("you"), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

1. Illinois law governs the Franchise Agreement.

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void. However, the Franchise Agreement provides for arbitration to take place outside of Illinois.

3. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

4. Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

5. In this franchise system, the Franchisor assigns a Territory to you. If you do not complete the Franchisor's training program to the Franchisor's satisfaction, your franchise will be terminated, and you will lose your investment.

6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. All other rights, obligations, and provisions of the Franchise Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Franchise Agreement for the State of Illinois.

(Signatures Appear on Following Page)

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Franchise Agreement.

FRANCHISOR:

UP CLOSETS FRANCHISING LLC

By: ____________________________________

Name: __________________________________

Title: ___________________________________

Date: ___________________________________

FRANCHISEE:

By: ____________________________________

Name: __________________________________

Title: ___________________________________

Date: ___________________________________

ADDENDUM TO THE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT, PURSUANT TO THE INDIANA FRANCHISE DISCLOSURE LAW AND THE INDIANA DECEPTIVE FRANCHISE PRACTICES ACT

This "Addendum" is made and entered into by and between Up Closets Franchising LLC, a Tennessee limited liability company ("we", "our" or "us"), as franchisor and __________________, a ________________ ("you"), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

1. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise Agreement without good cause or in bad faith, good cause being defined therein as a material breach of the Franchise Agreement, shall supersede the provisions of Section 17 of the Franchise Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.

2. Section 18.1.7 is modified by adding the following to the end thereof:

   > "Notwithstanding the foregoing provisions of this Section to the contrary, in the event that liquidated damages are prohibited by applicable state law, Franchisor may seek such damages in a court of proper jurisdiction."

3. Section 20.6 is deleted in its entirety and replaced with the following:

   > "This Franchise Agreement and any claims arising under it or in relation to it or to the relationships between the parties shall be governed, construed, interpreted and enforced by and under the laws of the State of Indiana. With respect to any claims, controversies or disputes which are not finally resolved through mediation or arbitration or as otherwise provided above, Franchisor, Franchisee, and Principal(s) hereby irrevocably submit themselves to the jurisdiction of the state and federal courts located in Indiana having subject matter jurisdiction of the claim and hereby waive all objections to personal jurisdiction for the purpose of carrying out this provision. Franchisee and Principals hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Franchise Agreement or the relationship created by this Franchise Agreement by any means allowed by the laws and applicable rules of procedure of the United States, the State of Indiana, the state of residence of the Franchisee or Principal or the state in which the Franchised Business is located."

4. Section 20.8 (Jury Trial Waiver) of the Franchise Agreement is deleted from all Agreements entered into in Indiana.

5. No release language set forth in the Franchise Agreement shall require a party to release any claim arising under Indiana franchise law.

6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the **franchise** relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

All other rights, obligations, and provisions of the Franchise Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Franchise Agreement for the State of Indiana.

(Signatures Appear on Following Page)

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Franchise Agreement.

FRANCHISOR:

UP CLOSETS FRANCHISING LLC

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

FRANCHISEE:

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE MICHIGAN FRANCHISE INVESTMENT LAW

This "Addendum" is made and entered into by and between Up Closets Franchising LLC, a Tennessee limited liability company ("we", "our" or "us"), as franchisor and ___________________, a _________________ ("you"), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

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

B. A prohibition on the right of a franchisee to join an association of franchisees.

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

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

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

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

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

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

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

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

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

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

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

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

K. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

L. **THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

M. **ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE DEPARTMENT, 670 LAW BLDG., LANSING, MICHIGAN 48913, (517) 373-7117.**

(Signatures Appear on Following Page)

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Franchise Agreement.

FRANCHISOR:

UP CLOSETS FRANCHISING LLC

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

FRANCHISEE:

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE MINNESOTA FRANCHISE INVESTMENT LAW

This “Addendum” is made and entered into by and between Up Closets Franchising LLC, a Tennessee limited liability company (“we”, “our” or “us”), as franchisor and __________________, a ________________ (“you”), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

1. Liquidated damages are prohibited by law in the State of Minnesota and, therefore, Section 18.1.7 of the Franchise Agreement is deleted in its entirety and replaced with the following:

   > “If this Franchise Agreement terminates prior to the Expiration Date, such termination will cause substantial damages to Franchisor. Franchisee therefore agrees that if the Franchise Agreement is terminated, Franchisee will be liable to Franchisor for damages and losses Franchisor suffers from such early termination. Franchisee agrees to remain liable for all obligations and claims under the Franchise Agreement, including obligations surviving termination of the Franchise Agreement, and other damages suffered by Franchisor arising out of Franchisee’s breach or default. At the time of such termination of the Franchise Agreement, Franchisee agrees to pay to Franchisor upon demand compensation for all damages, losses, costs and expenses (including reasonable attorney’s fees) incurred by Franchisor and/or amounts which would have otherwise been payable for and during the remainder of the unexpired term of the Franchise Agreement but for such termination.”

2. The following language is added to the end of Section 20.6 of the Franchise Agreement:

   > “Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota. Nothing in the Franchise Agreement or Franchise Disclosure Document can abrogate or reduce any of Franchisee’s rights as provided for in Minnesota Statutes, 2087, Chapter 80C, or Franchisee’s rights to any procedure, forum or remedies provided for by the laws of Minnesota.”

3. Notwithstanding anything to the contrary in the Franchise Agreement, no release language in the Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.

4. Nothing in the Franchise Agreement shall in any way abrogate or reduce any rights of Franchisee as provided for in the Minnesota Statutes, Chapter 80C. Minnesota Statutes §80C.14, subdivisions 3, 4 and 5 require that Franchisee be given at least 90 days written notice in advance of termination (with 60 days to cure) and 180 days written notice for non-renewal of the Franchise Agreement, except that the notice shall be effective immediately for certain grounds.

5. We will protect the Franchisee's right to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the name.

6. Any limitations on claims are amended to conform to Minnesota Statutes, Section 80C.12, subdivision 1(g).

7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

All other rights, obligations, and provisions of the Franchise Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Franchise Agreement for the State of Minnesota.

(Signatures Appear on Following Page)

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Franchise Agreement.

FRANCHISOR:

UP CLOSETS FRANCHISING LLC

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

FRANCHISEE:

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE NEW YORK GENERAL BUSINESS LAW

This "Addendum" is made and entered into by and between Up Closets Franchising LLC, a Tennessee limited liability company ("we", "our" or "us"), as franchisor and __________________, a ________________ ("you"), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

1. Section 5.2 and Section 16.3 of the Franchise Agreement are amended by adding the following sentence at the end of each Section:

   > "However, that all rights arising in Franchisee's favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law, Sections 687.4 and 687.5, be satisfied."

2. Section 20.6 of the Franchise Agreement is amended by adding the following sentence at the end of the Section:

   > "The foregoing choice of law should not be considered a waiver of any right conferred upon Franchisee by the General Business Law of the State of New York, Article 33."

3. Notwithstanding anything to the contrary in the Franchise Agreement, you shall be permitted to terminate the Franchise Agreement upon any grounds available by law.

4. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

All other rights, obligations, and provisions of the Franchise Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Franchise Agreement for the State of New York.

(Signatures Appear on Following Page)

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Franchise Agreement.

FRANCHISOR:

UP CLOSETS FRANCHISING LLC

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

FRANCHISEE:

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE NORTH DAKOTA FRANCHISE INVESTMENT LAW

This "Addendum" is made and entered into by and between Up Closets Franchising LLC, a Tennessee limited liability company ("we", "our" or "us"), as franchisor and __________________, a ________________ ("you"), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

1. Any provision of the Franchise Agreement which designates jurisdiction or venue or requires Franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is deleted from the Franchise Agreement. However, the Franchise Agreement provides for arbitration outside North Dakota to be governed by the Federal Arbitration Act.

2. Any provision requiring you to consent to liquidated damages or termination penalties is hereby deleted. Liquidated damages are prohibited by law in the State of North Dakota and, therefore, Section 18.1.7 of the Franchise Agreement is deleted in its entirety and replaced with the following:

   > "If this Franchise Agreement terminates prior to the end of the Term, such termination will cause substantial damages to Franchisor. Franchisee therefore agrees that if the Franchise Agreement is terminated, Franchisee will be liable to Franchisor for damages and losses Franchisor suffers from such early termination. Franchisee agrees to remain liable for all obligations and claims under the Franchise Agreement, including obligations surviving termination of the Franchise Agreement, and other damages suffered by Franchisor arising out of Franchisee's breach or default. At the time of such termination of the Franchise Agreement, Franchisee agrees to pay to Franchisor upon demand compensation for all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by Franchisor and/or amounts which would have otherwise been payable for and during the remainder of the unexpired term of the Franchise Agreement but for such termination."

3. You acknowledge that your failure to pay the Initial Franchise Fee when due is a material default under the Franchise Agreement, and we can suspend providing services to you and cause approved suppliers to suspend providing goods and services to you, until we receive the Initial Franchise Fee.

4. The laws of the State of North Dakota supersede any provisions of the Franchise Agreement, the other agreements, or Tennessee law if such provisions are in conflict with North Dakota law.

5. The (i) covenant not to compete in Section 19 and (ii) one year limitation period in Section 20.1 of the Franchise Agreement is not enforceable in North Dakota.

6. Notwithstanding anything to the contrary in the Franchise Agreement, no release language in the Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of North Dakota.

7. Section 18.1.7 of the Franchise Agreement specifies liquidated damages. Under North Dakota law, liquidated damages clauses are unenforceable.

8. Section 20.8 is hereby deleted.

9. Section 20.12 is hereby deleted.

10. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

All other rights, obligations, and provisions of the Franchise Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Franchise Agreement for the State of North Dakota.

(Signatures Appear on Following Page)

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Franchise Agreement.

FRANCHISOR:

UP CLOSETS FRANCHISING LLC

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

FRANCHISEE:

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE RHODE ISLAND FRANCHISE INVESTMENT ACT

This “Addendum” is made and entered into by and between Up Closets Franchising LLC, a Tennessee limited liability company (“we”, “our” or “us”), as franchisor and ___________________, a ________________ (“you”), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

1. Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

(Signatures Appear on Following Page)

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Franchise Agreement.

FRANCHISOR:

UP CLOSETS FRANCHISING LLC

By: __________________________________

Name: __________________________________

Title: __________________________________

Date: __________________________________

FRANCHISEE:

By: __________________________________

Name: __________________________________

Title: __________________________________

Date: __________________________________

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF SOUTH DAKOTA

This "Addendum" is made and entered into by and between Up Closets Franchising LLC, a Tennessee limited liability company ("we", "our" or "us"), as franchisor and __________________, a ________________ ("you"), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

1. Notwithstanding anything in Section 17 to the contrary, if you fail to meet performance and quality standards or fail to make any payments under the Franchise Agreement, you shall be afforded thirty (30) days written notice with an opportunity to cure the default before termination.

2. Section 20.6 of the Franchise Agreement is amended by adding the following sentences at the end of the Section:

   > "The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, this agreement and all provisions of this instrument will be and remain subject to the applications, construction, enforcement and interpretation under the governing law of the State of Tennessee. Any provision which designates jurisdiction or venue or requires Franchisee to agree to jurisdiction or venue in a forum outside of South Dakota is void with respect to any cause of action which is otherwise enforceable in South Dakota."

3. Any provision of the Franchise Agreement that provides that the parties waive their rights to claim punitive, exemplary, incidental, indirect, special or consequential damages or any provision that provides that parties waive their right to a jury trial may not be enforceable under South Dakota law.

4. You acknowledge that your failure to pay the Initial Franchise Fee when due is a material default under the Franchise Agreement, and we can suspend providing services to you, and cause approved suppliers to suspend providing goods and services to you until we receive the Initial Franchise Fee.

5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

6. All other rights, obligations, and provisions of the Franchise Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Franchise Agreement for the State of South Dakota.

(Signatures Appear on Following Page)

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Franchise Agreement.

FRANCHISOR:

UP CLOSETS FRANCHISING LLC

By: ________________________________

Name: ________________________________

Title: ________________________________

Date: ________________________________

FRANCHISEE:

By: ________________________________

Name: ________________________________

Title: ________________________________

Date: ________________________________

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE VIRGINIA RETAIL FRANCHISING ACT

This "Addendum" is made and entered into by and between Up Closets Franchising LLC, a Tennessee limited liability company ("we", "our" or "us"), as franchisor and ___________________, a ________________ ("you"), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

1. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act (the "Virginia Act"), it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute reasonable cause, as that term may be defined in the Virginia Act or the laws of Virginia, that provision may not be enforceable.

2. You acknowledge that your failure to pay the Initial Franchise Fee when due is a material default under the Franchise Agreement and we can suspend providing services to you, and cause approved suppliers to suspend providing goods and services to you, until we receive the Initial Franchise Fee.

3. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

4. All other rights, obligations, and provisions of the Franchise Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Franchise Agreement for the State of Virginia.

(Signatures Appear on Following Page)

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Franchise Agreement.

FRANCHISOR:

UP CLOSETS FRANCHISING LLC

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

FRANCHISEE:

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE WISCONSIN FRANCHISE INVESTMENT LAW

This "Addendum" is made and entered into by and between Up Closets Franchising LLC, a Tennessee limited liability company ("we", "our" or "us"), as franchisor and __________________, a ________________ ("you"), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

1. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 (the "Act"), shall apply to and govern the provisions of the Franchise Agreement.

2. The Act's requirements, including that in certain circumstances a Franchisee receive ninety (90) day notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, shall supersede the provisions of Section 17 of the Franchise Agreement to the extent they may be inconsistent with the Act's requirements.

3. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

All other rights, obligations, and provisions of the Franchise Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Franchise Agreement for the State of Wisconsin.

(Signatures Appear on Following Page)

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Franchise Agreement.

FRANCHISOR:

UP CLOSETS FRANCHISING LLC

By: ___________________________________

Name: ___________________________________

Title: ___________________________________

Date: ___________________________________

FRANCHISEE:

By: ___________________________________

Name: ___________________________________

Title: ___________________________________

Date: ___________________________________

ATTACHMENT 10

FRANCHISE FEE AND TERRITORY DESCRIPTION

As of the Effective Date, Franchisee's Operating Territory is:

☐	Single Territory Initial Franchise Fee $39,000
☐	Double Territory Initial Franchise Fee $78,000
☐	Triple Territory Initial Franchise Fee $117,000

Franchisee's Office Location is at the following address: ________________________________

*Franchisor will reduce the Initial Franchise Fee by $5,000 for an honorably discharged veteran who provides Franchisor with a copy of their undeleted DD214 form, or a first responder (police, fire, EMT etc.), who provides proof of active status satisfactory to Franchisor.

Franchisee's Territory is a limited protected territory located in all or a portion of a listed town, city, or county, and is identified by a group of contiguous zip codes. The Territory is determined on an individual basis taking into account demographics, minimum numbers of non-renter households, geographic terrain and market potential. The Initial Franchise Fee is $39,000 for a Single Territory having a population of approximately 500,000, $78,000 for a Double Territory with a population of approximately 1,000,000, and $117,000 for a Triple Territory with a population of approximately 1,500,000. Franchisor determines and assigns the zip codes for a Territory based on the most recent census data from assistance from a third-party mapping service.

NOTWITHSTANDING ANY CHANGE IN POPULATION DURING THE TERM, THE TERRITORY SHALL NOT EXTEND BEYOND THE BOUNDARIES SET FORTH BELOW.

The Territory consists of the following Zip Codes:

EXHIBIT C

FINANCIAL STATEMENTS

Home Run Holdings LLC

(A Tennessee Limited Liability Company)

Report of Independent Auditors
October 31, 2024 and 2023

Table of Contents

Report of Independent Auditors

To the Members of
Home Run Holdings LLC:

Opinion
We have audited the accompanying financial statements of Home Run Holdings LLC (the Company), a Tennessee limited liability company, which comprise the balance sheet as of October 31, 2024 and the related statement of operations and members' equity and cash flows for the year ended October 31, 2024, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as October 31, 2024 and the results of its operations and its cash flows for the year ended October 31, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 January 24, 2025.

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 and auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore 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 audits.

- 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 audits in order to design audit procedures that are appropriate in the circumstance, 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

DA Advisory Group PLLC

Troy, MI
January 24, 2025

Home Run Holdings LLC
BALANCE SHEETS
As of October 31, 2024 and 2023

	October 31, 2024	October 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 30,566	$ 66,349
Accounts receivable	271,751	57,570
Franchise fee receivable	98,000	189,750
Due from related party	20,000	-
Related-party advance	104,523	35,386
Deferred commissions - current portion	21,149	6,237
Total current assets	545,989	355,292
Other assets:		
Deferred commissions - net of current portion	259,113	63,549
Total noncurrent assets	259,113	63,549
Total assets	$ 805,102	$ 418,841
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities:		
Accounts payable	$ 317,395	$ 21,370
Related-party payable	24,363	-
Accrued legal expense	4,880	-
Initial marketing fees payable	-	15,500
Deferred revenue - franchise sales, current portion	41,549	17,131
Total current liabilities	388,187	54,001
Long term liabilities:		
Deferred revenue - franchise sales, net of current portion	571,355	179,522
Total long term liabilities	571,355	179,522
Total liabilities	959,542	233,523
Members' equity	(154,440)	185,318
Total liabilities and members' equity	$ 805,102	$ 418,841

see accompanying notes

Home Run Holdings LLC
STATEMENTS OF OPERATIONS
For the years ended October 31, 2024 and 2023

	2024	2023
Operating revenues:		
Franchise fee revenue	$ 1,377,526	$ 467,514
Royalties	252,450	40,500
Initial marketing fees	207,750	75,000
Brand and technology fund fees	170,535	28,063
Net operating revenue	2,008,261	611,077
Operating expenses:		
Franchise development	924,520	111,606
Franchise support	523,768	120,391
Personnel expenses	433,257	141,976
Office and administrative	96,937	51,365
Total operating expenses	1,978,482	425,338
Operating income	29,779	185,739
Other income (expense):		
Other income	-	-
Interest income (expense)	-	-
Total other income (expense)	-	-
Net income	$ 29,779	$ 185,739

see accompanying notes

Home Run Holdings LLC
STATEMENENTS OF CHANGES IN MEMBERS' EQUITY
For the years ended October 31, 2024 and 2023

		Total Members' Equity
BALANCE, NOVEMBER 1, 2022	$	-
Contributions		22,551
Distributions		(22,972)
Net income		185,739
BALANCE, OCTOBER 31, 2023	$	185,318
Contributions		829,068
Distributions		(1,198,605)
Net income		29,779
BALANCE, OCTOBER 31, 2024	$	(154,440)
Members' equity		100%

Home Run Holdings LLC
Statements of Cash Flows
For the years ended October 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 29,779	$ 185,739
Change in:		
Accounts receivable	(214,181)	(57,570)
Franchise fee receivable	91,750	(189,750)
Due from related party	(20,000)	-
Related-party advance	(69,137)	(35,386)
Deferred commissions	(210,476)	(69,786)
AP and accruals	300,905	21,370
Related-party payable	24,363	-
Initial marketing fees payable	(15,500)	15,500
Deferred revenue	416,251	196,653
Net cash provided by operating activities	333,754	66,770
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in PP&E	-	-
Net cash used by investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital distributions	(1,198,605)	(22,972)
Contributed capital	829,068	22,551
Net cash used in financing activities	(369,537)	(421)
Net change in cash and cash equivalents	(35,783)	66,349
Cash and cash at beginning of year	66,349	-
Cash and cash equivalents at end of year	30,566	66,349
Total cash and cash equivalents	$ 30,566	$ 66,349

see accompanying notes

1. Organization

Home Run Holdings LLC (the "Company") is a State of Tennessee limited liability company. The Company was formed in October 31, 2024 to be the sole member, manager, and guarantor of Up Closets Franchising LLC, Lighting Squad Franchising LLC, and Dryer Vent Superheroes Franchising LLC, each of which was created for the purpose of offering affordable home service franchises all across the United States. The financial activities of each of the three entities for the fiscal year ended October 31, 2024, have been aggregated and combined to be reported as the consolidated financials of Home Run Holdings LLC.

For the years ended October 31, 2024 and October 31, 2023, total contributed capital was $829,068 and $22,551, respectively and total distributions were $1,198,605 and $22,972 respectively.

The Company's operations are regulated by the Federal Trade Commission ("FTC") and various state laws regulating the offer and sale of franchises. The FTC's franchise rules and various state laws require that the Company furnish a franchise disclosure document containing certain information to prospective franchisees. The Company must also complete franchise registrations, pursuant to state laws, in those states where franchises are intended to be sold.

2. Summary of significant accounting policies and nature of operations

Basis of presentation
The Company prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

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

Cash and cash equivalents
Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition.

The Company maintains its cash in bank deposit accounts which could exceed federally insured limits. The Company has not experienced an instance where cash held in the account exceeded insured limits since their inception and have not had losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents. Balances of individual cash accounts do not exceed the insured limit as of October 31, 2024 and October 31, 2023.

Concentration of credit risk
The Company is subject to credit risk related to amounts due from franchisees. The financial condition of the franchisees is largely dependent upon the underlying business trends of the brands and market conditions within the industries represented. The concentration of risk is mitigated by the number of franchisees and the short-term nature of the receivables from the franchisees.

2. Summary of significant accounting policies and nature of operations (continued)

Accounts receivable
Management considers accounts receivable to be fully collectible. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. For the period ended October 31, 2024, there were no write-offs and no allowance deemed necessary.

Franchise fee receivable
For the period ended October 31, 2024, there were $78,000 in write offs. These were the result of terminated contracts as of October 31, 2024.

Revenue and expenses
The Company derives its revenues from franchise agreements related to franchise fee revenue, royalty revenue, technology fees, transfer fees and brand fund revenue.

Initial franchise fees are recognized as revenue once substantially all of the initial services of the Company required by franchise agreement have been performed and no other material conditions or obligations related to the determination of substantial performance exist. For the years ended October 31, 2024 and October 31, 2023, initial franchise fees recognized as earned were $1,377,526 and $467,514 respectively.

Other revenue sources include initial fees for new franchisees which is mainly focused on marketing and initial set up of the franchisee, royalties, marketing, technology, and other service fees that are invoiced and earned either monthly or when a franchisee signs a franchise agreement.

Revenue recognition
The Company recognizes revenue in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 606, Revenue from Contracts with Customers (“ASC 606”) which outlines a single, comprehensive model for accounting for revenue from contracts with customers.

Under ASC 606, revenue is recognized in accordance with a five-step model, as follows: identifying the contract with the customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations and recognizing revenue when (or as) the Company satisfies a performance obligation.

The Company derives its revenues primarily from franchisees in accordance with contractual agreements.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee.

2. Summary of significant accounting policies and nature of operations (continued)

The remainder of performance obligations represent a single performance obligation and are recognized over the term of the respective franchise agreement from the date the agreement is executed. Unearned initial fee revenues from franchisee acquisition and acceptance will be recorded as deferred revenue and recognized as revenue over the term of the contract with each franchisee.

Advertising
Advertising costs are expensed as incurred. For the years ended October 31, 2024 and October 31, 2023, the Company incurred $182,320 and $170,535 and $28,063 in advertising costs respectively.

3. Commitments and contingencies

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

4. Related-party activities and balances

For the years ended October 31, 2024, and October 31, 2023, the company recorded $124,523 and $35,386 in related party assets, respectively. For the years ended October 31, 2024 and October 31, 2023, the company recorded $24,363 and $0 in related party liabilities, respectively.

5. Disaggregation of revenue

The Company derives its revenues from franchisees located throughout the United Stats. The economic risks of the Company’s revenues are dependent on the strength of the economy in the United States and its ability to collect on its contracts.

The Company disaggregates revenue from contracts with customers by the timing of revenue recognition by type of revenues, as it believes this best depicts how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

5. Disaggregation of revenue (continued)

Revenues by timing of recognition were as follows:

	2024	2023
Point in time:		
Royalties, marketing and other revenue	$ 630,735	$ 143,563
Franchise fees	1,269,780	465,870
Total point in time	1,900,515	609,433
Over time:		
Royalties, marketing and other revenue	-	-
Franchise fees	107,746	1,644
Total over time	107,746	1,644
Total revenue	$ 2,008,261	$ 611,077

6. Contract balances

The Company recorded an asset for acquisition costs incurred to obtain franchise agreements and a liability for unearned revenue associated with the performance obligation of the Company's franchise agreements.

A summary of acquisition costs incurred as of October 31, 2024, and October 31, 2023, is as follows:

	2024	2023
Deferred acquisition costs - beginning	$ 69,786	$ -
Additional costs incurred	846,000	228,000
Deferred acquisition costs recognized	(635,524)	(158,214)
Deferred acquisition costs - ending	$ 280,262	$ 69,786

6. Contract balances (continued)

Deferred acquisition costs are expected to be amortized over the remaining term of the associated franchise agreement as follows:

Year ending October 31, 2024:		
2025	$	21,149
2026		21,149
2027		21,149
2028		21,149
2029		21,149
Thereafter		174,517
Total	$	280,262

Year ending October 31, 2023:		
2024	$	6,237
2025		6,396
2026		7,026
2027		7,026
2028		7,026
Thereafter		36,075
Total	$	69,786

The Company records contract liabilities for unearned revenue associated with the performance obligation of the Company's franchise agreements. A summary of deferred franchise revenue as of October 31, 2024, and October 31, 2023 is as follows:

	2024		2023	
Deferred revenue - beginning of year	$	196,653	$	-
Additions for initial franchise fees received		1,793,777		664,167
Revenue recognized during the year		(1,377,526)		(467,514)
Deferred revenues- end of year	$	612,904	$	196,653

6. Contract balances (continued)

Deferred franchise fee revenue is expected to be amortized over the remaining term of the associated franchise agreement as follows:

Year ending October 31, 2024	Amount
2025	$ 182,405
2026	37,065
2027	37,065
2028	37,065
2029	37,065
Thereafter	282,239
Total	$ 612,904

Year ending October 31, 2023	Amount
2024	$ 17,131
2025	18,072
2026	19,830
2027	19,830
2028	19,830
Thereafter	101,960
Total	$ 196,653

7. Subsequent events

Subsequent events have been evaluated through January 24, 2025, which is the date the financial statements were available to be issued. No significant events or transactions were identified that would require adjustment to the balance sheet or disclosure.

EXHIBIT D

OPERATIONS MANUAL TABLE OF CONTENTS

FRANCHISE OPERATIONS MANUAL

TABLE OF CONTENTS

EXHIBIT E

<u>NAMES AND ADDRESSES OF FRANCHISEES</u>

LIST OF CURRENT FRANCHISEES AS OF OCTOBER 31, 2024

State	**Franchisee Name**	**Outlet Street Address**	**Outlet City**	**Outlet Telephone**
AL	Gwen Gilleland	4485 Preserve Dr	Hoover, AL 35226	205-586-3787
AZ	Paul Criss	1825 Desna St	Reno, NV 89512	
	Eric Dahlgren	5833 Addy Lane	North Las Vegas, NV 89081	
CO	Kristin Franklin & Yvette Torrise	2384 Crestridge Dr	Castle Rock, CO 80104	303-618-7420
	Lauren Sherman	26190 E Kettle Cir	Aurora, CO 80016	303-551-3650
FL	Cathryn (Caleigh) Smith	431 Maddock St	West Palm Beach, FL 33405	704-443-1453
	Kyle Foster & Zachariah Miller	571 Riverside Dr.	Palm Beach Gardens, FL 33410	
	Merle Williams	194 Casa Sevilla Avenue	St Augustine, FL 32092	
	Pelican Franchising LLC	3212 West End Ave, Suite 201	Nashville TN 37203	615-483-4923
GA	Katie May	105 Salt Grass Circle	Richmond Hill, GA 31324	
ID	Joseph Johnson	2413 Sunrise Street	Emmett, ID 83617	208-890-1407
IN	Justin Schreiber	628 Tess Blvd	Westfield, IN 46074	
LA	Brett Larrabee	308 Lowerline St	New Orleans, LA 70118	952-353-0199
MI	Jonathan Tonks	25 E 16th Street, Suite	Holland, MI 49423	
	Zach Rozmarniewicz	2659 Laurel Oak Dr	Howell, MI 48855	734-645-7484
MN	Randolph Fossum	12072 90th Ave N	Maple Grove, MN 55369	
NC	Nicholas (Cole) Sossamon	315 Bonnalynn Dr	Hermitage, TN 37076	704-277-4941
ND	Gloria Jordahl	4965 Chelsea Ln S	Fargo, ND 58104	
OK	Seth Lapidus	1231 S Columbia Pl	Tulsa, OK 74104-4330	918-978-1020
SC	Samuel Streit	203 Tamora Ct	Simpsonville, SC 29681	
	Mehul Patel	1784 James Basford Place	Mount Pleasant, SC 29466	
TN	Pelican Franchising LLC	3212 West End Ave, Suite 201	Nashville, TN 37203	615-483-4923
	Bobby Risner	2628 Bethlehem Road	Batesville, MS 38606	
	Adam Disbrow	2337 Waterhaven Dr	Chattanooga, TN 37406	423-400-9539
TX	Laura Timmis	124 Millsaps Ct	Bastrop, TX 78602	

	Jeff Stern	609 Joshua Rd	Lantana, TX 16226	405-365-7784
	Shyla Finley	24046 Lestergate Dr.	Spring, TX 77373	(832) 834-0079
VA	Rajyalakshmi Bethanabotla	41538 Bostoninan Place	Aldie, VA 20105	

LIST OF OUTLETS TRANSFERRED FROM FRANCHISEES TO NEW OWNERS AS OF OCTOBER 31, 2024

FLORIDA	TEXAS
West Palm Beach Territory transferred from Scott Italiaander to Caleigh Smith 431 Maddock St West Palm Beach, FL 33405 (704) 443-1453	Spring Territory transferred from Amy Cecil to Shyla Finley 24046 Lestergate Dr. Spring, TX 77373 (832) 834-0079 Denton Territory transferred from Clark Penfold to Jeff Stern 609 Joshua Rd Lantana, TX 16226 (405) 365-7784

LIST OF OUTLETS THAT WERE TERMINATED, CANCELED, NOT RENEWED OR CEASED OPERATIONS FOR OTHER REASONS AS OF AS OF OCTOBER 31, 2024

FLORIDA	NEW JERSEY
Scott Italiaander 7786 Villa Nova Dr. Boca Raton, FL 33433 404-274-0569 GEORGIA Lindsey Puckett & Michelle Langley 319 Scarlett Lane Woodstock, GA 30188	Nina Parmar 169 Wilson Ave. Port Monmouth, NJ 07758 732-838-5819 (2 Territories) TEXAS Amy Cecil 120 Lindley Dr. Willis, TX 77378 832-988-3476 404-435-2208 Clark Penfold 2244 County Rd. 328 Glen Rose, TX 76043 214-796-1370 (3 Territories)

LIST OF FRANCHISEES WHO HAVE SIGNED FRANCHISE AGREEMENTS BUT ARE NOT OPEN AS OF OCTOBER 31, 2024

ARIZONA Tyler Fannin 6927 S 25th Dr. Phoenix AZ 85401 (605) 881-6337 2 Territories ARKANSAS Annabelle Forrestal & Jordan Burns 2400 NW Turner Drive Bentonville, AR 72712 (303)886-8224 FLORIDA Ashley Murphy 6796 Bradbury Circle Wesley Chapel, FL 33545 (734)776-7143 2 Territories OHIO Hassan Sheriff 8843 Eagle Creek Ct, West Chester OH 45069 (513)302-6359	PENNSYLVANIA Dylan Junker 1106 Union Avenue Brackenridge, PA 15014 (412)999-9359 2 Territories TEXAS Lakeshia Carouthers 3123 Meadow Maker Lane Houston, TX 77080 (832)-236-2113 2 Territories UTAH Rori Chandler 584 Meadowlark Lane Bountiful, UT 84010 (801)661-0190 2 Territories

EXHIBIT F

FORMS OF CLOSING ACKNOWLEDGMENT

UP CLOSETS
FRANCHISE CLOSING ACKNOWLEDGMENT

(Not used for transactions in California, Hawaii, Illinois, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia and Washington)

DO NOT SIGN THIS DOCUMENT IF YOU ARE A RESIDENT OF MARYLAND OR THE BUSINESS IS TO BE OPERATED IN MARYLAND

As you know, you (or the entity you represent) and we are entering into a Franchise Agreement to operate a Franchised Business with Up Closets Franchising LLC ("Franchisor"). The purpose of this Closing Acknowledgment is to determine whether any statements or promises were made to you on which you have relied that we have not authorized or that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest, accurate and complete responses to each question.

Acknowledgments and Representations*.

Did you receive a copy of our Franchise Disclosure Document ("FDD") (and all exhibits and attachments) at least 14 calendar days (or at the first personal meeting in Iowa or New York, or least 10 business days if you are in Connecticut, Michigan or New York), before you signed the Franchise Agreement? **Check one: (__) Yes (__) No**. If no, please tell us if and when you received the FDD and when you signed the Franchise Agreement. Please explain why you signed the Franchise Agreement before the 14 days expired:

____
____

Did you receive a copy of the Franchise Agreement at least 7 days before you signed the Agreement? **Check one: (__) Yes (__) No**. If no, tell us when you received the Franchise Agreement and when you signed it. Please explain why you signed the Franchise when you did:

____
____

Was any oral, written or visual claim, statement, presentation or representation made to you on which you relied in making your decision to sign the Franchise Agreement that contradicted the disclosures in the FDD? **Check one: (__) Yes (__) No.** If yes, please explain in detail the oral, written or visual statement, presentation, claim or representation:

____
____

Except for any financial performance representation included as Item 19 in our FDD, did any employee or other person speaking on our behalf make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any Franchised Business franchise, or the likelihood of success at your Franchised Business on which you relied in making your decision to sign the Franchise Agreement? **Check one:**

---

*Such representations are not intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law, if either or both such laws apply to this transaction.

(__)Yes (__) No. If yes, please explain in detail who made and what you understand is the oral, written or visual claim, statement, promise or representation:

____
____

Except for any financial performance representation included as Item 19 in our FDD did any employee or other person speaking on our behalf make any statement or promise regarding the costs involved in operating a franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD on which you relied in making your decision to sign the Franchise Agreement? **Check one: (__) Yes (__) No.** If yes, please identify who made the statement or promise and what you understand are the details of the statement or promise.

____
____

Do you understand that the franchise granted in the Franchise Agreement (a) allows you to operate a Franchised Business only at the Franchised Location, (b) prevents us from operating or franchising another Franchised Business only in the Territory described in the Franchise Agreement, (c) allows us to operate or franchise a Franchised Business anywhere outside the Territory, and (d) allows us to open and operate or authorize any other party to open and operate a Nontraditional Concept Business in your Territory? **Check one: (__) Yes (__) No**. If no, please comment:

____
____

Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise for the Franchised Business, meaning that any prior oral or written agreements not set out in the Franchise Agreement or the FDD will not be binding? **Check one: (__) Yes (__) No**. If no, please comment:

____
____

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

<u>NOTE:</u> IF THE FRANCHISEE IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPALS MUST EXECUTE THIS ACKNOWLEDGMENT.

Signed: ________________________________
Print Name: ____________________________
Date: _________________________________

Signed:___________________________
Print Name:______________________________
Date:___________________________________

Signed: ________________________________
Print Name: ____________________________
Date: _________________________________

Signed:___________________________
Print Name:______________________________
Date:___________________________________

ACCEPTED ON BEHALF OF:
UP CLOSETS FRANCHISING, LLC

Signed:_________________________________
Print Name:_____________________________
Date: _________________________________

UP CLOSETS
FRANCHISE CLOSING ACKNOWLEDGMENT
(For Use in California, Hawaii, Illinois, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia and Washington)

DO NOT SIGN THIS DOCUMENT IF YOU ARE A RESIDENT OF MARYLAND OR THE BUSINESS IS TO BE OPERATED IN MARYLAND

As you know, you (or the entity you represent) and we are entering into a Franchise Agreement to operate a Franchised Business with Up Closets Franchising LLC ("Franchisor"). The purpose of this Closing Acknowledgment is to determine whether any statements or promises were made to you on which you have relied that we have not authorized or that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest, accurate and complete responses to each question.
Acknowledgments and Representations*.

Did you receive a copy of our Franchise Disclosure Document ("FDD") (and all exhibits and attachments) at least 14 calendar days (or at the first personal meeting in Iowa or New York, or least 10 business days if you are in Connecticut, Michigan or New York), before you signed the Franchise Agreement? **Check one: (__) Yes (__) No**. If no, please tell us if and when you received the FDD and when you signed the Franchise Agreement. Please explain why you signed the Franchise Agreement before the 14 days expired:

____

____

Did you receive a copy of the Franchise Agreement at least 7 days before you signed the Agreement? **Check one: (__) Yes (__) No**. If no, tell us when you received the Franchise Agreement and when you signed it. Please explain why you signed the Franchise Agreement when you did:

____

____

Was any oral, written or visual claim, statement, presentation or representation made to you on which you relied in making your decision to sign the Franchise Agreement that contradicted the disclosures in the FDD? **Check one: (__) Yes (__) No.** If yes, please explain in detail the oral, written or visual statement, presentation, claim or representation:

____

____

Except for any financial performance representation included as Item 19 in our FDD, did any employee or other person speaking on our behalf make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any Franchised Business franchise, or the likelihood of success at your Franchised

---

*Such representations are not intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law, if either or both such laws apply to this transaction.

Business on which you relied in making your decision to sign the Franchise Agreement? **Check one: (__)Yes (__) No**. If yes, please explain in detail who made and what you understand is the oral, written or visual claim, statement, promise or representation:

____

____

Except for any financial performance representation included as Item 19 in our FDD did any employee or other person speaking on our behalf make any statement or promise regarding the costs involved in operating a franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD on which you relied in making your decision to sign the Franchise Agreement? **Check one: (__) Yes (__) No.** If yes, please identify who made the statement or promise and what you understand are the details of the statement or promise.

____

____

Do you understand that the franchise granted in the Franchise Agreement (a) allows you to operate a Franchised Business only at the Franchised Location, (b) prevents us from operating or franchising another Franchised Business only in the Territory described in the Franchise Agreement, (c) allows us to operate or franchise a Franchised Business anywhere outside the Territory, and (d) allows us to open and operate or authorize any other party to open and operate a Nontraditional Concept Retailer in your Territory? **Check one: (__) Yes (__) No**. If no, please comment:

____

____

Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise for the Franchised Business or the development rights we grant to you, meaning that any prior oral or written agreements not set out in the Franchise Agreement or the FDD will not be binding? **Check one: (__) Yes (__) No**. If no, please comment:

____

____

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

<u>NOTE:</u> IF THE FRANCHISEE IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPALS MUST EXECUTE THIS ACKNOWLEDGMENT.

Signed: ________________________________

Print Name: ______________________________

Date: _________________________________

Signed:___________________________

Print Name:_______________________________

Date:___________________________________

Signed: ________________________________

Print Name: ______________________________

Date: _________________________________

Signed:___________________________

Print Name:_______________________________

Date:___________________________________

ACCEPTED ON BEHALF OF:

UP CLOSETS FRANCHISING, LLC

Signed:________________________________

Print Name:_____________________________

Date: _________________________________

EXHIBIT G

ADDENDA REQUIRED BY CERTAIN STATES

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO CALIFORNIA FRANCHISE INVESTMENT LAW

1. This Addendum applies to your Franchise Agreement if and only if (i) your Franchised Business is in the State of California, or (ii) you are domiciled in the State of California.

2. The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Disclosure Document.

3. The California Business and Professions Code Sections 20000 through 20044 ("CFRA") provide rights to franchisees concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the CFRA, the CFRA will control.

4. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

5. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

6. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the Franchise and indemnification for the indemnitees' own negligence and strict liability. These provisions may not be enforceable under California law.

7. Neither we nor any person identified in Item 2 of this Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A 78a et seq., suspending or expelling such persons from membership in such association or exchange.

8. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California.

9. The Franchise Agreement requires the application of the laws of Tennessee. This provision may not be enforceable under California law.

10. Under Section 20022 of the CFRA, we are obligated to purchase from you, upon a lawful termination or nonrenewal of the Franchise Agreement, at the value of price paid, minus depreciation, all inventory, supplies, equipment, fixtures, and furnishings purchased or paid for under the terms of the Franchise Agreement or any ancillary or collateral agreement by the franchisee from us or our approved suppliers and sources, that are, at the time of the notice of termination or nonrenewal, in in your possession or use in the franchise. Certain conditions must be met for this obligation to arise specified in the CFRA. We have the right to receive clear title to and possession of all items purchased from you as a condition of performing this obligation.

11. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

12. Section 31126 of the California Corporations Code requires us to approve or disapprove your franchise application in writing within 60 days of receipt of it. If the application is disapproved, we must include the reasons for disapproval.

13. You must sign a general release if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). CFRA 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20044). We are prohibited from modifying the Franchise Agreement or requiring a general release in exchange for any assistance related a declared state or federal emergency under Section 20044 of the CFRA.

14. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

15. The financial performance figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Franchised Business. Franchisees or former franchisees listed in the Disclosure Document may be one source of this information.

16. Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.

17. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Franchise Disclosure Document.

18. THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

19. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED

TO THE CALIFORNIA DEPARTMENT OF DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

SUPPLEMENTAL DISCLOSURE ADDENDUM FOR PROSPECTIVE FRANCHISEES IN THE STATE OF FLORIDA

Total Investment

We do not know the amount of the total required investment in a Franchised Business over the term of the franchise. We do not request, obtain or receive this information from franchisees. We refer you to Item 7 for the known initial investment. Additional capital investments in the Franchised Business will be necessary over the term of the franchise to maintain the Franchised Business according to the System.

ADDENDUM TO THE DISCLOSURE DOCUMENT FOR THE STATE OF HAWAII

1. THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

2. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

3. THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

4. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Illinois:

1. The Illinois Franchise Disclosure Act governs the Franchise Agreement.

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

3. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

4. Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

5. In this franchise system, the Franchisor assigns a Territory to you. If you do not complete the Franchisor's training program to the Franchisor's satisfaction, your franchise will be terminated, and you will lose your investment.

6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO THE INDIANA FRANCHISE DISCLOSURE LAW AND THE INDIANA DECEPTIVE FRANCHISE PRACTICES ACT

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of this Disclosure Document, the Franchise Agreement, the other agreements or Tennessee law if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as a material breach of the Franchise Agreement, shall supersede the provisions of Section 17 of the Franchise Agreement in the State of Indiana to the extent that may be inconsistent with such prohibition.

3. Notwithstanding the Franchise Agreement, you recognize that in the event of any use of the System not in accord with that Agreement, we shall be entitled to seek injunctive and other relief.

4. No release language set forth in the Disclosure Document or Franchise Agreement, including but limited to Item 17, shall relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

5. Section 20.5 of the Franchise Agreement is amended to provide that each such agreement (as applicable) will be construed in accordance with the laws of the State of Indiana.

6. Any provision in the Disclosure Document or Franchise Agreement which designates jurisdiction or venue, or requires franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, may not be enforceable.

7. Section 20.7 (Jury Trial Waiver) of the Franchise Agreement is deleted from all Agreements entered into in Indiana.

8. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise

ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO THE MICHIGAN FRANCHISE INVESTMENT LAW

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

(A) A prohibition on the right of a franchisee to join an association of franchisees.

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

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

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

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

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

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

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

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

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

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

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

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

(J) No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL.

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE DEPARTMENT, 670 LAW BLDG., LANSING, MICHIGAN 48913, (517) 373-7117.

ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO THE MINNESOTA FRANCHISE INVESTMENT LAW

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Minnesota:

Minnesota Statute 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchiser from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statute 80Cor (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

Minnesota statute §80C14 provides: It shall be deemed unfair and inequitable for any person to:

(A) Terminate or cancel a franchise without first giving written notice setting forth all the reasons for the termination or cancellation to the Franchisee at least 90 days in advance of termination or cancellation, and the recipient of a notice fails to correct the reasons stated for cancellation or termination within 60 days within receipt of the notice, except that the notice shall be effective immediately upon receipt where the alleged grounds are:

(i) Voluntary abandonment of the franchise relationship by the Franchisee;

(ii) The conviction of the Franchisee of an offense directly related to the business conducted pursuant to the franchise; or

(iii) Failure to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the Franchisor's trade name, Trademark, service mark, logotype or other commercial symbol after the Franchisee has received written notice to cure of at least 24 hours in advance thereof;

(B) Terminate or cancel a franchise except for good cause. "Good cause" shall be failure by the Franchisee substantially to comply with reasonable requirements imposed upon him by the franchise including, but not limited to:

(i) The bankruptcy or insolvency of the Franchisee;

(ii) Assignment for the benefit of creditors or similar disposition of the assets of the franchise business;

(iii) Voluntary abandonment of the franchise business;

(iv) Conviction or a plea of guilty or no contest to a charge of violating any law relating to the franchise business; or

(v) Any act by, or conduct of, the Franchisee which materially impairs the goodwill associated with the Franchisor's Trademark, trade name, service mark, logotype or other commercial symbol.

(C) Unless the failure to renew the franchise is for good cause as defined in clause (B), Franchisor may not fail to renew a franchise unless (i) the Franchisee has been given written notice of the intention not to renew at least 180 days in advance thereof and (ii) has been given an opportunity to operate the franchise over a sufficient period of time to enable the franchisee to recover the fair market value of the franchise as a going concern measured from the date of the failure to renew. No franchisor may refuse to renew a franchise if the refusal is for the purpose of converting the franchisee's business premises to an operation that will be owned by the franchisor for its own account.

A franchisor may not unreasonably withhold consent to an assignment, transfer, or sale of the franchise where the assignee meets the present qualifications and standards required of other franchisees.

Item 13 is modified as follows: The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. The franchiser will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.

Insufficient fund checks are governed by Minn. Stat. 604.113, which puts a cap of $30 on service charges.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO ARTICLE 33 OF THE NEW YORK GENERAL BUSINESS LAW

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of New York:

1. The following information is added to the cover page of the Franchise Disclosure Document:

> **INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is to be added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor’s principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement;

fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" section of Item 17(c), titled "**Requirements for franchisee to renew or extend**" and Item 17(m), entitled **"Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled **"Termination by franchisee"**: You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" section of Item 17(v), titled "**Choice of forum"** and Item 17(w), titled "**Choice of law"**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE DISCLOSURE DOCUMENT
FOR THE STATE OF NORTH CAROLINA

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled. (N.C.G.S. §66-95)

ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO THE NORTH DAKOTA FRANCHISE INVESTMENT LAW

The following provisions apply to all franchises offered and sold in the State of North Dakota, and supersede contrary disclosures in this Disclosure Document and contrary provisions in the Franchise Agreement:

a. Item 17(c) of the Disclosure Document and Section 5.2.6 of the Franchise Agreement are amended to provide that no release shall be required to be signed by the Franchisee as a condition of the renewal of the Franchise Agreement.

b. Item 17 (i) of the Disclosure Document and Section 18.1.7 of the Franchise Agreement are amended to delete the requirement that the Franchisee consent to pay termination fees or liquidated damages, as such provisions are not enforceable in North Dakota. Franchisor may pursue its claims for damages available under North Dakota law arising from your breach and our termination of the Franchise Agreement.

c. Item 17 of the Disclosure Document and Section 20.5 of the Franchise Agreement are amended to provide that the venue of any litigation arising out of the franchise relationship between Franchisor and Franchisee will be within the state of North Dakota.

d. Item 17(w) of the Disclosure Document and Section 20.5 of the Franchise Agreement are amended to delete the selection of Tennessee law to govern the agreement or the relationship between the parties.

e. Item 17 of this Disclosure Document and Sections 20.3.3, 20.7 and 20.8 of the Franchise Agreement are amended to provide that the Franchisee shall not be required to waive trial by jury or consent to a waiver of exemplary or punitive damages as such provisions are not enforceable pursuant to Section 51-19-09 of the North Dakota Franchise Investment law.

f. Covenants not to compete, described in Item 17(r) and set forth in Section 19.5 of the Franchise Agreement, are subject to North Dakota Century Code Annotated Section 9-08-06 and thus such covenants may not be enforceable under North Dakota law.

g. The State of North Dakota requires that arbitration and mediation be conducted at a location that is not remote from the franchisee's place of business, contrary to Section 20.3 of the Franchise Agreement. Courts interpreting similar requirements in other states have ruled that the Federal Arbitration Act, 9 U.S.C. Section 1, *et seq.*, preempts such requirements. The Franchise Agreement states the Federal Arbitration Act governs dispute resolution.

h. Section 20.1 of the Franchise Agreement is amended to delete the one-year limitation on claims to be filed for arbitration. All such claims will be subject to the applicable statute of limitations under North Dakota law.

i. The Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

j. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE DISCLOSURE DOCUMENT
FOR THE STATE OF RHODE ISLAND

Item 17 is amended to state that Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE DISCLOSURE DOCUMENT FOR THE STATE OF SOUTH CAROLINA

If the seller fails to deliver the product, equipment or supplies necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

ADDENDUM TO THE DISCLOSURE DOCUMENT FOR THE STATE OF SOUTH DAKOTA

Any provision in a Franchise Agreement which designates jurisdiction or venue in a forum outside of South Dakota is void with respect to any cause of action which is otherwise enforceable in South Dakota.

Any provision in a Franchise Agreement that states the parties waive their right to claim punitive, exemplary, incidental, indirect, special or consequential damages or any provision that provides that parties waive their right to a jury trial may not be enforceable under South Dakota law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO THE VIRGINIA RETAIL FRANCHISING ACT

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Virginia:

1. The following is added to Item 17(h):

   (a) Any provision in any of the contracts that you sign with the Franchisor which provides for termination of the franchise upon the bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 *et. seq*.).

   (b) Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act (the "Virginia Act"), it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement and/or the Development Agreement do not constitute reasonable cause, as that term may be defined in the Virginia Act or the laws of Virginia, that provision may not be enforceable.

2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO THE WISCONSIN FRANCHISE INVESTMENT LAW

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Wisconsin.

1. **REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES OF THE STATE OF WISCONSIN.**

2. The following applies to Franchise Agreements in the State of Wisconsin:

   (a) The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 (the Act), shall apply to and govern the provisions of Franchise Agreements issued in the State of Wisconsin.

   (b) The Act's requirements that Franchisor must provide franchisee at least 90 days' prior written notice of termination, cancellation, or substantial change in competitive circumstances. This notice will state all the reasons for termination, cancellation or substantial change in competitive circumstances and will provide that franchisee has 60 days in which to cure any claimed deficiency. If the deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation or substantial change in competitive circumstances is nonpayment of sums due under the franchise, franchisee will have 10 days to cure the deficiency.

3. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

STATE EFFECTIVE DATES

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

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

State	Registration Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Wisconsin	Pending

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

EXHIBIT H

RECEIPTS

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Up Closets Franchising LLC ("Up Closets") offers you a franchise we 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 agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 14 days before you sign a binding contract or pay any consideration. Connecticut and Michigan require 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 Up Closets 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to the applicable state agency listed on Exhibit A.

Up Closets is located at 370 Mallory Station Dr, Suite 501, Franklin, Tennessee 37067. Its telephone number is (615) 483 – 4923. The name, principal business address, and telephone number of each Franchise Seller offering the Franchise are: Thomas Scott, 370 Mallory Station Dr, Suite 501, Franklin, Tennessee 37067, (615) 483 – 4923, and Ari O'Brien, 8632 Copper Mountain Ave., Las Vegas NV 89129, (702) 982-9774.

Issuance Date: February 18, 2025

I received a Disclosure Document dated February 18, 2025, that included the following Exhibits:

EXHIBIT A: State Administrators and Agents for Service of Process
EXHIBIT B: Franchise Agreement including forms of Automated Clearing House Payment Authorization; General Release; Statement of Ownership Interests in Franchisee/Entity; Internet Advertising, Social Media, and Telephone Account Agreement; Confidentiality and Non-Compete Agreement; Receipt of Operations Manual and Confidentiality Agreement; Form of Non-Disclosure and Non-Use Agreement; Addenda Required by Certain States; Franchise Fee and Territory Description
EXHIBIT C: Financial Statements and Guarantee of Performance
EXHIBIT D: Operations Manual Table of Contents
EXHIBIT E: Names and Addresses of Franchisees
EXHIBIT F: Forms of Closing Acknowledgment
EXHIBIT G Addenda Required by Certain States
EXHIBIT H: Receipts

____________________	____
Date of Signature	Signature of Prospective Franchisee (for the prospective franchisee and any corporation, partnership or other business entity having or proposed to have an interest in the franchise or any proposed franchised location)

Printed Name: ____

You may return the signed, dated receipt by mailing it to Up Closets Franchising LLC, 370 Mallory Station Dr, Suite 501, Franklin, Tennessee 37067, by scanning a copy of the signed, dated receipt to UpClosets at info@upclosets.com, or by signing, dating and returning by DocuSign.

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Up Closets Franchising LLC ("Up Closets") offers you a franchise we 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 agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 14 days before you sign a binding contract or pay any consideration. Connecticut and Michigan require 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 Up Closets 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to the applicable state agency listed on Exhibit A.

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