

FRANCHISE DISCLOSURE DOCUMENT



Gotcha Covered Franchising, LLC
a Colorado limited liability company
6251 Greenwood Plaza Boulevard, Suite 170
Greenwood Village, CO 80111
Phone: (303) 202-1120
Fax: (303) 202-5201
franchising@gotchacovered.com
www.gotchacoveredfranchising.com
www.gotchacovered.com

Gotcha Covered businesses sell and install window treatments, including draperies, fabrics, drapery hardware, bedroom ensembles, blinds, shades, and other related merchandise (“GC Business(es)”). We offer franchises for single GC Businesses.

The total investment necessary to begin operation of a Gotcha Covered franchised business is between \$103,160 and \$136,400. This includes \$90,800 that must be paid to the franchisor or its affiliate(s).

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Paul Linenberg at 6251 Greenwood Plaza Boulevard, Suite 170, Greenwood Village, CO 801116251 Greenwood Plaza Boulevard, Suite 170, Greenwood Village, CO 80111, (303) 202-1120, ext. 305, and plinenberg@gotchacovered.com.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. 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: April 10, 2024

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 GC business in my area?	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What’s it like to be a GC franchise?	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 the franchisor by mediation, arbitration and/or litigation only in Colorado. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Colorado than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty, marketing fund payments and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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.

**NOTICE REQUIRED BY
STATE OF MICHIGAN**

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that the franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its terms 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, marketing, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type or 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.

The fact 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 Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

TABLE OF CONTENTS

<u>Item</u>	<u>Page</u>
ITEM 1	THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES1
ITEM 2	BUSINESS EXPERIENCE4
ITEM 3	LITIGATION.....4
ITEM 4	BANKRUPTCY4
ITEM 5	INITIAL FEES5
ITEM 6	OTHER FEES.....6
ITEM 7	ESTIMATED INITIAL INVESTMENT.....11
ITEM 8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....13
ITEM 9	FRANCHISEE’S OBLIGATIONS16
ITEM 10	FINANCING17
ITEM 11	FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING17
ITEM 12	TERRITORY26
ITEM 13	TRADEMARKS28
ITEM 14	PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....30
ITEM 15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS31
ITEM 16	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL32
ITEM 17	RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION32
ITEM 18	PUBLIC FIGURES.....35
ITEM 19	FINANCIAL PERFORMANCE REPRESENTATIONS35
ITEM 20	OUTLETS AND FRANCHISEE INFORMATION41
ITEM 21	FINANCIAL STATEMENTS51
ITEM 22	CONTRACTS.....52
ITEM 23	RECEIPTS52

Exhibits:

Exhibit A	List of State Administrators/Agents for Service of Process
Exhibit B	Franchise Agreement
Exhibit C	Financial Statements
Exhibit D	Brand Standards Manual Tables of Contents
Exhibit E	List of Current and Former Franchisees
Exhibit F	State Addenda and Agreement Riders
Exhibit G	Contracts for use with the Gotcha Covered Franchise
Exhibit H	Franchise Disclosure Questionnaire
Exhibit I	State Effective Dates
Exhibit J	Receipt

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

To simplify the language in this Franchise Disclosure Document, “GCF” and “we,” “us,” and “our” means Gotcha Covered Franchising, LLC, the franchisor. “You,” “your,” and “Franchisee” means the person, and its owners if the Franchisee is a business entity, who buys the franchise from GCF.

The Franchisor

GCF is a Colorado limited liability company formed on May 22, 2009. We operate under the names Gotcha Covered Franchising, LLC, “Gotcha Covered,” and “Gotcha Covered Window Fashions” and no other name. Our principal business address is 6251 Greenwood Plaza Boulevard, Suite 170, Greenwood Village, CO 80111. We began offering franchises for GC Businesses in May 2009. We have not and do not operate any franchises like those described in this Franchise Disclosure Document, or in any other line of business. GCF has not offered franchises in any other line of business. We sell and support franchises for GC Businesses.

Our agent for service of process in Colorado is Paul Linenberg, 6251 Greenwood Plaza Boulevard, Suite 170, Greenwood Village, CO 80111. Our agents for service of process for other states are identified by state in Exhibit A. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

Parents, Predecessors and Affiliates

Our predecessor was V2K Window Fashions, Inc., a Colorado corporation (formerly known as Vision 2000 Window Fashions, Inc.), whose last business address was 303 S. Broadway, Suite 200, 153, Denver, Colorado 80209 (“V2K”). V2K was dissolved in July 2021 and is no longer in business. V2K franchised the V2K Window Décor & More franchise system beginning in 1997. V2K did not offer franchises other than the V2K Window Décor & More franchises and never conducted a business of the type described in this Franchise Disclosure Document. From 2009 until the end of 2017, GCF provided support to the V2K Window Décor & More franchise system under a management agreement with V2K. Some V2K franchisees converted their businesses to GC Franchises and operated or still operate GC Businesses. There are no remaining franchises in operation under the V2K Window Décor & More name.

As of July 21, 2021, our parent company is FS PEP Holdco, LLC, an affiliate of Princeton Equity Group, LLC, a private equity firm based in Princeton, New Jersey.

Our affiliate, Five Star Bath, L.L.C. offers bathroom renovation franchises, from its principal address of 761 W. Spring Creek Pl., Springville UT 84663. It has offered such franchises since 2015. As of December 31, 2023, it had 165 franchises in operation.

Our affiliate, Ringside Development Company offers hazardous material cleaning service franchises, from its principal address of 8200 SouthPark Cir. #300, Littleton CO 80120. It has offered such franchises since 2010. As of December 31, 2023, it had 129 franchises in operation.

Our affiliate, 1-800-Packouts Franchise LLC offers contents restoration service franchises, from its principal address of 110 Brunas Way, Ball Ground GA 30107. It has offered such franchises since 2015. As of December 31, 2023, it had 50 franchises in operation.



Our affiliate, Mosquito Shield Franchise, LLC offers mosquito and pest control franchises, from its principal address of 500 E. Washington St. #24, North Attleboro, MA 02760. It has offered such franchises since 2013. As of December 31, 2023, it had 340 franchises in operation.

Our affiliate, D1 Sports Franchise, LLC offers athletic performance training facility franchises, from its principal address of 7115 S. Springs Dr., Franklin TN 37067. It has offered such franchises since 2015. As of December 31, 2023, it had 97 franchises in operation.

Our affiliate, SB Oil Change Franchising, LLC offers quick-service engine oil change facility franchises, from its principal address of 301 North Main Street, Suite 2605, Winston Salem, NC 27101. It has offered such franchises since 2019. As of December 31, 2023, it had 66 franchises in operation.

Our affiliate, CMY Franchising, LLC offers franchises providing rental services for the set-up and display of celebratory yard signs and customized messages, from its principal address of 3917 Double Dome Rd., Austin TX 78734. It has offered such franchises since 2017. As of December 31, 2023, it had 533 franchises in operation.

Our affiliate, Ellie Fam LLC has offered outpatient counseling and therapy clinic franchises since 2021, from its principal business address of 1370 Mendota Heights Road, Mendota Heights, Minnesota 55120. As of December 31, 2023, it had 186 franchises in operation.

International Franchise Professionals Group, LLC operates a franchise consultant network from its principal business address of 499 Ernston Rd., Parlin, NJ 08859. As of December 31, 2023, it had no franchises in operation.

Career Transition Leads, LLC offers franchise consultant lead generation services from its principal business address of 499 Ernston Rd., Parlin, NJ 08859. As of December 31, 2023, it had no franchises in operation.

Our affiliate TEN Cool Springs, LLC operates as a franchisee of an athletic performance facility from its principal business address of 7115 S. Springs Drive, Franklin TN 37067. As of December 31, 2023, it had 0 franchises in operation.

Our affiliate Stretch Zone Franchising, LLC has offered Stretch Zone franchises since 2017, from its principal business address of 6700 North Andrews Avenue, #210, Fort Lauderdale FL 33309. As of December 31, 2023, it had 332 franchises in operation.

Our affiliate Pirtek USA LLC has offered hydraulic and industrial hose replacement franchises since 1997, from its principal business address of 300 Gus Hipp Boulevard, Rockledge FL 32955. As of December 31, 2023, it had 142 franchises in operation.

Our affiliate Pirtek OEM LLC has offered hose assembly and franchisee production support since 2016, from its principal business address of 300 Gus Hipp Boulevard, Rockledge FL 32955. As of December 31, 2023, it had 0 franchises in operation.

We also have one affiliate that provides goods or services to our franchisees. Five Star Connect, Inc. provides centralized call center services to our franchisees as well as to Five Star Bath Solutions franchisees and other customers not affiliated with our brand. Five Star Connect does business under the name “Pronexis.” Pronexis has offered its call center services since December, 2015. The principal business address of Pronexis is 761 W. Spring Creek Pl., Suite 100, Springville, Utah 84663.

None of our affiliates has ever operated a Gotcha Covered business.

The Franchise

We offer franchises (“GC Franchise(s)” or “Franchise(s)”) for the use of our “GOTCHA COVERED” trademarks, trade names, service marks, and logos (“Marks”) for the operation of GC Businesses. GC Businesses are operated under our proprietary Gotcha Covered system (“System”). The System may be changed or modified by us throughout your ownership of the Franchise. GC Businesses meet with customers in their homes or offices and provide a full presentation of the products and services available. The presentation will include showing samples, quoting prices, and completing the customer order. We strongly recommend that franchisees use third-party contractors for installation when needed; these services are subcontracted, i.e., the customer pays the franchisee for the service, and the franchisee pays the contractor. We require franchisees to pass through the manufacturer’s warranty on products, but we do not require franchisees to offer a separate service warranty. As a GC Business is a mobile business, you will most likely operate your Franchise from your home, but you may choose to rent an executive suite office or other commercial office or retail space.

You must sign our standard franchise agreement attached to this Franchise Disclosure Document as Exhibit B (“Franchise Agreement”). You may operate one (1) GC Business for each Franchise Agreement you sign. Your GC Business will have an area of primary responsibility (“Area of Primary Responsibility”) for which you will be primarily responsible.

Market and Competition

GC Businesses offer products and services to both residential consumers and businesses. The interior decorating sector is well developed and highly competitive. GC Businesses are not seasonal in nature. GC Businesses compete with other businesses, which range from major retail department, furniture, and decorative dealers to other franchise systems and small in-home retail businesses that sell and install window treatments. These competitors include interior decorating professionals and a variety of vendors of window treatments and accessories. GC Businesses offer the advantage of being able to complete the sale by offering custom designs and fabrics that can be selected by the customer in the customer’s own home or office.

Industry-Specific Laws

You must obtain all necessary permits, licenses, and approvals to operate your GC Business. Some states require that window covering installers have a contractor’s license. In such states, we recommend that you hire a licensed contractor to assist you, or you may obtain your own contractor’s license. You are responsible for checking the laws of the state in which your GC Business is located to see if you need to be licensed. There may be other regulations that establish certain standards, specifications, and requirements that you must follow. You should consult with a legal advisor about whether these and/or other requirements apply to your GC Business.



**ITEM 2
BUSINESS EXPERIENCE**

President: Paul Linenberg

Mr. Linenberg serves as our President and has done so since September 2010 from his home office in Denver, Colorado.

Chief Growth Officer - J. Andrew Mengason

J. Andrew Mengason is our Chief Growth Officer, working out of Springville, Utah, and has held this role since 2022. He concurrently holds the same role for our affiliate, Five Star Franchising, since 2022, where he is formally employed. He is CEO and President of Madison Range Investments, located in Birmingham, Michigan and has held such role since 2018. His prior roles included President and Chief Operating Officer of Mesa Systems, LLC, in Salt Lake City, Utah, from 2019 to 2021.

Vice President of Franchise Development – Mike Miller

Mr. Miller has been our Vice President of Franchise Development, working out of Springville, Utah, and has held this role since July of 2023. He was previously Senior Director of Franchise Development, and held prior roles as Director of Franchise Development and Franchise Development Manager for Alliance Franchise Brands in Palmetto, Florida, from June 2017 through July 2023.

Vice President of Franchise Relations: Peggy Benson

Ms. Benson began serving as our Vice President of Franchise Relations in July 2017 and works from her office in Greenwood Village, Colorado. Prior to joining our team, she has held positions as a Sales Agent for Elizabeth Shutters in California from February 2018 to June 2018.

**ITEM 3
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4
BANKRUPTCY**

No bankruptcy proceedings are required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Initial Franchise Fee

You must pay us an initial franchise fee (“Initial Franchise Fee”) of \$69,900 when you sign the Franchise Agreement. The Initial Franchise Fee is payment for all of our pre-opening assistance that we provide to allow you to open your GC Business and also offsets some of our franchisee recruitment expenses. The Initial Franchise Fee, due in full at the time you sign the Franchise Agreement (unless a delayed payment pending business loan funding as more particularly described below), is uniform (except as described below) and is deemed fully earned by us once paid and is non-refundable.

We currently offer a reduced Initial Franchise Fee for veterans. We participate in the VetFran program. Under this program, honorably discharged United States veterans or their spouses receive a ten per cent (10%) discount on our Initial Franchise Fee. You are required to provide us with a copy of your DD214 to receive this discount.

Additional Area Fee

We may allow you to expand the Area of Primary Responsibility subject to availability and our approval, which may be withheld in our sole discretion (“Additional Area”). The fee for the Additional Area is currently \$2.06 per additional household in the Area of Primary Responsibility (this fee may change in our discretion). Any Additional Area fee is due in full at the time you sign the Franchise Agreement. The Additional Area fee is deemed fully earned by us once paid and is non-refundable, except as provided in this Item 5.

If you (or one of your representatives) commences the initial basic training but do not satisfactorily complete the training, as determined by GCF, the Initial Franchise Fee and any Additional Area fee will be refunded, less the expenses incurred by GCF (including the travel and living expenses for you to attend training, commissions paid to franchise brokers and GCF staff, and the cost of any product samples). You will be required to sign a general release agreement and return all materials and equipment that were provided prior to receiving the refund. You will be allowed to keep the computer and computer case that come with the Franchise Starter Package described below.

Franchise Starter Package

You will receive a “Franchise Starter Package” from us that includes a laptop computer, carrying case, software, product samples, a press release, a starter set of marketing materials, hotel expenses, and your first three months of ProNexis service (including its setup fee). The fee for the Franchise Starter Package is \$19,900, in addition to your Initial Franchise Fee. The Franchise Starter Package is deemed fully earned by us once paid and is non-refundable.

Annual Conference Registration Deposit

You will pay us a \$1,000 Annual Conference Registration Deposit, due within seven (7) days of signing your franchise agreement, which will be applied to the actual attendance fee for your first attendance at the first annual conference available to you after you have completed your training. If any portion of this deposit is not required as part of that annual conference attendance or registration fee, it will be credited to you on your invoice following the annual conference.

**ITEM 6
OTHER FEES**

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Royalty ⁽²⁾	<p>You will pay a monthly royalty amount corresponding to how long you have been in operation. The monthly royalties follow the following schedule:</p> <p>Month 1: \$350.00* Month 2: \$400.00* Month 3: \$450.00* Month 4: \$700.00* Month 5: \$750.00* Month 6: \$800.00* Month 7: \$1,050.00* Month 8: \$1,100.00* Month 9: \$1,150.00* Month 10: \$1,300.00* Month 11: \$1,350.00* Month 12 through 36: \$1,400.00* Month 37 and thereafter: \$2,000.00*</p> <p>*Plus \$0.06 for each household of your territory in excess of 30,000</p>	Due on the 15 th day of every month	The first “Franchise Year” commences the first day of the first full month following your satisfactory completion of basic training or on any other date designated by GCF. Each subsequent one (1)-year period is another Franchise Year. Your Royalty is an ongoing payment that allows you to use the Marks and the intellectual property of the System and pays for our ongoing support and assistance.
Additional Area Fee	Then-current fee (currently \$2.06 per additional household)	As incurred	We may allow you to expand the Area of Primary Responsibility subject to availability and our approval, which may be withheld in our sole discretion.
Marketing Fund Fee ⁽²⁾	<p>You will pay a monthly marketing fund fee in an amount corresponding to how long you have been in operation. The monthly marketing fund fees follow the following schedule:</p> <p>Months 1-4: \$125.00* Months 5-7: \$250.00* Months 8-10 : \$375.00* Months 11-13: \$550.00* Months 14-17: \$625.00* Months 18-20: \$750.00* Months 21-23: \$875.00* Months 24 and thereafter: \$1,000.00*</p>	Same as royalty	This fee will be used for a system-wide marketing fund for our use in promoting and building the Gotcha Covered brand. The marketing fund is discussed in Item 11.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Local and Regional Marketing Cooperative ⁽³⁾	Established by cooperative members	Established by cooperative members	We currently do not have a cooperative but reserve the right to require one to be established in the future. If established, any franchisor-owned outlets will be given the same voting power as other outlets and will not have controlling power in any cooperative. Item 11 contains more information about marketing cooperatives.
Minimum Territory Marketing	You must spend a minimum of 5% of your annual gross revenue on marketing for your operations in your territory, in addition to your Marketing Fund Fee. Included in such minimum spending will be the cost of online lead generation services and pay-per-click lead generation services by our approved or designated vendor(s).	As incurred.	This amount is not a fee to us. It is spent by you on local advertising. You are required to spend this minimum amount on local marketing with designated or selected vendors each month. If you do not spend 5% of your gross revenue within a calendar year on local, in-territory, marketing, you will contribute the difference between the actual amount expended and the amount required as additional National Marketing Fees.
Unauthorized Marketing Fee	\$500 per occurrence	On demand	This fee is payable to the marketing fund if you use unauthorized marketing in violation of the terms of the Franchise Agreement.
Insurance	You must reimburse our costs plus a 20% administrative fee	On demand	If you fail to obtain insurance, we may obtain insurance for you, and you must reimburse us for the cost of insurance obtained plus 20% of the premium as an administrative cost of obtaining the insurance.
Additional Training or Assistance Fees	Then-current fee (currently \$250 per additional person for initial basic training and approximately \$100 per attendee per day for additional training)	As incurred	We provide initial basic training at no charge for up to two (2) people, which must include you (or your “ <u>Designated Owner</u> ,” defined in Item 15, if you are an entity), and your “ <u>Manager</u> ,” defined in Item 15, if you have one, provided they attend at the same time. We may charge you for training additional persons, newly hired personnel, refresher training courses, advanced training courses, and additional or special assistance or training you need or request. These fees will depend on the training required.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Technology Fee ⁽⁴⁾	Then-current fee (currently \$100 per month)	Same as Royalty	We charge this fee for technology-related services. We reserve the right to an annual increase of no more than 10% per year, upon 30 days' notice. We reserve the right to upgrade, modify, and add new technology-related services. You will be responsible for any increase in fees that result from any upgrades, modifications, or additional technology-related services, or from increases from third party vendors.
Software Fees	\$200 to \$500 per month	As incurred.	If we designate softwares as a requirement for franchisee use, you must use the designated softwares provided by our designated vendor(s). This fee is paid directly to the vendor. Designated Software and SaaS vendors may include providers accounting software, CRM, sales/invoicing, call center services, and similar services. Rates are established by the applicable vendors and subject to change on their terms.
Digital Presence Fee	Then-current fee	As incurred.	For our designated providers of services facilitating your digital presence, you will pay the associated vendors their current services. Presently, these comprise approximately \$250-\$275/month.
Annual Meeting Fee	Then-current fee	On demand	Payable to us to help defray the cost of your attendance at the annual meeting that we choose to hold. This fee is due regardless of whether or not you attend our annual meeting in any given year.
Supplier and Product Evaluation Fee	Costs of inspection (estimated to be approximately \$100 to \$500)	As incurred	Payable if we inspect a new product, service, or proposed supplier nominated by you.
Customer Issue Resolution	Reasonable costs we incur for responding to a customer complaint	On demand	Payable if a customer of the GC Business contacts us with a complaint and we provide a gift card, refund, or other value to the customer as part of our addressing the issue.
Payment Service Fee	3% of total charge	As incurred	If payment is made to us or our affiliates by credit card for any fee required, we may charge a service charge of up 3% of the total charge.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Late Payment Fee	\$100 per occurrence, plus the lesser of the daily equivalent of 18% per year simple interest or the highest rate allowed by law	As incurred	Payable if any payment due to us or our affiliates is not made by the due date. Interest accrues from the original due date until payment is received in full.
Insufficient Funds Fee	\$100 per occurrence	As incurred	Payable if any check or electronic funds transfer payment is not successful due to insufficient funds, stop payment, or any similar event.
Failure to Submit Required Financial Report Fine	\$25 per occurrence and \$25 per day	Your bank account will be debited for failure to submit any requested report within five (5) days of request	Payable if you fail to submit any required report or financial statement when due. Fines collected are paid to the marketing fund, or if no longer established, to us. You will continue to incur this fee until you submit the required report.
Indemnification	Varies under circumstances	As incurred	You must indemnify and reimburse us for any expenses or losses that we or our representatives incur related in any way to your GC Business or Franchise.
Professional Fees and Expenses	Will vary under circumstances	As incurred	You must reimburse us for any legal or accounting fees that we incur as a result of any breach or termination of your Franchise Agreement. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement, or payable for any fees we incur for any transfer that is not completed.
Successor Fee	10% of the then-current Initial Franchise Fee	At the time you sign the new franchise agreement	Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement. If we are not offering Franchises at the time of your renewal, the renewal fee will be 10% of the initial franchisee fee listed in the most recent Franchise Disclosure Document.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Transfer Fee	\$15,000 Note, any sales commission owed as a result of your transfer shall remain your obligation, in addition to the Transfer Fee.	\$1,000 non-refundable deposit at time of transfer application submittal and the remaining balance of fee at the signing of the approved transfer	Payable in connection with the transfer of your GC Business, a transfer of ownership of your legal entity, or the Franchise Agreement.
Transferee Training Fee	Then-current fee (currently: 1) \$1,000 for up to two people, including transferee (or its Designated Owner, if transferee is an entity) and its Manager, if applicable, for basic training and advanced training; plus 2) \$250 per additional person for basic and advanced training and approximately \$100 per attendee per day for additional training)	At time the approval of transfer document is executed	This fee is payable if you transfer the GC Business. If the transferee is an existing franchisee who has successfully completed initial basic training, then we may (in our sole discretion) waive this fee. See Item 15 for more information on the “ <u>Designated Owner</u> ” and “ <u>Manager</u> .”
Broker Fees	Our actual cost of the brokerage commissions, finder’s fees, or similar charges	As incurred	If you transfer your GC Business to a third party or purchaser, you must reimburse all of our actual costs for commissions, finder’s fees and similar charges.
Email Account Fee	Then-current fee; currently \$336 per calendar year, per email account.	As incurred	You will pay us this fee for the email services of our designated provider. We will waive the email account fee for your first calendar year. You will pay the annual email account fee for each subsequent year beginning in December of your first calendar year.

Notes:

1. Fees. All fees paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us or our affiliates via electronic funds transfer (“EFT”) or other similar means. You are required to complete the EFT authorization (in the form attached to this Franchise Disclosure Document in Exhibit G). We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement.
2. Royalty and Marketing Fund Fees. The royalty and/or marketing fund fee(s) may be adjusted once per calendar year. Any percentage increase will be the greater of: (a) five percent (5%); or (b) the U.S. Consumer Price Index (for U.S. City Average, All Items Index, All Urban Consumers)

percentage increase during the prior 12-month period for each year since our previous adjustment to the royalty and/or marketing fund fee(s).

3. Local and Regional Marketing Cooperatives. We reserve the right to establish a local or regional marketing cooperative. If a local or regional marketing cooperative is established, contribution amounts to the local or regional marketing cooperative will be established by the cooperative members. We anticipate that each GC franchisee will have one (1) vote for each GC Business operated by the member in the designated market. No local or regional marketing cooperatives have been established as of the Issuance Date of this Franchise Disclosure Document.

4. Technology Fee. We will provide you with certain technology services in exchange for your monthly technology fee, which may change from time to time based on changes to the technology services we provide and/or our costs to provide these services. The current technology fee is \$100 per month.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee ⁽¹⁾	\$62,910	\$69,900	Lump Sum	At Signing of Franchise Agreement	Us
Franchise Starter Package ⁽²⁾	\$19,900	\$19,900	Lump Sum	Within 7 days of Signing of Franchise Agreement	Us
Annual Conference Registration Deposit	\$1,000	Lump Sum	Within 7 days of signing of Franchise Agreement.	Us.	Annual Conference Registration Deposit
Launch Campaign (Marketing for Grand Opening)	\$15,000	\$30,000	As Incurred	As Incurred	Suppliers. Note: this campaign spans your first six months, not the first three months.
Training ⁽³⁾	\$250	\$2,000	As Incurred	As Incurred	Providers of Travel, ground transportation, and Food Services for 2 Attendees
Equipment ⁽⁴⁾	\$0	\$600	Lump Sum	Prior to Opening	Suppliers
Insurance ⁽⁴⁾	\$1,000	\$4,000	as Incurred	Prior to Opening	Insurer

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Miscellaneous Opening Costs ⁽⁶⁾	\$100	\$1,500	As Incurred	As Incurred	Suppliers, Utilities, Etc.
Additional Funds – 3 Months ⁽⁷⁾	\$3,000	\$7,500	As Incurred	As Incurred	Employees, Us, Suppliers, Utilities
TOTAL ESTIMATED INITIAL INVESTMENT ⁽⁸⁾	\$103,160	\$136,400			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your GC Franchise. We may finance a portion of your Initial Franchise Fee, but not any other fees or expenses payable to us (Item 10 has more information regarding this financing). The availability and terms of financing depend on your creditworthiness. Otherwise, we do not offer direct or indirect financing for these items. All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments.

1. Initial Franchise Fee. The low estimate included a ten per cent (10%) veteran discount. Item 5 has more information on the Initial Franchise Fee.
2. Franchise Starter Package. You will obtain a “Franchise Starter Package” from us that includes a laptop computer, carrying case, software, product samples, a press release, a starter set of marketing materials, hotel expenses, and your first three months of ProNexis service (including its setup fee). The fee for the Franchise Starter Package is \$19,900, in addition to your Initial Franchise Fee.
3. Training. Provided they attend at the same time, we provide training for two people at our training center in Denver, Colorado or at another location designated by us, which must include you, or if you are an entity, your Designated Owner, and your Manager, if you have one (as defined in Item 15). We arrange and pay for up to five nights of lodging expenses for one room for up to two attendees at a hotel of our choice. For advanced training, we arrange and pay for up to three (3) nights of lodging expenses for one room for up to two (2) attendees, who must include you, or if you are an entity, your Designated Owner, in one room at a hotel of our choice. Your expenses will vary based on whether you have one or two persons attend the initial basic training. The low estimate is based on one (1) person attending training and the high estimate is based on two (2) people attending training. If additional initial basic training is required, or more people must be trained, an additional fee will be assessed.
4. Equipment. The Franchise Starter Package is provided to you at no additional charge. This estimated expense is for additional necessary equipment which includes a multi-function fax/scanner/copy machine, an office or cellular phone, and credit card processing service.
5. Insurance. You must obtain and maintain, at your own expense, the insurance coverage we require, and satisfy other insurance-related obligations. Please note that if you have had prior issues or

claims from previous operations unrelated to the operation of a GC Business, your rates may be significantly higher than those estimated above.

6. Miscellaneous Opening Costs. This estimate includes office supplies, mobile telephone fees, high speed internet, business entity filing fees, legal and accounting fees, and insurance. Note that this amount does not include the cost to obtain a contractor's license. If you are in a state that requires such a license, we recommend you hire a contractor for assistance with your installations. If you choose to obtain such a license, your costs may be greater than the figures listed in this estimate. You are not required to have an opening inventory of products. We provide initial product samples in your Franchise Starter Package.
7. Additional Funds. These amounts represent our estimate of the amount needed to cover your expenses for the initial three (3) month start-up phase of your GC Business. They include payroll costs during the first three (3) months of operation, but not any draw or salary for you. These amounts also include vehicle lease payments (but does not include estimates for items such as purchasing your Vehicle, leasing options for your vehicle other than the three month period specified) software payments to designated vendors, acquiring a license, insurance, registration, or other permits for your Vehicle, wrapping your Vehicle, or otherwise making improvements to your Vehicle. The amounts additionally reflect subscription costs for required online accounting software, for the first three months of operation, and contemplate your choice to potentially hire a bookkeeper's services. The figures in this Additional Funds category do not include standard pre-opening expenses, Royalties, or marketing fees payable under the Franchise Agreement or debt service. For purposes of this disclosure, we estimated the start-up phase to be three (3) months from the date your GC Business opens for business. Our estimates are based on our experience, the experience of our affiliates and our current requirements for a GC Franchise. Additional funds for the operation of your GC Franchise will be required after the first three months of operation if sales produced by the GC Franchise are not sufficient to produce positive cash flow.
8. Figures May Vary. This is an estimate of your initial start-up expenses for one GC Franchise. You should review these figures carefully with a business advisor before making any decision to purchase the Franchise.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

To ensure the highest degree of quality and service is maintained, you must operate your GC Business according to our System, methods, standards and specifications. This includes purchasing or leasing all goods, services, supplies, equipment, inventory, and computer hardware and software related to establishing and operating the GC Franchise under our specifications, which may include purchasing these items from: (i) our designees, (ii) approved suppliers, and/or (iii) us or our affiliates. You must not: (i) deviate from these methods, standards, and specifications without our prior written consent, or (ii) otherwise operate in any manner which reflects adversely on our Marks or the System. Our confidential operations manual ("Brand Standards Manual" which includes our Training Manual, Policy and Procedures Manual, and associated content) states our standards, specifications, and guidelines for all products and services we require you to obtain in establishing and operating your GC Franchise, and approved vendors for these

products and services. The Brand Standards Manual may exist in various parts, locations, and formats, and may include a combination electronic materials, websites and other written materials.

We will notify you of new or modified standards, specifications, and guidelines through periodic amendments or supplements to the Brand Standards Manual or through other written communication (including electronic communication such as email or through a system-wide intranet).

You must purchase, install, maintain in sufficient supply, and use only fixtures, furnishings, equipment, signs, and supplies that conform to the standards and specifications described in the Brand Standards Manual or otherwise in writing. We will notify you of new or modified standards, specifications, and guidelines through periodic amendments or supplements to the Brand Standards Manual or through written communication (including electronic communication).

You must use the computer hardware and software that we periodically designate to operate your GC Franchise (“Computer System”). You must, at your cost, obtain the computer hardware, software licenses, maintenance and support services and other related services for your Computer System that meet our specifications from the suppliers we specify. These requirements include an obligation that you use the accounting software that we periodically designate, including providing us access to such software and reports, and all related access and functions. The Computer System is included in the Franchise Starter Package, and will be designated for business purposes. Any software programs not related to the operation of the Gotcha Covered Business must be approved by us before installation.

You must have a vehicle which you will use in the operation of the GC Business (“Vehicle”). You may use a vehicle you currently own as your Vehicle, provided it meets our specifications and that we approve your Vehicle prior to use; otherwise you will be required to lease or purchase a Vehicle. The body of the Vehicle must be clean and free of any major or minor damage. We reserve the right to revoke our approval of a Vehicle should the Vehicle no longer meet our minimum standards.

You must obtain the insurance coverage required under the Franchise Agreement. Currently you must obtain and maintain auto insurance and a commercial general liability policy with a minimum of \$1,000,000 for each occurrence with a general aggregate of not less than \$2,000,000, naming us and any affiliates we designate as an additional insured. You must also obtain and maintain in full force and effect during the term of your Franchise Agreement, and at your expense, unemployment insurance and worker’s compensation insurance sufficient to meet the applicable laws and regulations. The insurance company must be authorized to do business in the state where your GC Business is located and must be approved by us. It must also be rated “A” or better by A.M. Best & Company, Inc. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time as established in updates to the Brand Standards Manual.

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

- E. Comprehensive general liability insurance, including and products liability, completed operations, property damage, contractual liability, independent contractors liability, owned and non-owned and hired automobile coverage, and personal injury coverage with a combined single limit of at least \$1,000,000 per occurrence and \$2,000,000 aggregate, including umbrella coverage.
- B. Workers’ compensation and employer’s liability insurance, and other insurance required by statute or rule of the state in which the franchise is located and operated.

- C. Business interruption and lost profit insurance.
- D. Employer Practice liability insurance.
- E. Automobile liability insurance, including owned, non-owned, leased and hired vehicle coverage, with a combined single limit of at least \$1,000,000 for death, personal injury and property damage.

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

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

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

In addition to the computer equipment we require you to purchase as disclosed in Item 7 above, we may require you to install and use accounting and business control computer systems approved by us. You must lease, purchase or otherwise acquire, from sources of your choice and at your expense, software and hardware (including but not limited to programs, computer terminals and Internet) which strictly conform to our specifications as outlined in Item 11, below. Your total purchase costs for these additional computer systems will range from \$1,500 to \$5,000.

Purchases from Approved Suppliers

You must purchase all products, equipment, supplies, and materials only from approved suppliers (including manufacturers, wholesalers, and distributors). We will provide you with a list of our designated and approved suppliers and of your required purchases or services in our Brand Standards Manual. We estimate that approximately 90% of purchases required to open your GC Business and 90% of purchases required to operate your GC Business will be from us or from other approved suppliers and under our specifications. Some suppliers may give or pay GCF payment discounts and/or rebates based on purchases by GCF franchisees. These amounts may be paid by suppliers to GCF, at GCF's sole determination. During our last fiscal year, ended December 31, 2023, we derived revenue of \$2,046,000 in revenues resulting from purchases by franchisees. This was 40.7% of our total revenue of \$5,023,867 for the fiscal year 2023.

We are currently the only approved supplier of the Franchise Starter Package. We are also the only approved supplier of email account services, as we collect the fee for these services and remit it to a third party provider on your behalf. Some of our officers own an equity interest in GCF, which is an approved supplier.

We do not have any purchasing or distribution cooperatives as of the Issuance Date of this Franchise Disclosure Document. We may negotiate purchase arrangements with suppliers and distributors of approved products for the benefit of our franchisees. We and our affiliates may receive rebates or other consideration from suppliers in consideration for goods or services that we require or advise you to obtain from approved suppliers, and we reserve the right to do so in the future. Our revenue or other consideration received may include promotional allowances, volume discounts, and other payments. There are no caps or limitations on the maximum rebates we may receive from our suppliers as the result of franchisee

purchases. We do not provide material benefits, such as renewing or granting additional franchises to franchisees based on their use of designated or approved suppliers. During fiscal year ended December 31, 2022, our affiliates received \$19,685.26 in revenues from our franchisees for required purchases.

Approval of New Suppliers

If you want to use or sell a product or service that we have not yet evaluated, or if you want to purchase or lease a product or service from a supplier or provider that we have not yet approved (for products and services that require supplier approval), you must notify us and submit to us the information, specifications, and samples we request. We will use commercially reasonable efforts to notify you within thirty (30) days after receiving all requested information and materials whether you are authorized to purchase or lease the product or service from that supplier or provider. We reserve the right to charge a fee to evaluate the proposed product, service, or supplier. We apply the following general criteria in approving a proposed supplier: (1) ability to purchase the product in bulk; (2) quality of services; (3) production and delivery capability; (4) proximity to GC Franchises to ensure timely deliveries of the product or services; (5) the dependability of the supplier; and (6) other factors. The supplier may also be required to sign a supplier agreement with us. We may periodically re-inspect approved suppliers' facilities and products, and we reserve the right to revoke our approval of any supplier, product, or service that does not continue to meet our specifications. We will send written notice of any revocation of an approved supplier, product, or service. When you receive written notice of a revocation, you must stop selling any disapproved products, and stop purchasing from any disapproved supplier.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation		Section in Franchise Agreement	Item in Disclosure Document
a.	Site selection and acquisition/lease	Section 1.3	Item 11
b.	Pre-opening purchases/leases	Section 5.6	Item 7
c.	Site development and other pre-opening requirements	Sections 3 and 5	Items 5, 7 and 11
d.	Initial and ongoing training	Sections 3.1, 3.2 and 5.10	Item 11
e.	Opening	Section 5.16	Item 11
f.	Fees	Sections 2.2, 4, 9.2	Items 5, 6 and 7
g.	Compliance with standards and procedures and policies/operating manual	Sections 5.3, 6.1 and 6.2	Items 8, 11 and 14
h.	Trademarks and proprietary information	Sections 5.3 and 7	Items 13 and 14
i.	Restrictions on products/services offered	Sections 5.5 and 5.11	Items 8 and 16
j.	Warranty and customer service requirements	Section 5.8	Item 16

Obligation		Section in Franchise Agreement	Item in Disclosure Document
k.	Territorial development and sales quotas	Section 1.3	Item 12
l.	Ongoing product/service purchases	Sections 1.2, 5.5 and 5.11	Item 8
m.	Maintenance, appearance and remodeling requirements	Section 5.7	Item 11
n.	Insurance	Section 5.12	Items 6 and 8
o.	Marketing	Sections 4, 5.2, 5.3, 5.4 and 5.9	Items 6, 7 and 11
p.	Indemnification	Section 13.4	Item 6
q.	Owner's participation/management/staffing	Section 5.1	Item 15
r.	Records and reports	Section 8	Item 6
s.	Inspections and audits	Sections 5.1 and 8.4	Item 6
t.	Transfer	Section 9	Item 17
u.	Renewal	Section 2.2	Item 17
v.	Post-termination obligations	Section 11	Item 17
w.	Non-competition covenants	Section 7.2	Item 17
x.	Dispute resolution	Sections 18 and 19	Item 17

ITEM 10 FINANCING

We do not arrange any type of financing from any source. We do not guarantee your note, lease, or other obligation.

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

Except as listed below, GCF is not obligated to provide you with any assistance.

Pre-opening Obligations

Before you open your GC Business, we (or our affiliates or designee(s)) will provide the following assistance and services to you:

1. Provide an initial basic training program (See Franchise Agreement – Section 3.1).
2. Loan you, or make available to you on our website, one (1) copy of the Brand Standards Manual, which currently consists of a training manual (“Training Manual”) and a policy and procedures manual (“Policy & Procedures Manual”). The Training Manual contains approximately 187 pages. The Policy & Procedures Manual contains approximately 48 pages. The table of contents for the Brand Standards Manual is attached to this Franchise Disclosure Document as Exhibit D (See Franchise Agreement – Section 3.1).

3. Because you do not have to locate a site from which to operate your GC Business, we do not provide you with assistance in doing so. You may open an office, but it is not required. You will not need our approval of a site if you choose to open an office (See Franchise Agreement – Section 5.6).

4. Designate your Area of Primary Responsibility (See Franchise Agreement – Section 1.3).

5. Provide you with the Franchise Starter Package (See Franchise Agreement – Section 4.a.). We do not provide the above services to renewal franchisees and may not provide all of the above services to franchisees that purchase existing GC Businesses.

Schedule for Opening

The typical length of time between signing the Franchise Agreement or the payment of any fees and the opening of the GC Business can vary from 30 to 90 days. This estimate assumes that you will initially be working from your home or already have a site for the GC Business or that you will identify one shortly after signing the Franchise Agreement. Some factors which may affect this timing are your ability to secure any necessary financing, your ability to obtain any necessary permits and certifications, the time to complete required training, the timing of the delivery of any inventory or equipment, and hiring and training of your staff.

You may not open your GC Business until: (1) we notify you in writing that all of your pre-opening obligations have been fulfilled; (2) you have completed the initial basic training to our satisfaction; (3) all amounts due to us have been paid; (4) we have been furnished with copies of all insurance policies and certificates required by the Franchise Agreement, or other documentation of insurance coverage and payment of premiums we request; (5) you notify us that all approvals and conditions stated in the Franchise Agreement have been met; (6) you have received all required permits and licenses; and (7) you have ordered, received, and installed any equipment, supplies, inventory, and related materials. You must be prepared to open and operate your GC Business immediately after we state your GC Business is ready for opening.

Continuing Obligations

During the operation of your GC Business, we (or our affiliates or designee(s)) will provide the following assistance and services to you:

1. Provide “Advanced Training” (see Training Section below) (See Franchise Agreement – Section 3.1).

2. Continue to loan you, or make available to you on our website, one (1) copy of the Brand Standards Manual. The Brand Standards Manual contains mandatory and suggested specifications, standards, operating procedures, and rules (“System Standards”). We may modify the Brand Standards Manual periodically to reflect changes in System Standards (See Franchise Agreement – Section 3.1).

3. Upon reasonable request, provide advice regarding your GC Business operations based on your reports and our inspections. Advice will be given during our regular business hours and via written materials, electronic media, telephone, or other methods in our discretion. We also will guide you on standards, specifications, and operating procedures and methods that GC Businesses use; marketing and marketing materials and programs; employee training; and administrative, bookkeeping, accounting, and inventory control procedures (See Franchise Agreement - Sections 3.1.h and 3.3.b).

4. Make materials available for promotional brochures, marketing and marketing through our approved suppliers, and business forms (See Franchise Agreement – Section 3.1.h).

5. Maintain and administer one or more websites to advertise, market, and promote GC Businesses and the products and services offered (each a System Website) (See Franchise Agreement – Section 5.3.c).

6. Allow you to continue to use confidential materials, including the Brand Standards Manual and the Marks (See Franchise Agreement – Sections 3.1 and 5.3).

7. License to you the software for the GC Business, including all updates and enhancements created during the term of this Franchise Agreement (if any) (See Franchise Agreement – Section 3.1.f).

Optional Assistance

During the term of the Franchise Agreement, we (or our affiliates or designee(s)) may, but are not required to, provide the following assistance and services to you:

1. Modify, update, or change the System, including the adoption and use of new or modified trade names, trademarks, service marks, or copyrighted materials, new products, new equipment, or new techniques (See Franchise Agreement – Section 5.15).

2. Make periodic visits to the GC Business for the purpose of assisting in all aspects of the operation and management of the Franchise, prepare written reports concerning these visits outlining any suggested changes or improvements in the operation of the Franchise, and detailing any problems in the operations which become evident as a result of any visit. If provided at your request, you must reimburse our expenses and pay our then-current training charges (See Franchise Agreement – Sections 3.1.d and 3.3.c).

3. Maintain and administer an marketing fund. We may dissolve the marketing fund upon written notice (See Franchise Agreement - Section 3.3.e).

4. Hold periodic national or regional conferences to discuss business and operational issues affecting GCF franchisees (See Franchise Agreement – Section 3.1.e).

Marketing

Marketing Fund

We have established a national marketing fund for marketing, developing and promoting the System, the Marks and GC Franchises (“Marketing Fund”). You must contribute a monthly fee which is described in Item 6 (“Marketing Fund Fee”). The Marketing Fund Fee range increases incrementally according to month of operation. For the first year of operation, you will pay: \$125 for the first four months; \$250 for months five through seven; \$375 for months eight (8) through ten 10; \$500 for months 11 through 13; \$625 for months 14 through 17; \$750 for months 18 through 20; \$875 for months 21 through 23; and \$1,000 beginning in month 24 and for the remainder of your franchise term. The Marketing Fund may allocate resources to advertise locally, regionally, and/or nationally, in printed materials, on radio, on television, and/or on the internet, in our sole discretion. Some expenses may be incurred from the Fund in connection with our efforts related to franchise sales.

Your contribution to the Marketing Fund will be in addition to all other marketing requirements set out in this Item 11. Each franchisee will be required to contribute to the Marketing Fund but certain franchisees may contribute on a different basis depending on when they signed their Franchise Agreement. GC Businesses owned by us or our affiliates are obligated to contribute this same amount to the Marketing Fund on a monthly basis.

The Marketing Fund will be administered by us, or our affiliate or designees, at our discretion. All creative concepts, materials, and media used in these programs and their placement and allocation will be created by our in-house marketing department or by an outside third party. We may use a professional marketing agency or media buyer to assist us. The Marketing Fund will be in a separate bank account, commercial account or savings account. We have complete discretion on how the Marketing Fund will be utilized. We may use the Marketing Fund for local, regional or national marketing, sales promotion and promotional materials, public and consumer relations, website development and search engine optimization, the development of technology for the System and any other purpose to promote the Gotcha Covered brand. We may reimburse ourselves, our authorized representatives or our affiliates from the Marketing Fund for salary, benefits, and other compensation of officers, directors, employees, or independent contractors based on time spent working on any brand fund matters, together with administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other direct or indirect expenses associated with the programs funded by the Marketing Fund. We will be entitled to charge the Marketing Fund an administration fee of up to 15% of the expenditures by the Marketing Fund (See Franchise Agreement – Section 3.3.e). We are not obligated to spend any amount on marketing in the geographical area where you are or will be located. We will not use the Marketing Fund Fees for marketing that is principally a solicitation for the sale of Franchises, but we reserve the right to include a notation in any advertisement indicating “Franchises Available” or similar phrasing or include information regarding acquiring a franchise on or as a part of materials and items produced by or for the Marketing Fund. We typically disseminate marketing in electronic media. The Marketing Fund periodically will give you samples of marketing, and promotional formats and materials at no cost.

We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Marketing Fund or to maintain, direct or administer the Marketing Fund. Any unused funds in any calendar year will be applied to the following year’s funds, and we reserve the right to contribute or loan additional funds to the Marketing Fund on any terms we deem reasonable. The Marketing Fund may allocate in any fiscal year more or less than the total Marketing Fund Fees in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use interest earned on Marketing Fund Fees to pay costs before spending the Marketing Fund’s other assets. We may use collection agents and institute legal proceedings to collect Marketing Fund Fees at the Marketing Fund’s expense. We may also forgive, waive, settle, and/or compromise all claims by or against the Marketing Fund. We may at any time defer or reduce a franchisee’s Marketing Fund Fees and, upon 30 days’ prior written notice to you, reduce or suspend Marketing Fund Fees and operations for one or more periods of any length and terminate and reinstate the Marketing Fund. If we terminate the Marketing Fund, we will distribute all unused contributions to contributing franchisees, and to us or our affiliates, in proportion to respective contributions during the preceding 24-month period.

The Marketing Fund is not audited. We will provide an annual accounting for the Marketing Fund that shows how the Marketing Fund proceeds have been spent for the previous year upon written request. During our most recent fiscal year ending December 31, 2023, the Marketing Fund was spent as follows: 37% on websites/domains, 53% on administrative expenses, and 10% on digital marketing/social media. There was no excess, as expenses exceeded revenues.

Local Marketing

In addition to paying Marketing Fund Fees you are required to spend at least five percent (5%) of your monthly sales on local marketing/marketing. These expenditures are subject to the approval and direction of GCF. You must state in all your advertisements and promotional materials (including business cards, order forms, and letterhead) that your GC Business is independently owned and operated, using language that we may specify from time to time. You must provide your local telephone number, and if toll-free service has been established, you may include that number. If you do not spend 5% of your gross sales within a calendar year on local, in-territory marketing, you will contribute the difference between the amount expended and the amount you should have expended as additional National Marketing Fees to us.

You agree, at your sole cost and expense, to issue and offer such rebates, giveaways, and other promotions in accordance with marketing programs established by us, and further agree to honor the rebates, giveaways, and other promotions issued by other GC franchisees under any such program, so long as such compliance does not contravene any applicable law, rule, or regulation. You will not create or issue any gift cards/certificates and will only sell gift cards/certificates that have been issued or sponsored by us and which are accepted at all GC Businesses, and you will not issue coupons or discounts of any type except as approved by us.

You may be required to participate in any local or regional marketing cooperative for GC Franchises that is established. The area of each local and regional marketing cooperative will be defined by us, based on our assessment of the area. Franchisees in each cooperative will contribute an amount to the cooperative for each GC Franchise that the franchisee owns that exists within the cooperative's area. Each GC Franchise we own that exists within the cooperative's area will contribute to the cooperative on the same basis as franchisees. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions from each member. We may require that each cooperative that exceeds five (5) franchisee members must operate with governing documents. Each cooperative must prepare annual unaudited financial statements, and such statements will be provided for review to each member of such cooperative. We reserve the right to form, change, dissolve, or merge any marketing cooperative formed in the future. If we elect to form such cooperatives, or if such cooperatives already exist near your area of primary responsibility, you will be required to participate in compliance with the provisions of the Brand Standards Manual, which we may periodically modify in our discretion.

Launch Campaign or Initial Marketing Expenses

We recommend, but do not require, that franchisees participate in the Launch Campaign. The Launch Campaign consists of a broad-based marketing and marketing plan to help launch your GC Business. The plan includes several online and offline marketing programs that will be tailored to your market and situation, including vehicle signage, additional marketing materials, and other signage and supplies for a home show. The amount varies based on a number of factors, including, but not limited to, the choice of vehicle signage (magnetic sign or full vehicle wrap), the cost to exhibit at your home show, and the specific marketing programs that you choose. If you choose to not participate in the Launch Campaign and choose to conduct initial marketing on your own, you should make alternative arrangements to market the GC Business to the public. The cost of the Launch Campaign or your own initial marketing plan is structured to be disbursed over the course of the first six (6) months of your GC Business as set forth in Item 7.

Marketing Resources, Approvals for Marketing Materials, and Internet Marketing

You may not develop marketing and promotional materials for your own use. All marketing, promotional, and marketing content must be clear, factual, not misleading, and must conform to both the highest standards of ethical marketing and marketing and the marketing and marketing policies that we may require from time to time. Use of logos, Marks, and other name identification materials must follow our approved standards. You may not use our logos, Marks, and other name identification materials on items to be sold or services to be provided without our prior written approval. You may not use any marketing, promotional, or marketing materials that we have not provided or approved. You may not advertise via the internet or a worldwide web page, including websites such as Twitter, and Facebook, unless we have authorized you to do so in writing and pursuant to our online policies. If you use unauthorized marketing materials, you must pay a fee of \$500 per occurrence to us.

System Website

We have established a system website for GC Businesses (“System Website”). As long as we maintain a System Website, we will have the right to use the Marketing Fund assets to develop, maintain, and update the System Website. If you wish to advertise online, you must follow our online policy, which is contained in our Brand Standards Manual. Our online policy may change as technology and the internet changes. Under our online policy, we may retain the sole right to market on the internet, including all use of websites, domain names, marketing, and co-branding arrangements. We may restrict your use of social media. We may not allow you to independently market on the internet, or use any domain name, address, locator, link, metatag, or search technique with words or symbols similar to the Marks. We intend that any franchisee website will be accessed only through the System Website.

We are only required to reference your GC Business on the System Website while you are in full compliance with your Franchise Agreement and all System Standards. If you are in default of any obligation under the Franchise Agreement or System Standards, then we may temporarily remove references to your GC Business from the System Website until you fully cure the subject default(s). You may not, without our prior written approval, develop, maintain, or authorize any website that mentions or describes you, your GC Business, or displays any of the Marks. If we approve your use of a website, including social media websites, we will reserve the right to require you to obtain our written approval of its initial content and as it is updated or modified from time to time. If we develop a template or other standardized format and/or content for franchisee websites, you must agree to use our mediums and to use any supplier that may be designated in the Brand Standards Manual (See Franchise Agreement – Section 5.3.c).

Advisory Council

We have an advisory council (“Council”) to provide us franchisee feedback pertaining to the system. The Council is not governed by bylaws. The purpose of the Council is to promote communications between us and all franchisees. Members of the Council consists of both chosen or appointed franchisees in full compliance with their franchise agreements and corporate representatives. Members of the Council are selected by way of a vote among franchisees in full compliance with their franchise agreements. We anticipate that a Council would serve in an advisory capacity only but may grant to the Council any operation or decision-making powers that we deem appropriate. We have the power to form, change, or dissolve the Council, in our sole discretion.

Software and Computer Equipment

You must purchase or lease, and maintain and use, only such computer(s), hardware, software, web technologies or applications, required dedicated internet access, modem(s), printer(s), and other related accessories or peripheral equipment, and methods of operation as we specify in the Brand Standards Manual or otherwise in writing (collectively the “Computer System”). GCF will provide to you our proprietary Gotcha Linked software in the Franchise Starter Package. You must obtain our approval if you want to delete any software or add any software not related to the operation of your GC Business other than as specified by us. You will be required to sign a Software License Agreement in the form of Attachment 4 to the Franchise Agreement. Other than our proprietary software referenced above, none of the hardware or software you are required to obtain is proprietary to us. You may use any hardware and software that is functionally equivalent and fully compatible with our proprietary software.

The Computer System will manage the daily workflow of the GC Business, coordinate the customer ordering experience, manage purchase orders, installations, and other information. You must record all gross sales on the Computer System. You must store all data and information in the Computer System that we designate, and report data and information in the manner we specify. The Computer System will generate reports on the gross sales of your GC Franchise. You must also have access to high speed internet connection for your GC Business. In addition to offering and accepting gift cards and loyalty cards, you must use any payment vendors and accept all payment methods that we determine. We provide you enhancement and maintenance upgrades, although we are not required to provide you with any ongoing maintenance, repairs, upgrades, updates, or support for the Computer System beyond those routine updates. You must arrange for installation, maintenance, and support of the Computer System at your cost. There are no limitations in the Franchise Agreement regarding the costs of such required support, maintenance, repairs, or upgrades relating to the Computer System. The cost of maintaining, updating, or upgrading the Computer System or its components will depend on your repair history, costs of computer maintenance services in your area, and technological advances. We estimate the annual cost will range between \$0 and \$1,200, but this could vary (as discussed above). We may revise our specifications for the Computer System periodically. You must upgrade or replace your Computer System at such time as specifications are revised. There is no limitation on the frequency and cost of this obligation. You will pay any and all, annual or otherwise, software fees, or other fees, as required by our approved suppliers to maintain your Computer System and software. You acknowledge and agree that our suppliers have the right to increase or decrease the software fees at any time, in their sole discretion, upon written notice to you. You further acknowledge and agree that we reserve the right to change our approved suppliers, including any software suppliers, at any time and in our sole discretion. If you are in default of any obligations under the Franchise Agreement, we may, in addition to any other remedy we may have under the Franchise Agreement, temporarily inhibit your access to all or part of the Computer System, including any proprietary software, until you have cured such default completely.

You must pay us the Technology Fee, currently \$100 per month, for technology-related services. You must also obtain certain software and related software-as-a-service offerings from vendors as we may establish, at their then-current rates. These may include accounting, bookkeeping, marketing, CRM, sales or point-of-sale, and similar offerings. See Item 6 for information on these fees.

You will have sole responsibility for: (1) the operation, maintenance, and upgrading of your Computer System beyond ordinary and routine updates provided by us; (2) the manner in which your Computer System interfaces with our computer system and those of other third parties; and (3) any and all consequences that may arise if your Computer System is not properly operated, maintained, and upgraded.

We (or our designee(s)) have the right to independently access the electronic information and data relating to your GC Franchise, and to collect and use your electronic information and data in any manner,

including promoting the System. This may include posting financial information of each franchisee on an intranet website and using the financial information in Item 19 of our Franchise Disclosure Document. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. We may access the electronic information and data from your Computer System remotely, in your GC Business, or from other locations.

Training

Initial Training

The initial training program (“Basic Training”) lasts for approximately ten days (spread over two weeks), for approximately eight hours each day. This Basic Training is offered as part of our services paid for with your Initial Franchise Fee, and has no additional or separate fee. The first week of the Basic Training shall be held in Greenwood Village, Colorado (or another location we designate), and the second week of the Basic Training shall be held at the Franchisee’s home or business location. The training may be less than the times indicated above depending on the number and experience of the attendees. We do not have a set schedule for the Basic Training (such as once per month) but offer them on an as-needed basis based on Franchise sales. We will provide training to up to two people, provided they attend at the same time. You (or your Designated Owner if you are an entity), and your Manager if you have one, must complete the Basic Training within 60 days after you sign the Franchise Agreement and to our reasonable satisfaction. For the Basic Training, GCF arranges and pays for up to five nights of lodging expenses for one hotel room for up to two attendees at a hotel selected by GCF. You will be responsible for your other expenses associated with attending training. We plan to provide the training listed in the table below. The hours presented for each subject are estimates and may change.

BASIC TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training*	Location
WEEK 1			
Business Management	6	0	Greenwood Village, Colorado
Hard Product Knowledge	12	0	Greenwood Village, Colorado
Soft Product Knowledge	4	0	Greenwood Village, Colorado
Marketing and Sales	10	0	Greenwood Village, Colorado
Measuring Skills	3	0	Greenwood Village, Colorado
Testing and Review	1	0	Greenwood Village, Colorado
WEEK 2			
Business Management	8	0	Your GC Business Location
Computer Operation	2	0	Your GC Business Location
Vendor Meetings	20	0	Your GC Business Location
Marketing and Sales	4	0	Your GC Business Location
ADVANCED TRAINING			
Business Management	4		Greenwood Village, Colorado

Subject	Hours of Classroom Training	Hours of On-The-Job Training*	Location
Hard Product Knowledge	7		Greenwood Village, Colorado
Soft Product Knowledge	5		Greenwood Village, Colorado
Marketing and Sales	14		Greenwood Village, Colorado
Total	100 Hours	0 Hours	

*No on-the-job training is provided, although you will practice (with the instructor present) the necessary skills to operate the GC Business.

Notes:

Most of these subjects are integrated throughout the ten day Basic Training. The training subjects may vary, and the training may be less than the times indicated above, depending on the number and experience of the attendees.

Our instructors may include GCF employees, former franchisees, subject matter experts, vendor representatives, store managers, and/or assistant managers with a minimum of five years of experience in business management and marketing.

All Trainers will be supervised by Mr. Linenberg, our Brand President, and will have significant experience in the subject matters for which they are responsible for training.

We will use the Brand Standards Manual, handouts, computers, product samples, measuring devices, role playing exercises, and tests as the primary instruction materials during the Basic Training.

Ongoing Training

Additionally, after you have completed the Basic Training and your Gotcha Covered Business is open, you (or your Designated Owner if you are an entity) or your Manager must attend the advanced training (“Advanced Training”). Advanced Training must be completed within three to six months of opening your Gotcha Covered Business. Additional persons, if allowed, would be required to pay the then-current training fees and all expenses. The Advanced Training shall be held in a location designated by us, and shall not exceed four business days. For the Advanced Training, GCF arranges and pays for up to three nights of lodging expenses for one room at a hotel of our choice. We plan to provide the Advanced Training listed in the table below. The hours presented for each subject are estimates and may change:

ADVANCED TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training*	Location
Business Management	8	0	a location designated by us
Hard Product Knowledge	0	0	a location designated by us
Soft Product Knowledge	11	0	a location designated by us
Marketing and Sales	12	0	a location designated by us

Subject	Hours of Classroom Training	Hours of On-The-Job Training*	Location
Measuring Skills	0	0	a location designated by us
Testing and Review	1	0	a location designated by us
Total Hours	32 Hours	0 Hours	

*No on-the-job training is provided, although you will practice (with the instructor present) the necessary skills to operate the GC Business.

Notes:

Most of these subjects are integrated throughout the four day Advanced Training. The training subjects may vary, and the training may be less than the times indicated above, depending on the number and experience of the attendees.

All Trainers will be supervised by Mr. Linenberg, our Brand President, and will have significant experience in the subject matters for which they are responsible for training.

We will use the Brand Standards Manual, handouts, computers, product samples, measuring devices, role playing exercises, and tests as the primary instruction materials during the Advanced Training.

Other instructors may include GCF employees, former franchisees, subject matter experts, vendor representatives, store managers, and/or assistant managers with a minimum of five years of experience in business management and marketing.

From time to time, we may also require that you (or your Designated Owner if you are an entity), Managers and other employees attend system-wide refresher or additional training courses. Some of these courses may be optional while others may be required. If you appoint a new Designated Owner or Manager, that person must attend and successfully complete our Basic Training before assuming responsibility for the management of your GC Business. If we conduct an inspection of your GC Business and determine you are not operating in compliance with the Franchise Agreement, we may require that you attend remedial training that addresses your operational deficiencies. You may also request that we provide additional training (either at corporate headquarters or at your GC Business).

You or your manager must attend the regularly scheduled huddles, meetings, and conferences which are identified and scheduled by us as set forth in the Operations Manual. These are offered to provide, at no cost, additional and ongoing training aimed at your business performance and improvement. If any are rescheduled without at least 2 business days' notice, your absence will be regarded as excused. Likewise, if you obtain prior permission to be absent, such will not impact your compliance with these requirements.

ITEM 12 TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You will receive an Area of Primary Responsibility with a minimum of 30,000 households. The Area of Primary

Responsibility must be agreed upon by you and us before you sign the Franchise Agreement and pay the Initial Franchise Fee. This Area of Primary Responsibility is defined in your Franchise Agreement and is not a location to be approved in the future. You will not be given a Franchise if you and we cannot agree upon an Area of Primary Responsibility. The population statistics used in determining your Area of Primary Responsibility will be based on numbers derived from the current U.S. Census report and supplemented with other information available to us and other population statistical sources of our choosing to determine populations. In certain densely populated metropolitan areas, a territory may be small if it has a high population density, while franchisees operating in less densely populated urban areas may have significantly larger areas. The boundaries of your Area of Primary Responsibility may be described in terms of contiguous zip codes, street boundaries or county boundaries, or depicted on a map attached to your Franchise Agreement. Once we establish your Area of Primary Responsibility, we will not change or modify it without your consent. If you request that we change your Area of Primary Responsibility, we will approve the relocation unless extraordinary circumstances arise such as proximity to a neighboring franchised outlet, out of market lease terms, or a proposed location that will not conform with local law.

You are prohibited from “Actively Promoting” your GC Business outside of your Area of Primary Responsibility without prior written approval from GCF. “Actively Promoting” includes all forms of both online and offline marketing and marketing for new customers that can be reasonably restricted to a zip code, including direct mailings, door leaflets, telephone solicitations, local newspapers, and localized signs. You may not engage in any promotional or similar activities, whether directly or indirectly, through or on the internet or any similar proprietary or common carrier electronic delivery system. Except for sales methods designated by us, you may not sell GC Business products and services through any alternative channel of distribution, including the internet, catalog sales, telemarketing, or other direct marketing. The restrictions: (a) ensure that you will promote the GC Business within your Area of Primary Responsibility; and (b) prevent confusion in the marketplace among other GCF franchisees soliciting the same customers and marketing in the same markets. Because the GC Business is a repeat and referral business, sales are not limited to your Area of Primary Responsibility. You may make sales anywhere, including other franchisee’s Areas of Primary Responsibility (subject to applicable laws) and GCF and/or another GCF franchisee may make sales in your Area of Primary Responsibility. You may compete for customers in another GCF franchisee’s area of primary responsibility and GCF, and/or another GCF franchisee may compete for customers in your Area of Primary Responsibility, subject to the same marketing restrictions as are imposed on you. GCF may solicit orders inside your Area of Primary Responsibility through internet marketing. GCF may respond to customer complaints in your Area of Primary Responsibility, which GCF may resolve in its discretion.

Other than as stated above, the Franchise is non-exclusive, and we retain the right, for ourselves and our affiliates, on any terms we deem advisable, and without granting you any rights:

1. to own, franchise, or operate GC Franchises at any location outside of the Area of Primary Responsibility, even if doing so will or might affect your operation of your GC Business;
2. to use the Marks and the System to sell any products or services similar to those which you will sell through any alternate channels of distribution within or outside of the Area of Primary Responsibility. This includes, but is not limited to, other channels of distribution such as television, mail order, catalog sales, wholesale to unrelated retail outlets, or over the internet. We exclusively reserve the internet as a channel of distribution for us, and you may not independently market on the internet or conduct e-commerce. We (nor our affiliates) neither operate nor plan to operate or to franchise businesses under a different trademark that will sell goods or services that are the same as or similar to those you will sell;
3. to use and license the use of other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or

in the operation of a business offering window treatment sales and installation services and related products and services, at any location, including within the Area of Primary Responsibility, which may be similar to or different from the GC Business operated by you;

4. to purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your GC Business, wherever located;

5. to acquire and convert to the System operated by us any businesses offering services and products similar to those offered by GC Businesses, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned, and whether located inside or outside of the Area of Primary Responsibility, provided that in such situations the newly-acquired businesses may not operate under the Marks in the Area of Primary Responsibility;

6. to use and license the use of technology to non-franchisee locations inside and outside the Area of Primary Responsibility; and

7. to implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

We are not required to pay you if we exercise any of the rights specified above within your Territory. The continuation of the Area of Primary Responsibility is not dependent upon your achievement of a certain sales volume, market penetration, or other contingency. We do not pay compensation for soliciting or accepting orders inside your Area of Primary Responsibility.



Provided you are not in default under your Franchise Agreement, you will have an option to expand your Area of Primary Responsibility, subject to the terms then in effect, and subject to our approval and the availability of additional areas and Areas of Primary Responsibility. You will be required to sign an “Addendum to Franchise Agreement for Additional Area(s) of Primary Responsibility,” which is attached to this Franchise Disclosure Document in Exhibit G.

If you wish to purchase an additional GC Franchise, you must apply to us, and we may, at our discretion, offer an additional GC Franchise to you. We consider a variety of factors when determining whether to grant additional GC Franchises. Among the factors we consider, in addition to the then-current requirements for new GC franchisees, are whether or not the franchisee is in compliance with the requirements under their current franchise agreement.

You are not given a right of first refusal on the sale of existing GC Franchises.

ITEM 13 TRADEMARKS

The Franchise Agreement and your payment of Royalties grant you the non-exclusive right and license to operate your Franchise using our principal Marks listed below. GCF has registrations with the United States Patent and Trademark Office (“USPTO”) on the Principal Register for the following Marks:

Registered Mark	Registration Date	Registration Number
GOTCHA COVERED	July 24, 2001	2,470,971
	April 22, 2014	4,517,040
	Apr. 06, 2021	6,313,334

All required affidavits and renewals have been filed for the registered mark. There are no effective adverse material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation involving the Marks. No agreement significantly limits our right to use or license the Marks in a manner material to your Franchise. We are aware that there are two businesses that might claim rights that could affect your use of the trademarks in certain geographic areas. Currently, there is a business in Kansas City, Missouri calling itself “Weave Gotcha Covered” and operating the domain “www.weavegotchacovered.com.” As of the Issuance Date, this user has not made any claims against us. If your franchise were located in the area, and if this user could establish common law trademark rights in the area, it could materially affect your use of the trademarks in the area. There is also a business in Lincoln, Nebraska calling itself “Gotcha Covered” and operating the domain “gcovered.com.” As of the Issuance Date, this user has not made any claims against us. If your franchise were located in this area, and if this user could establish common law trademark rights in the area, it could materially affect your use of the trademarks in the area. We do not know of any superior prior rights or any other infringing uses that could materially affect your use of the Marks in any state.

You must follow our guidelines and requirements when using the Marks. You cannot use our name or mark as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You must indicate to the public, using language that we may specify from time, to in any contract, advertisement and that you are an independently owned and operated licensed franchisee of Gotcha Covered Franchising, LLC. You may not use the Marks in the sale of unauthorized services or products or in any manner we do not authorize. You may not use the Marks in any marketing for the transfer, sale, or other disposition of the Franchise or any interest in the Franchise. All rights and goodwill from the use of the Marks accrue to us. If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice, and will not be entitled to compensation or other rights as a result of the substitution. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue, or other indirect

expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

Your right to use the Marks is derived solely from your Franchise Agreement and is limited to conducting business in compliance with the Franchise Agreement and all applicable standards, specifications, and operating procedures we prescribe. Any unauthorized use of the Marks by you will constitute an infringement of our rights in the Marks. Your use of the Marks and any goodwill established by them will be for our exclusive benefit, and your Franchise Agreement does not confer any goodwill or other interests in the Marks upon you. All provisions of your Franchise Agreement applicable to the Marks will apply to any additional proprietary trade and service marks and commercial symbols authorized for use by, and licensed to you under, your Franchise Agreement. You may not at any time during or after the term of your Franchise Agreement contest or assist any other person in contesting the validity or ownership of any of the Marks.

You must prominently display the Marks on or with franchise posters and displays, service contracts, stationery, other forms we designate, and in the manner we prescribe; to give any notices of trade and service mark registrations and copyrights that we specify; and to obtain any fictitious or assumed name registrations that may be required under applicable law.

You must notify us immediately when you learn about an infringing or challenging use of the Marks. If you are in compliance with the Franchise Agreement, we will defend you against any claim brought against you by a third party alleging your use of the Marks, in accordance with the Franchise Agreement, that infringes upon that party's intellectual property rights. We may require your assistance, but you are not permitted to control any proceeding or litigation relating to our Marks. We have the sole discretion to take such action as we deem appropriate to exclusively control any litigation or administrative proceeding involving a trademark licensed by us to you. We have no obligation to pursue any infringing users of our Marks. If we learn of an infringing user, we will take the action appropriate, but we are not required to take any action if we do not feel it is warranted. We are not required to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the Marks, or if the proceeding is resolved unfavorably to you. You must not directly or indirectly contest our right to the Marks. We may acquire, develop, and use additional marks not listed here, and may make those marks available for your use and for use by other franchisees.

Since 1992, a company in Gainesville, Florida has been offering window treatment services under the name "Gotcha Covered Blindz."

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents or patents pending are material to the Franchise. We claim proprietary rights in the Brand Standards Manual, which contains trade secrets, marketing and marketing materials, the System Website, our Gotcha Linked software, and similar items used in operating GC Businesses. We have not registered any copyrights in these works with the United States Registrar of Copyrights, but we need not do so at this time to protect them. You may use these items only as we specify while operating your GC Business (and must stop using them if we so direct you). The Software License Agreement (SLA) for Gotcha Linked is Attachment 4 to the Franchise Agreement.

There are currently no effective adverse determinations of the USPTO, the Copyright Office (Library of Congress), or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state. You must notify

us immediately when you learn about an infringing or challenging use of our copyrighted materials. If you are in compliance with the Franchise Agreement, we will defend you against any claim brought against you by a third party that your use of our copyrighted materials in accordance with the Franchise Agreement infringes upon that party's intellectual property rights. We may require your assistance, but you are not permitted to control any proceeding or litigation relating to our copyrighted materials. We have no obligation to pursue any infringing users of our copyrighted materials. If we become aware of an infringing user, we will take the action we think appropriate, but we are not required to take any action if we do not feel it is warranted.

Our Brand Standards Manual and other materials contain our confidential information (some of which constitutes trade secrets under applicable law). This information includes site selection criteria; training and operations materials; methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating GC Businesses; marketing and marketing programs for GC Businesses; any computer software or similar technology that is proprietary to us or the System; knowledge of, specifications for, and suppliers of operating assets and other products and supplies; and knowledge of the operating results and financial performance of GC Businesses other than your GC Business.

You may not use our confidential information in an unauthorized manner. You must take reasonable steps to prevent its improper disclosure to others and use nondisclosure and non-competition agreements with those having access to such information. We may regulate the form of confidentiality agreement(s) that you use and must be included as a third-party beneficiary with independent enforcement rights in that agreement.

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

The GC Franchise shall be managed by you, or if you are an entity, one (1) shareholder, partner, or member who is a natural person designated in writing to us as the person to make all decisions for the franchisee entity ("Designated Owner"). We may allow you to appoint a manager ("Manager") to run the day-to-day operations of GC Franchise. You (or your Designated Owner, if you are an entity) and your Manager, if you have one), must successfully complete our training program which is discussed in Item 11. We do not require that a Manager have an ownership interest in the Franchisee. The Manager cannot have any interest in, or business relationship with, any business competitor of your Franchise. If you replace a Designated Owner or Manager, the new Designated Owner or Manager must satisfactorily complete our training program at your own expense.

Any Manager and, if you are an entity, an officer that does not own equity in the Franchisee entity must sign the System Protection Agreement, the form of which is attached to this Franchise Disclosure Document in Exhibit G. All of your employees, independent contractors, agents, or representatives that may have access to our confidential information must sign a Confidentiality Agreement (unless they already signed a System Protection Agreement), the current form of which is attached to this Franchise Disclosure Document in Exhibit G. If you are an entity, each direct and indirect owner (i.e., each person holding a direct or indirect ownership interest in you) must sign an Owners Agreement guarantying the obligations of the entity, the form of which is attached to the Franchise Agreement as Attachment 2.

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

You must sell or offer for sale only those products and services authorized by us and which meet our standards and specifications (See Item 8). You must follow our policies, procedures, methods, and techniques. You must sell or offer for sale all types of products and services specified by us. You must pass through to customers the manufacturer’s product warranty and comply with the requirements of the warranty program, as set forth in the Brand Standards Manual. We may change or add to our required products and services at our discretion with prior notice to you (See Item 8). If we change or add to our required products and services, the changes or additions will remain in permanent effect, unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. There are no limitations on our rights to make changes to the required services and products offered by you. You must discontinue selling and offering for sale any products or services that we disapprove. We reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions as allowed by law.

You may not sell products through other channels of distribution such as wholesale, internet, or mail order sales. You may not establish an account or participate in any social networking sites, crowdfunding campaigns or blogs or mention or discuss the GC Franchise, us, or our affiliates, without our prior written consent and as subject to the online policies contained in our Brand Standards Manual. Our online policy may completely prohibit you from any use of the Marks in social networking sites or other online use. You are prohibited from actively promoting your business outside your Area of Primary Responsibility. You may, however, sell your products and services to customers outside your Area of Primary Responsibility that you did not acquire by actively promoting to them.

**ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement or other Agreement	Summary
a. Length of the franchise term	Section 2.1	Ten years.
b. Renewal or extension of the term	Section 2.2	If you are in good standing and you meet other requirements, you may renew for an additional ten-year year term.

Provision	Section in Franchise Agreement or other Agreement	Summary
c. Requirements for franchisee to renew or extend	Section 2.2	The term “renewal” refers to extending our franchise relationship at the end of your initial term or any extension of the initial term. Your successor franchise rights permit you to remain as a franchisee after the initial term of your Franchise Agreement expires. You must give advance written notice to us; not be in default of your Franchise Agreement; permit us to inspect the Franchise premises and records of the business; modify and improve the premises (if required by us); sign a release of claims (subject to state law); pay us the successor fee; and sign the then-current form of franchise agreement and any ancillary documents for the successor term, and this new franchise agreement may have materially different terms and conditions (including, e.g., higher royalty and marketing contributions) from the Franchise Agreement that covered your original term.
d. Termination by franchisee	Section 10.6	You may terminate after the sixth year of the Franchise Agreement, upon written notice to us, but all amounts owed to us as of the date of termination must be paid to us. Once these amounts are paid, you have no further obligation to pay Royalty or Marketing Fund Fees to us, subject to state law. If other circumstances beyond your control arise, we may consider, on a case-by-case basis and in our sole discretion, other earlier termination options.
e. Termination by franchisor without cause	Not Applicable	We may terminate the Franchise Agreement for any reason at any time before you commence Basic Training and refund the Initial Franchise Fee, and all rights you have under the Franchise Agreement will automatically terminate.
f. Termination by franchisor with cause		We can terminate upon certain violations of the Franchise Agreement by you.
g. “Cause” defined – curable defaults	Section 10.4	You have 15 days to cure a monetary default and 30 days to cure a non-monetary default.
h. “Cause” defined - non-curable defaults	Sections 10.2, 10.3	Non-curable defaults: the defaults listed in Section 10.2 and 10.3 of the Franchise Agreement.
i. Franchisee’s obligations on termination/non-renewal	Sections 11, 6, 7 and 13	Obligations include immediate cessation of operation of franchise, complete de-identification, return of proprietary materials, indemnify us, comply with restrictive covenants and confidentiality terms, and payment of amounts due (also, see Item “r,” below).
j. Assignment of contract by franchisor	Section 9.1	No restriction on our right to assign.

Provision	Section in Franchise Agreement or other Agreement	Summary
k. "Transfer" by franchisee – defined	Section 9.2	Includes any voluntary, involuntary, direct, or indirect assignment, sale, gift, exchange, grant of a security interest, or change of ownership in the Franchise Agreement, the Franchise, or interest in the Franchise.
l. Franchisor approval of transfer by franchisee	Section 9.2	All transfers must be approved by us, but we will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Section 9.2	Prospective franchisee qualifies, must not be in default of franchise agreement and all amounts due are paid, transfer fee paid, transfer agreement approved, transferee signs a then-current form of franchise agreement, which may contain terms and conditions that are materially different from your original franchise agreement., training satisfactorily completed, release signed by you (subject to state law).
n. Franchisor's right of first refusal to acquire franchisee's business	Section 11.2	We can purchase assets of your business at fair market value or can match any offer for your assets.
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not applicable.
p. Death or disability of franchisee	Section 9.4	Franchise must be assigned by estate to approved buyer within 90 days.
q. Non-competition covenants during the term of the franchise	Section 7.2.a	Neither you, your principal owners, nor any immediate family members of you or your principal owners may divert or attempt to divert business or customers of Franchisee, other GC Franchises, or us, have no owning interest in, loan money to, or perform services for a competitive business anywhere; you may not interfere with our or our other franchisees' GC Franchise(s), subject to state law.
r. Non-competition covenants after the franchise is terminated or expires	Section 7.2.b	You are restricted from having an interest in a similar business for two (2) years within: (i) a 25-mile radius from your GC Business (and including the premises of the GC Business); and (ii) a 25-mile radius from all other GC Businesses that are operating or under development or construction, subject to state law.
s. Modification of the agreement	Section 16	No modifications of the Franchise Agreement during the term unless agreed to in writing, but the Brand Standards Manual is subject to change at any time in our discretion. Modifications are permitted on renewal.
t. Integration/merger clause	Section 16	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state, FTC, or federal law). Any representations or promises outside of this Franchise Disclosure Document and Franchise Agreement may not be enforceable.

Provision	Section in Franchise Agreement or other Agreement	Summary
u. Dispute resolution by arbitration or mediation	Section 19	Except for certain claims, all disputes must be arbitrated in Utah County, Utah (or in the state or federal courts located nearest to Utah County, Utah). You must first mediate all disputes arising out of or related to the Franchise Agreement. The parties waive trial by jury of claims not subject to arbitration. Subject to state law.
v. Choice of forum	Section 18.2	Litigation, arbitration, and mediation must be in Utah County, Utah (or in the state or federal courts located in the principal city closest thereto), subject to applicable state law.
w. Choice of law	Section 18.1	Utah law applies, subject to applicable state law. However, any Promissory Note or Security Agreement will be governed by the laws of the state in which your GC Franchise is located.

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC’s Franchise Rule permits a franchisor to disclose information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, and/or affiliate-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Franchise 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 performance at a particular location or under particular circumstances.

As of December 31, 2023, we had 147 GC Franchised Businesses operating in the United States, 7 GC Franchised Businesses operating in Canada, and no company-owned GC Franchised Businesses. The information in the tables below is a historical financial performance representation for the 132 GC Franchised Businesses that operate in the United States and had been in operation for at least one year as of December 31, 2023 (“Reporting Group”) for the 2023 calendar year (“Reporting Period”). We excluded Canadian GC Franchised Businesses, which are not offered under this Franchise Disclosure Document. We also excluded GC Franchised Businesses that closed during the Reporting Period or that had not operated for a full twelve (12) months during the Reporting Period (excluding system-wide revenues by year). Due to the variation in use of our sales software, certain data came from Reporting Groups comprising different sizes, with most data coming from a Reporting Group of 90 GC Franchisees, whereas others drew from a Reporting Group of up to 132 GC Franchised Businesses. The Franchisees and Franchised Businesses comprise those who have reported to us, in each Reporting Group, respectively, based on usage of our designated reporting functions. We have not excluded any data reported to us, apart from those who did not operate for at least one year as of December 31, 2023 or those Franchisees or Franchised Businesses whose operations are not in the United States. We have not audited these amounts, but have no reason to doubt the accuracy of the information.

Existing Franchisees

The following information includes historical financial performance representations from each Reporting Group during the Reporting Period. As a result, the characteristics of these GC Franchisees and GC Franchised Businesses may be different from those of a new franchisee's business. These financial performance representations disclose only average sales and key performance indicators and do not take into account the cost of services performed or franchisee expenses.

The data used in these tables was obtained from sales reports delivered to us by franchisees or franchised businesses, and from our administrative access to the required sales software used by franchisees.

In these tables the following definitions apply:

"Average Annual Sales": This is reported as the total Gross Sales of a GC Franchisee during the Reporting Period.

"Average Monthly Sales": This is reported as the Average Annual Sales of a GC Franchisee divided by twelve (months).

"Average Close Ratio": This is calculated by dividing the total number of closed sales from each GC Franchised Business by the total number of appointments by the same GC Franchised Businesses as reported by the Franchisees during the Reporting Period.

"Average Sale Amount": This is calculated by dividing the total amount of sales contracts from each GC Franchised Business by the total amount of gross sales from sales contracts by the same GC Franchised Businesses as reported by the Franchisees during the Reporting Period.

"Average Sale Margin": This is calculated by dividing each GC Franchised Business's total amount of gross cost from sales contracts by the total amount of gross sales from sales contracts by the same GC Franchised Businesses as reported by the Franchisees during the Reporting Period, and taking an average of each GC Franchised Business's percentage to determine the overall average for any given Reporting Group.

Average Overall Sales Performance Data for Franchisees in the 2023 Reporting Period*

*Reporting Group: 90 reporting Franchisees representing 93 Franchised Businesses that operated during the entire 2023 calendar year

Average Monthly Sales ^A	\$49,377.58
Average Annual Sales ^B	\$592,530.92

A. Of the reporting franchisees, 31 or 34.4% of them attained or surpassed the stated results. The median result was \$33,338.18, with a low of \$8,436.42 and a high of \$307,538.08.

B. Of the reporting franchisees, 31 or 34.4% of them attained or surpassed the stated results. The median result was \$400,058.12, with a low of \$101,237.00 and a high of \$3,690,457.00.

Average Sales Performance Data for First Full Year of Operations During 2023**



** Reporting Group: 11 reporting Franchisees representing 11 Franchised Businesses that operated during the entire 2023 calendar year, who had 12-24 months of reported operations

Average Monthly Sales [^]	\$20,772.06
Average Annual Sales [^]	\$249,264.71

A. Of the 11 reporting franchisees, 5 or 45.5% of them attained or surpassed the stated results. The median result was \$20,756.42, with a high of \$39,337.25 and a low of \$8,436.42.

B. Of the 11 reporting franchisees, 5 or 45.5% of them attained or surpassed the stated results. The median result was \$249,077.00, with a high of \$472,047.00 and a low of \$101,237.00.

Average Sales Performance Data for Established Franchisees During 2023***

*** Reporting Group: 20 reporting Franchisees representing 22 Franchised Businesses that operated during the entire 2023 calendar year, who had 25-36 months of reported operations

Average Monthly Sales [^]	\$35,490.11
Average Annual Sales [^]	\$425,881.34

A. Of the 20 reporting franchisees, 6 or 30.0% of them attained or surpassed the stated results. The median result was \$30,619.71, with a high of \$83,523.00 and a low of \$9,691.87.

B. Of the 20 reporting franchisees, 6 or 30.0% of them attained or surpassed the stated results. The median result was \$367,436.50, with a high of \$1,002,276.00 and a low of \$116,302.49.

Average Sales Performance Data for Mature Franchisees During 2023****

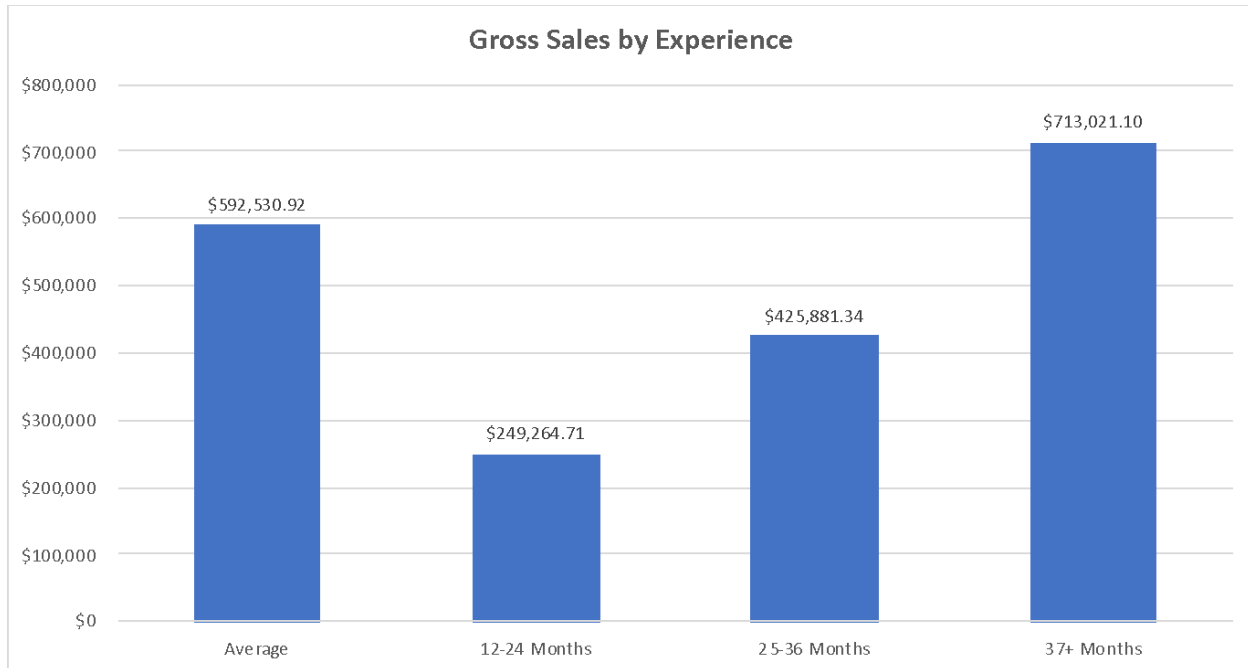
**** Reporting Group: 59 reporting Franchisees representing 60 Franchised Businesses that operated during the entire 2023 calendar year, who had 37+ months of reported operations

Average Monthly Sales [^]	\$59,418.42
Average Annual Sales [^]	\$713,021.10

A. Of the 59 reporting franchisees, 20 or 33.9% of them attained or surpassed the stated results. The median result was \$47,335.17, with a high of \$307,538.08 and a low of \$8,600.75.

B. Of the 59 reporting franchisees, 20 or 33.9% of them attained or surpassed the stated results. The median result was \$568,022.00, with a high of \$3,690,457.00 and a low of \$103,209.00.

The following chart illustrates the Average Annual Sales in these previous tables, reporting gross sales by length of experience as franchisee.



Average Close Ratio Performance Data for Franchised Businesses in the 2023 Reporting Period

Average Overall Close Ratio ^A	49.54%
12-24 Months Operating Average Close Ratio ^B	47.75%
25-36 Months Operating Average Close Ratio ^C	50.12%
37+ Months Operating Average Close Ratio ^D	49.82%

A. Of the 132 reporting franchised businesses overall, 72 or 54.5% attained or surpassed the stated results. The median result was 52.1%, with a high of 100.0% and a low of 0.0%.

B. Of the 35 reporting franchised businesses that had 12-24 months of reported operations, 16 or 45.7% attained or surpassed the stated results. The median result was 45.0%, with a high of 100.0% and a low of 1.9%.

C. Of the 28 reporting franchised businesses that had 25-36 months of reported operations, 18 or 64.3% attained or surpassed the stated results. The median result was 53.1%, with a high of 76.5% and a low of 0.0%.

D. Of the 69 reporting franchised businesses that had 37+ months of reported operations, 40 or 58.0% attained or surpassed the stated results. The median result was 53.8%, with a high of 100.0% and a low of 0.0%.

Average Sale Amount Performance Data for Franchised Businesses in the 2023 Reporting Period

Average Overall Sale Amount ^A	\$4,008.13
12-24 Months Operating Average Sale Amount ^B	\$3,823.12
25-36 Months Operating Average Sale Amount ^C	\$4,199.72
37+ Months Operating Average Sale Amount ^D	\$3,986.84

- A. Of the 126 reporting franchised businesses overall, 56 or 44.4% attained or surpassed the stated results. The median result was \$3,929.99, with a high of \$11,564.64 and a low of \$716.27.
- B. Of the 35 reporting franchised businesses that had 12-24 months of reported operations, 16 or 45.7% attained or surpassed the stated results. The median result was \$3,753.37, with a high of \$11,564.64 and a low of \$716.27.
- C. Of the 27 reporting franchised businesses that had 25-36 months of reported operations, 9 or 33.3% attained or surpassed the stated results. The median result was \$3,981.57, with a high of \$8,129.88 and a low of \$1,954.56.
- D. Of the 64 reporting franchised businesses that had 37+ months of reported operations, 35 or 54.7% attained or surpassed the stated results. The median result was \$4,013.10, with a high of \$7,570.33 and a low of \$1,188.93.

Average Sale Margin Performance Data for Franchised Businesses in the 2023 Reporting Period

Average Overall Sale Margin ^a	60.42%
12-24 Months Operating Average Sale Margin ^b	56.67%
25-36 Months Operating Average Sale Margin ^c	61.09%
37+ Months Operating Average Sale Margin ^d	61.68%

- A. Of the 90 reporting franchised businesses overall, 32 or 35.6% attained or surpassed the stated results. The median result was 55.5%, with a high of 83.2% and a low of 29.6%.
- B. Of the 32 reporting franchised businesses that had 12-24 months of reported operations, 13 or 40.6% attained or surpassed the stated results. The median result was 53.6%, with a high of 79.7% and a low of 30.6%.
- C. Of the 23 reporting franchised businesses that had 25-36 months of reported operations, 9 or 39.1% attained or surpassed the stated results. The median result was 58.5%, with a high of 83.2% and a low of 34.5%.
- D. Of the 35 reporting franchised businesses that had 37+ months of reported operations, 11 or 31.4% attained or surpassed the stated results. The median result was 56.7%, with a high of 77.4% and a low of 29.6%.

The reporting franchisees include all outlets reporting at least one year of historical revenue and performance data at the time of preparation of this disclosure document. All franchisees were requested to provide information. Some outlets have earned this amount. Your individual results may vary. There is no assurance that you will earn as much.

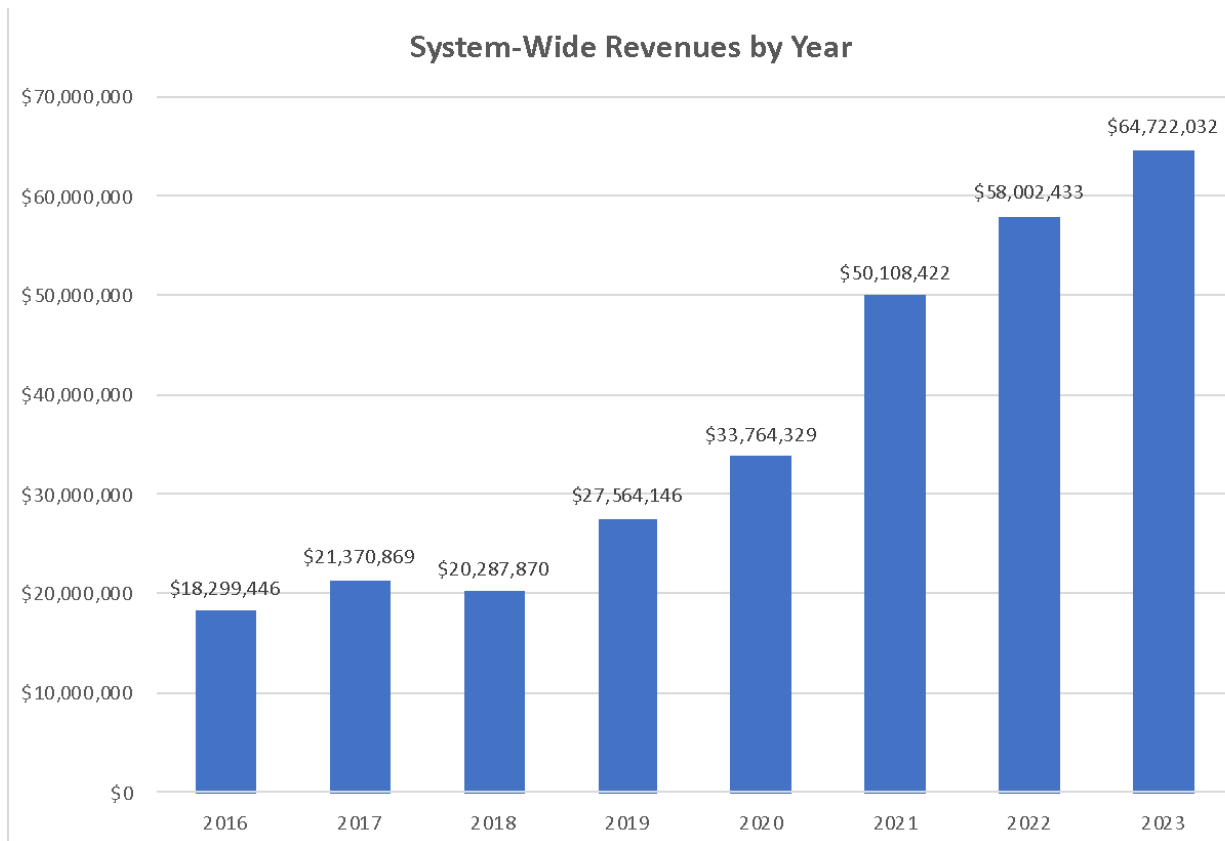
System-Wide Revenues

The following table and chart reflect system-wide revenues for the years outlined and includes all reporting franchisees, without excluding any who terminated operations or who were in the early stages of their operations.

For this table and chart, System-Wide Revenues means the sum of each Franchise Territory's Gross Revenues during the calendar year listed.

Year System-Wide Revenues by Year

2016	\$18,299,446
2017	\$21,370,869
2018	\$20,287,870
2019	\$27,564,146
2020	\$33,764,329
2021	\$50,108,422
2022	\$58,002,433
2023	\$64,722,032



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

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

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



If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Chad Jones at 761 W. 1200 S., Ste 200, Springville UT 84663, 801-551-5415, 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 2021-2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	116	128	+12
	2022	128	146	+18
	2023	146	154	+8
Company-Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	116	128	+12
	2022	128	146	+18
	2023	146	154	+8

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2021-2023

State	Year	Number of Transfers
Colorado	2021	1
	2022	1
	2023	1
Florida	2021	1
	2022	1
	2023	1
Oklahoma	2021	0
	2022	0
	2023	1
Montana	2021	0
	2022	0

State	Year	Number of Transfers
	2023	1
Texas	2021	0
	2022	3
	2023	0
Totals	2021	2
	2022	5
	2023	4

Table No. 3

Status of Franchised Outlets
For Years 2021-2023

State	Year	Franchises at the Start of the Year	Franchises Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operation - other reasons	End of the Year
AL	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
AZ	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
AR	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
CA	2021	1	0	0	0	0	0	1
	2022	1	2	0	0	0	0	3
	2023	3	2	1	0	0	0	4
CO	2021	8	0	0	0	0	1	7
	2022	7	0	0	0	0	0	7

	2023	7	2	0	0	0	0	9
CT								
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	1	1	0	0	0	2
FL								
	2021	15	3	2	0	0	0	16
	2022	16	8	0	0	0	0	24
	2023	24	7	6	0	0	0	25
GA								
	2021	3	1	0	0	0	0	4
	2022	4	1	0	0	0	0	5
	2023	5	1	0	0	0	0	6
ID								
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
IL								
	2021	2	1	0	0	0	1	2
	2022	2	2	0	0	0	0	4
	2023	4	0	0	0	0	0	4
IN								
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
IA								
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
KS								
	2021	2	0	0	0	0	1	1
	2022	1	0	1	0	0	0	0
	2023	0	0	0	0	0	0	0

KY								
	2021	1	0	0	0	0	1	1
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
LA								
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
MD								
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
MA								
	2021	2	0	0	0	0	0	2
	2022	2	0	1	0	0	0	1
	2023	1	0	0	0	0	0	1
MI								
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
MN								
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
MT								
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
NE								
	2021	2	0	0	0	0	1	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2

NV	2021	2	0	0	0	0	1	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
NJ	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
NY	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
NM	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	2	1	0	0	0	2
NC	2021	5	0	0	0	0	1	4
	2022	4	3	1	0	0	0	6
	2023	6	0	0	0	0	0	6
OH	2021	4	1	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
OK	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
OR	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
PA	2021	2	3	0	0	0	1	4

	2022	4	0	0	0	0	0	4
	2023	4	1	0	0	0	0	5
RI								
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
SC								
	2021	2	2	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	1	0	0	0	0	5
SD								
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
TN								
	2021	3	1	0	0	0	1	3
	2022	3	1	0	0	0	0	4
	2023	4	1	0	0	0	0	5
TX								
	2021	15	8	0	0	0	2	21
	2022	21	2	1	0	0	1	21
	2023	21	2	1	0	0	0	22
VA								
	2021	7	1	0	0	0	0	8
	2022	8	1	1	0	0	0	8
	2023	8	0	1	0	0	0	7
WA								
	2021	1	1	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	1	0	0	0	2
WI								
	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3

Table No. 5

Projected Openings as of
December 31, 2023 for 2024

State/Province	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alberta	1	1	0
Florida	5	10	0
Georgia	1	2	0
Michigan	2	2	0
Montana	1	2	0
New York	1	1	0
North Carolina	1	2	0
North Dakota	1	3	0
Texas	3	10	0
Total	16	33	0

The names, addresses, and telephone numbers of all franchisees as of December 31, 2022 are listed in Exhibit E to this Franchise Disclosure Document. The name and last known address and telephone number of every franchisee that has had a Franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our franchise agreement during the most recently completed fiscal year, or who has not communicated with us within ten (10) weeks of the Issuance Date of this Franchise Disclosure Document, is listed on Exhibit E to this Franchise Disclosure Document. In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experiences with the GC Franchise System. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System. During the last three (3) fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the GC Franchise System.

As of the Issuance Date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by us, and no independent franchisee organizations have asked to be included in the Franchise Disclosure Document. We do not have any trademark specific franchisee organizations.

**ITEM 21
FINANCIAL STATEMENTS**

Exhibit C contains the financial statements required to be included with this Franchise Disclosure Document: our audited financial statements as of December 31, 2021 and our parent’s audited financial statements as of December 31, 2022 and December 31, 2023. Our fiscal year end is December 31st.

ITEM 22
CONTRACTS

The following exhibits contain proposed agreements regarding the Franchise:

Exhibit B	Franchise Agreement
Exhibit F	State Addenda and Agreement Riders
Exhibit G	Contracts for use with the Gotcha Covered Franchise

ITEM 23
RECEIPTS

The last pages of this Franchise Disclosure Document, Exhibit J, are a detachable document, in duplicate. Please detach, sign, date, and return one (1) copy of the Receipt to us, acknowledging that you received this Franchise Disclosure Document. Please keep the second copy for your records.

EXHIBIT A

**STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

**STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

<p><u>CALIFORNIA</u></p> <p><u>State Administrator and Agent for Service of Process:</u></p> <p>Commissioner Department of Financial Protection and Innovation 320 W. 4th Street, #750 Los Angeles, CA 90013 (213) 576-7500 (866) 275-2677</p> <p><u>HAWAII</u></p> <p>Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722</p> <p><u>Agent for Service of Process:</u></p> <p>Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722</p> <p><u>ILLINOIS</u></p> <p>Illinois Attorney General Chief, Franchise Division 500 S. Second Street Springfield, IL 62706 (217) 782-4465</p> <p><u>INDIANA</u></p> <p>Secretary of State Securities Division Room E-018 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681</p>	<p><u>MARYLAND</u></p> <p>Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360</p> <p><u>Agent for Service of Process:</u></p> <p>Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020</p> <p><u>MICHIGAN</u></p> <p>Michigan Department of Attorney General Consumer Protection Division 525 W. Ottawa Street Lansing, MI 48913 (517) 373-7117</p> <p><u>MINNESOTA</u></p> <p>Department of Commerce Commissioner of Commerce 85 Seventh Place East, Suite 280 St. Paul, MN 55101-3165 (651) 539-1600</p> <p><u>NEW YORK</u></p> <p><u>Administrator:</u></p> <p>NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8285</p> <p><u>Agent for Service of Process:</u></p> <p>Secretary of State 99 Washington Avenue Albany, NY 12231</p> <p><u>NORTH DAKOTA</u></p> <p>North Dakota Securities Department State Capitol, Fifth Floor, Dept. 414 600 E. Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-4712</p>	<p><u>RHODE ISLAND</u></p> <p>Department of Business Regulation 1511 Pontiac Avenue, Bldg. 68-2 Cranston, RI 02920 (401) 462-9527</p> <p><u>SOUTH DAKOTA</u></p> <p>Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563</p> <p><u>VIRGINIA</u></p> <p>State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9th Floor Richmond, VA 23219</p> <p><u>Agent for Service of Process:</u></p> <p>Clerk of the State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219</p> <p><u>WASHINGTON</u></p> <p><u>State Administrator:</u></p> <p>Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507 (360) 902-8760</p> <p><u>Agent for Service for Process:</u></p> <p>Director of Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501</p> <p><u>WISCONSIN</u></p> <p>Department of Financial Institutions Division of Securities 201 W. Washington Avenue Madison, WI 53703 (608) 266-3364</p>
---	--	---

Rev. 102720



EXHIBIT B

FRANCHISE AGREEMENT



GOTCHA COVERED FRANCHISING, LLC
FRANCHISE AGREEMENT

TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
1. APPOINTMENT	
2. TERM AND RENEWAL	
3. GCF’S OBLIGATIONS	
4. FEES	
5. FRANCHISEE’S OBLIGATIONS.....	
6. FRANCHISEE TO OPERATE BUSINESS IN ACCORDANCE WITH BRAND STANDARDS MANUAL, POLICIES AND PROCEDURES.....	
7. COVENANTS	
8. ACCOUNTING AND RECORDS	
9. TRANSFERABILITY OF INTEREST	
10. DEFAULT AND TERMINATION	
11. FRANCHISEE’S OBLIGATIONS UPON TERMINATION	
12. TAXES, LAWS, PERMITS AND ACTIONS.....	
13. INDEPENDENT CONTRACTOR AND INDEMNIFICATION	
14. NO WARRANTIES, GUARANTIES OR WAIVERS	
15. NOTICES.....	
16. ENTIRE AGREEMENT; MODIFICATIONS	
17. SEVERABILITY AND CONSTRUCTION	
18. LEGAL MATTERS.....	
19. DISPUTE RESOLUTION	
20. CAVEAT	
21. SUBMISSION OF AGREEMENT.....	
22. CROSS DEFAULT; CROSS TERMINATION	
23. ACKNOWLEDGEMENTS	

ATTACHMENTS:

- Attachment 1 – Franchise Data Sheet
- Attachment 2 – Owners Agreement
- Attachment 3 – Statement of Ownership
- Attachment 4 – Software License Agreement
- Attachment 5 - Conditional Assignment

GOTCHA COVERED FRANCHISING, LLC FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (“**Franchise Agreement**”) is made and entered into on the “**Effective Date**” which is identified in Attachment 1 of this Franchise Agreement, by and between GOTCHA COVERED FRANCHISING, LLC, a Colorado limited liability company, at 303 E. Broadway, Suite 200-153, Denver, Colorado 80209 (“**GCF**”) and the “**Franchise Owner**” identified in Attachment 1 of this Franchise Agreement (“**Franchisee**”). If more than one person or entity is listed as the Franchisee, each such person or entity shall be jointly and severally liable for all rights, duties, restrictions and obligations under this Franchise Agreement.

RECITALS

1. GCF is offering franchises for the operation of a business that sells and installs custom window treatments (“**GC Business**”).

2. GC Businesses are operated under a business format utilizing a unique system with high standards of service, including valuable know-how, information, trade secrets, confidential information, training methods, standards, designs, methods of trademark usage, copyrights, sources and specifications, confidential electronic and other communications, methods of Internet usage, and research and development (“**System**”).

C. GCF and its affiliates use, promote, and license certain trademarks, service marks, and other commercial symbols to be used in connection with the operation of GC Businesses, and GCF may create, use, and license other trademarks, service marks, and commercial symbols (“**Proprietary Marks**”) for the same use.

D. Franchisee understands and acknowledges the importance of GCF’s high and uniform standards of quality and service and the necessity of operating the business franchised in conformity with GCF’s standards and specifications.

AGREEMENT

1. APPOINTMENT

1.1 Grant of Franchise. GCF grants to Franchisee, under the terms and conditions of this Franchise Agreement, the right to operate a Gotcha Covered franchise (“**Franchise**”) within Franchisee’s “Area of Primary Responsibility” (as defined below), and to use the System, as it may be changed, improved, and developed from time to time.

1.2 Description of Franchise and System. The Franchise consists of the integration of several unique components only available to qualified persons and which together constitute the System. Under the Franchise, Franchisee is granted the right to engage in the retail sale and installation of custom window treatments using proprietary software. GCF has the right to require Franchisee to implement new systems and software at Franchisee’s expense. GCF may in the future expand the System to include other home and business furnishings, but is not obligated to do so.

1.3 Area of Primary Responsibility.

a. **Designation of Initial Area of Primary Responsibility.** Franchisee’s designated area of primary responsibility (“**Area of Primary Responsibility**”) shall be designated by ZIP code(s) or other criteria as determined solely by GCF. The criteria used for determining the boundaries of the Area of Primary Responsibility may include: the size of the population base; the number of households; the density of the population base; the growth and development trends of the population base; the affluence of the population base; and/or major and restricting topographical features which define a contiguous area, such as rivers, mountains, major freeways, and underdeveloped land areas. Because of these considerations, Areas of Primary Responsibility may vary in size. Franchisee’s Area of Primary Responsibility granted by GCF under the terms of this Franchise Agreement includes a minimum of 30,000 households. The population statistics used in determining Franchisee’s Area of Primary Responsibility will be based on numbers derived from the current U.S. Census report and supplemented with other information available to GFC and other population statistical sources of GFC’s choosing to determine populations. Franchisee’s Area of Primary Responsibility is described in Attachment 1 of this Franchise Agreement and is incorporated by reference. If Franchisee’s Area of Primary Responsibility is designated by ZIP code(s) and the U.S. Postal Service changes the ZIP code(s) by altering the border(s) or adding, deleting, or splitting the ZIP code(s), GCF will alter Franchisee’s Area of Primary Responsibility, in GCF’s sole determination, with a view toward maintaining the population as close to the original size(s) as reasonably possible in the Areas of Primary Responsibility of all of the franchisees impacted by the change. If Franchisee does not fully comply with this Franchise Agreement, GCF may grant others or itself the right to engage in Actively Promoting (see Section 1.3.c below) in the Area of Primary Responsibility similar products under the same Proprietary Marks as Franchisee sells; or GCF may establish company-owned businesses or grant others the right to operate businesses in the Area of Primary Responsibility that sell similar goods as Franchisee under the Proprietary Marks.

b. **Size of Franchisee’s Area of Primary Responsibility.** Franchisee acknowledges that at the time of execution of this Franchise Agreement, and under its own independent investigation, Franchisee agrees and accepts the territory designated as its Area of Primary Responsibility.

c. **Active Promotion.** The Area of Primary Responsibility is assigned as an exclusive active promotion area, including lead development. Franchisee’s sales are not limited to its Area of Primary Responsibility (subject to applicable laws). However, Franchisee is strictly prohibited from Actively Promoting its GC Business outside of its Area of Primary Responsibility without the written permission of GCF. “**Actively Promoting**” means all forms of marketing and promotion for new customers that can

reasonably be restricted to a ZIP code, including, but not limited to, direct mailings, door leaflets, telephone solicitation, local newspapers, and localized signs. Among the purposes of this restriction are: (a) to ensure that Franchisee will promote the GC Business within its Area of Primary Responsibility; and (b) to prevent confusion in the marketplace among GCF franchisees soliciting the same customers and marketing in the same markets. GCF and other franchisees of GCF are subject to restrictions on Actively Promoting their businesses in Franchisee's Area of Primary Responsibility. However, except as expressly provided in this provision, Franchisee does not receive an exclusive or protected territory. Either GCF or another franchisee of GCF may engage in all other types of marketing, promotion, and sales activity in Franchisee's Area of Primary Responsibility. Except for sales methods designated by GCF, Franchisee may not sell GC Business products and services through any alternative channel of distribution, including the Internet, catalog sales, telemarketing, or other direct marketing.

d. Option to Purchase Additional Territory. Provided Franchisee is not in default under this Franchise Agreement, Franchisee shall have an option to purchase one or more additional Areas of Primary Responsibility ("**Additional Areas**") at GCF's then-current rate, subject to the terms in effect at the time of Franchisee's election to do so, and subject to the approval of GCF and the availability of Additional Areas. Additional Areas may have more or less than 30,000 households. The fee for each Additional Area is based on the number of households in the Additional Area. Under this provision, Franchisee does not receive any rights other than the right to Actively Promote its Franchise in the Additional Area. The parties will execute an addendum to the Franchise Agreement for each Additional Area, in the form of addendum in the GCF Franchise Disclosure Document provided by GCF to Franchisee.

e. Non-Exclusivity. Franchisee acknowledges that the Franchise granted hereunder is non-exclusive and GCF and its affiliates retain the exclusive right, among others, without payment to Franchisee:

A to own, franchise, or operate GC Businesses at any location outside of the Area of Primary Responsibility, regardless of the proximity to your GC Business;

B to use the Proprietary Marks and the System to sell any products or services, similar to those which Franchisee will sell, through any alternate channels of distribution within or outside of the Area of Primary Responsibility, including, but is not limited to, other channels of distribution such as television, mail order, catalog sales, wholesale to unrelated retail outlets, or over the Internet; GCF exclusively reserves the Internet as a channel of distribution, and Franchisee may not independently market on the Internet or conduct e-commerce;

C to use and license the use of other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the Proprietary Marks, whether in alternative channels of distribution or in the operation of a business offering window treatment sales and installation services and related products and services, at any location, including within the Area of Primary Responsibility, which may be similar to or different from the GC Business operated by Franchisee;

D to engage in any transaction, including to purchase or be purchased by, merge or combine with, to convert to the System or be converted into a new system with any business whether franchised or corporately owned, including a business that competes directly with Franchisee's GC Business, whether located inside or outside the Area of Primary Responsibility, provided that any businesses located inside of your Area of Primary Responsibility will not operate under the Proprietary Marks;

E to use and license the use of technology to non-franchisee locations inside and outside the Area of Primary Responsibility; and

F to implement multi-area marketing programs which may allow GCF or others to solicit or sell to customers anywhere. GCF has the right to issue mandatory policies to coordinate such multi-area marketing programs.

2. TERM AND RENEWAL

2.1 Initial Term. The term of this Franchise Agreement shall begin on the Effective Date and shall expire ten (10) years thereafter, unless terminated before expiration under the terms and conditions of the Franchise Agreement.

2.2 Renewals. Franchisee may renew the Franchise, subject to the terms and conditions below, for an additional, consecutive period of ten (10) years (“**Renewal**”). Upon any Renewal, Franchisee shall execute GCF’s then-current form of franchise agreement for the five (5) year Renewal term (“**Successor Agreement**”), which shall supersede the franchise agreement in effect just prior to a Renewal (“**Previous Agreement**”) and Franchisee shall comply with any additional requirements set forth. If you are signing this franchise agreement as a Successor Agreement, the references to “Term” shall mean the applicable renewal term of the Successor Agreement. The terms and conditions of the Successor Agreement may materially differ from the terms and conditions of the Previous Agreement and may include, without limitation, higher fees (including, for example, higher Royalty Fees and Marketing Fund Fees).

a. Eligibility. To be eligible for any Renewal, Franchisee shall:

- i. Not be in default under the Previous Agreement or any other agreement between Franchisee and GCF.
- ii. Not have an outstanding amounts owed to GCF or its affiliates, including any amounts owed a promissory note.

b. Renewal. To exercise a Renewal, Franchisee must:

- i. Give GCF written notice of such election to renew not less than six (6) months or more than 12 months prior to the expiration of the then-current term of the Previous Agreement.
- ii. Pay GCF a successor franchise fee equal to ten percent (10%) of GCF’s then-current initial franchise fee for new GC Businesses at the time Franchisee enters into the Successor Agreement, or if GCF is not offering Franchises at the time of Franchisee’s renewal, the successor franchise fee will be equal to 10% of the initial franchise fee listed in GCF’s most recent Franchise Disclosure Document.
- iii. Permit GCF to inspect Franchisee’s business and records at least five (5) months prior to the expiration of the then-current term of the Previous Agreement, and GCF may require, as a condition precedent to approving any Renewal, that Franchisee complete, no later than six (6) days prior to expiration of the Previous Agreement, such modification and improvement of the Franchise as GCF requires.

- iv. Except where prohibited by law, execute and deliver to GCF, no later than 15 days prior to the effective date of any term of Renewal, a general release in form satisfactory to GCF that releases any and all claims against GCF arising prior to such Renewal date.

2.3 Interim Term. If Franchisee does not sign a Successor Agreement after the expiration of the term and Franchisee continues to accept the benefits of this Franchise Agreement, then at GCF's option, this Franchise Agreement may be treated either as: (i) expired as of the date of the expiration with Franchisee then operating without a GC Franchise to do so and in violation of GCF's rights; or (ii) continued on a month-to-month basis ("**Interim Term**") until either party provides the other party with 30 days' prior written notice of the party's intention to terminate the Interim Term. In the latter case, all of Franchisee's obligations will remain in full force and effect during the Interim Term as if this Franchise Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon the expiration or termination of this Franchise Agreement will be deemed to take effect upon the termination of the Interim Term. Except as otherwise permitted by this Section 2.3, you have no right to continue to operate your GC Business following the expiration of the term of this Franchise Agreement.

3. GCF'S OBLIGATIONS

3.1 Training and General Assistance. The ultimate form, content, and extent of the training, programs, and other general assistance provided by GCF shall be determined by GCF, but shall include:

a. **Brand Standards Manual.** Beginning when Franchisee commences its mandatory Basic Training (as defined below), GCF will give Franchisee access to GCF's Training Manual, Policy and Procedure Manual and any other brand standards manuals that may be provided by GCF (collectively referred to as the "**Brand Standards Manual**") during the term of this Franchise Agreement, and provide sales and training aids to Franchisee as deemed advisable by GCF from time to time. GCF shall provide, from time to time, updated information and revisions to the Brand Standards Manual as new and improved methods, Systems, standards and procedures are adopted. The Manuals are incorporated into this Franchise Agreement by this reference. Manuals and sales and training aids may be provided to Franchisee in electronic form.

b. **Mandatory Basic Training.** Within 60 days of the execution of this Franchise Agreement by Franchisee, GCF will provide mandatory basic training at no charge for up to two (2) individuals, which must include Franchisee (or if Franchisee is an entity, its Designated Owner) and Franchisee's Manager (if applicable), provided they attend initial training at the same time ("**Basic Training**"). Basic Training shall be held at GCF's headquarters and at Franchisee's home or the location of the GC Business. GCF shall pay for up to five (5) nights of lodging for one hotel room for Basic Training. Franchisee shall be responsible for all other expenses (including airfare, ground transportation, and meals) for individuals attending Basic Training. Franchisee must pay GCF the then-current fee for training for each additional person (more than two (2)) that attends Basic Training, if any (see the "Fees" Section below for the training fee for each additional person who attends Basic Training). Basic Training must be completed by Franchisee (or Franchisee's Designated Owner (defined below) if Franchisee is an entity) and Franchisee's Manager (defined below), if applicable. Upon successful completion of Basic Training, determined at GCF's sole determination, that person will be deemed certified ("**Certified**"). GCF reserves the right to establish additional mandatory training, as provided for below. Each person who has not signed this Franchise Agreement in his or her individual capacity must execute a confidentiality and non-competition agreement in a form supplied by GCF before attending any training.

c. **Mandatory Advanced Training.** GCF will provide mandatory advanced training to one (1) individual ("**Advanced Training**"). After Franchisee has completed the Basic Training and Franchisee's

GC Business is open, Franchisee (or Franchisee's Manager) must attend the advanced training program within six months of the opening of Franchisee's GC Business. Advanced Training shall be held at GCF's headquarters. GCF shall pay for up to three (3) nights of lodging for one room for Advanced Training. Additional persons, if allowed, would be required to pay the then-current training fees. Franchisee shall be responsible for all other expenses (including airfare, ground transportation, and meals) for individuals attending Advanced Training. Franchisee must pay GCF a fee for training each additional person who attends Advanced Training, if any (see the "Fees" Section below for the training fee for each additional person who attends Advanced Training). GCF reserves the right to establish additional mandatory training, as provided for below.

d. Available Optional Training. GCF may, but is not obligated to, provide to Franchisee continuing training. Continuing training may provide Franchisee with education related to software modifications, product knowledge, home decor design, sales and marketing, and business management. For continuing training, Franchisee will be charged GCF's then-current fee to cover the costs of the trainer, instruction materials and manuals, training room, and on-site meals and/or refreshments to be determined by GCF. Franchisee shall pay for all expenses (including travel, lodging and meals) incurred in attending training. This training shall be conducted by experienced, qualified instructors chosen by GCF.

e. Mandatory Meetings and Additional Mandatory Training. GCF may, but is not required to, conduct mandatory meetings and/or additional mandatory training programs of franchisees. Only one (1) meeting/training program per year will be scheduled by GCF. Franchisee will be required to attend and Franchisee will pay any tuition fee to GCF. Franchisee shall be responsible for all expenses (including travel, lodging and meals) incurred in attending the meeting/training program. Franchisee will be required to pay an annual meeting fee due within 30 days of notice of an annual meeting by GCF to Franchisee equal to the then-current registration fee for such event. This fee is due whether or not Franchisee actually attends the annual meeting. GCF may preclude Franchisee from attending any meeting if Franchisee is in default of this Franchise Agreement at the time of the meeting or if Franchisee has had two (2) notices of default of this Franchise Agreement within 12 months prior to any meeting. GCF may also preclude Franchisee from participating in system calls, meetings or webinars while Franchisee is in default of this Franchise Agreement.

f. Software and Technology. During the term of this Franchise Agreement, GCF shall license to Franchisee the software for the GC Business ("**Proprietary Software**"), including all updates and enhancements created during the term of this Franchise Agreement (if any). Franchisee and its officers, directors, members, managers, partners and employees will be required to sign the Software License Agreement, attached to this Franchise Agreement as Attachment 4, and incorporated by this reference. GCF may discontinue the use of, development, maintenance, enhancements and updates of the Proprietary Software at any point during the term of this Franchise Agreement or may designate vendors to provide portions of it at their then-current rates, subject to change on the terms established by those vendors. Franchisee further agrees to pay a "Technology Fee" to GCF (as defined in Section 4.i.). Franchisee acknowledges and agrees that changes to technology and software are dynamic and not predictable within the term of this Franchise Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that GCF will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees to comply with those reasonable new standards that GCF establishes as if GCF periodically revised this Section for that purpose. Franchisee will be responsible for any increase in fees that result from any upgrades, modifications, or additional software or from increases from third-party vendors. GCF reserves the right to: (i) change or add approved suppliers of these services at any time in GCF's sole discretion; (ii) enter into a master license agreement with any software or technology supplier and sublicense the software or technology to Franchisee, in which case GCF may charge Franchisee for all amounts that GCF must pay to the licensor based on Franchisee's use of the software or technology; (iii) create proprietary software or

technology that must be used by GCF franchisees, in which case GCF may require that Franchisee enter into a license agreement with GCF and pay GCF reasonable initial and ongoing licensing, support and maintenance fees; and (iv) increase or decrease the Technology Fee and other technology and licensing and expenses that Franchisee is required to pay under this Franchise Agreement. It is Franchisee's responsibility to make sure that Franchisee is in compliance with all laws that are applicable to the computer system, point-of-sale system, or other technology used in the operation of the GC Business, including all data protection or security laws as well as Payment Card Industry compliance. Any software programs not related to the operation of the GC Business must be approved by GCF before installation removal.

g. **Equipment and Supplies.** Upon Franchisee's satisfactory completion of Basic Training, and as part of the consideration for the Initial Franchise Fee (as defined below), GCF shall provide as a franchise starter package to Franchisee: one (1) laptop computer, and carrying case; product samples (subject to availability); and an initial supply of printed marketing materials. The computer hardware may either be used or new at the option of GCF. Franchisee shall be required to purchase any additional and ongoing supplies. All printed materials must be obtained from GCF or an approved supplier. The computer system is designated for business purposes.

h. **Marketing Assistance.** GCF will provide Franchisee with marketing assistance, planning and programs for promotional materials, including seasonal and special promotions, and recommendations for their use. Franchisee shall pay GCF and/or approved vendors for materials and media used by Franchisee.

i. **Opening Vendor Accounts.** GCF may, at its option, open accounts on Franchisee's behalf with approved suppliers. In all cases, however, Franchisee shall be solely responsible for payment to GCF or the supplier (as directed by GCF) of all of its accounts. If GCF opens accounts on Franchisee's behalf, GCF may bill Franchisee for GCF's expenses in administering these accounts, besides the actual cost charged by the supplier. If GCF directs Franchisee to purchase its supplies from GCF, all payments by Franchisee shall comply with the Brand Standards Manual (see also Section 4, below). Franchisee may only purchase supplies, products, and materials from suppliers approved by GCF.

j. **Disclaimer.** GCF shall make reasonable efforts in providing approvals, advice, products, and services to Franchisee but shall not, by any such approvals, advice, or services, be deemed to have made any warranty or guarantee; and without limiting the generality of the foregoing statement, GCF makes no warranties concerning the computer hardware provided by GCF to Franchisee.

3.2 Location and Scheduling Training. All training shall be held at the location designated by GCF at the dates and times designated by GCF.

3.3 GCF's Operations Assistance.

a. **Advice and Guidance.** GCF may, but is not obligated to, periodically advise or offer guidance to Franchisee relating to prices for the services and products and supplies offered for sale by the GC Business that in GCF's judgment constitutes good business practice. Franchisee shall not be obligated to accept any such advice or guidance. Franchisee shall have the sole right to determine the prices to be charged from time to time by the GC Business, and no such advice or guidance shall be deemed or construed to impose upon Franchisee any obligation to charge any fixed, minimum, or maximum prices for any service or supply offered for sale by the GC Business.

b. **Sales and Marketing Assistance.** GCF will provide to Franchisee sales and marketing assistance as set forth in the Brand Standards Manual, which also contains sales and marketing procedures for the commencement of the GC Business.

c. Operation Problems Assistance. GCF may, but is not obligated to, advise Franchisee of problems arising out of the operation of the GC Business as disclosed by reports submitted to GCF by Franchisee or by inspections conducted by GCF of the GC Business. GCF may furnish Franchisee with such assistance for the operation of the GC Business as is reasonably determined to be necessary by GCF from time to time. Operations assistance may comprise advice and guidance regarding any of the following:

i. Proper utilization of methods and procedures developed for a GC Business regarding the sale of products.

ii. Providing and promoting additional supplies, materials, products, and services authorized for Franchises.

iii. The institution of proper administrative, supervisory, and general operating procedures for the effective operation of Franchises.

iv. Marketing and promotional programs.

d. Master Franchisee Field Representative. As GCF deems appropriate, any geographic region may be represented by a master franchisee, area developer, or other designee not affiliated with GCF (“**Representative**”). GCF’s Representative may make periodic visits to the Franchise premises for consultation, assistance, and guidance of Franchisee in all aspects of the operation and management of the Franchise, may prepare written reports regarding such visits outlining any suggested changes or improvements in the operation of the Franchise and detailing any defaults in such operations that become evident as a result of any such visit, and/or perform other obligations of GCF under this Franchise Agreement. A copy of each such written report may be provided to both GCF and Franchisee. Franchisee acknowledges and agrees that any duty, right or obligation imposed on GCF by this Franchise Agreement may be performed by any designee of GCF’s, as GCF may direct.

e. Administration of Marketing Fund. GCF has established a national marketing fund (“**Marketing Fund**”) for the purposes of marketing, developing and creating promotional materials and campaigns to enhance and promote the System, the Proprietary Marks, general public recognition, and acceptance thereof. GCF shall determine the cost, form of media, content, format, production, timing, location (including regional or local concentration and seasonal exposure), and all other matters relating to marketing, public relations, and promotional campaigns. GCF has complete discretion on how the Marketing Fund will be utilized. GCF may use any media for dissemination of Marketing Fund advertisements. GCF is not obligated to spend money in the Marketing Fund in Franchisee’s Area of Primary Responsibility, but all such marketing fees shall be spent to promote the System. The Marketing Fund will be in a separate bank account, commercial account or savings account. Money in the Marketing Fund may be used to promote the Proprietary Marks, and goods and services sold by the franchises. Money in the Marketing Fund may, in GCF’s discretion, be used for franchise sales purposes. GCF may, at GCF’s option, charge the Marketing Fund an administration fee of up to fifteen percent (15%) of the expenditures by the Marketing Fund for marketing production, media placement, and other expenses. GCF may reimburse itself, its authorized representatives or its affiliates from the Marketing Fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes, and all other direct or indirect expenses associated with the programs funded by the Marketing Fund. The Marketing Fund will be administered by GCF, or GCF’s affiliate or designees, in GCF’s sole discretion. GCF does not guarantee that marketing expenditures from the Marketing Fund will benefit Franchisee or any other franchisee directly, on a pro rata basis, or at all. The Marketing Fund periodically will give Franchisee samples of marketing, and promotional formats and materials at no cost. Any unused funds in any calendar year will be applied to the following year’s funds.

f. Advisory Council. GCF currently has a franchisee advisory council (“**Council**”) to advise it on marketing policies and to provide input regarding the Marketing Fund and to promote communications between GCF and all franchisees. The Council is governed by bylaws. The Council serves in an advisory capacity only. GCF reserves the right to grant to the Council any operation or decision-making powers that GCF deems appropriate. GCF reserves the right to form, change, or dissolve the Council, in its sole discretion. If requested, Franchisee agrees to participate in, and, if required, become a member of the Council or similar organizations GCF may form or organize.

4. FEES

Franchisee shall pay to GCF the following fees:

a. Initial Franchise Fee. Franchisee shall pay the fee described on Attachment 1 and, if due and payable, all federal, state or municipal taxes, as a non-recurring initial franchise fee (“**Initial Franchise Fee**”) to GCF upon the execution of this Franchise Agreement. The Initial Franchise Fee shall be paid by cashier’s check, money order or wire transfer. In certain circumstances, the Initial Franchise Fee may be partially financed by GCF, in which case a portion of the Initial Franchise Fee will be paid by executing, contemporaneous with execution of this Franchise Agreement, a promissory note and security agreement, the forms of which are attached to the Franchise Disclosure Document. In such event, GCF shall select the financing option in Attachment 1, and Franchisee agrees as follows: (i) GCF has the right to take a security interest in Franchisee’s assets as further described in the security agreement; (ii) these assets will be collateralized; and (iii) Franchisee grants GCF the authorization to file a financing statement in connection with such financing. Franchisee further agrees to promptly make all payments due under the promissory note, and that a default of any payment under the promissory note, shall also be a default of Sections 10.4(a) and 22 of this Franchise Agreement. Franchisees that qualify for the VetFran program are entitled to a discounted Initial Franchise Fee (see Attachment 1). In addition, you must obtain a starter package from GCF which includes a computer carrying case, software, product samples, and a starter set of printed materials at our established pricing, presently \$19,900.

The Initial Franchise Fee is deemed fully earned when paid (and in the case of a promissory note, when such note is executed) to GCF, and is non-refundable; except that in the event a Franchisee (or a representative of Franchisee) commences but does not satisfactorily complete Basic Training, as solely determined by GCF, the Initial Franchise Fee will be refunded less the expenses incurred by GCF (including the travel, lodging and meals for Franchisee to attend training, commissions paid to franchise brokers and GCF staff and the cost of the product samples). In the event of a refund as described herein, Franchisee will keep the computer hardware package (i.e. the computer and carrying case) but must return the sample package and all software manuals and proprietary materials to GCF.

b. Royalty Fee.

1. Franchisee must pay to GCF a non-refundable continuing monthly royalty fee (“**Royalty Fee**”), based on each Franchise Year (as defined below):

Time Period	Monthly Royalty Payment
1 st month of first Franchise Year	\$350.00*
2 nd month of first Franchise Year	\$400.00*
3 rd month of first Franchise Year	\$450.00*
4 th month of first Franchise Year	\$700.00*
5 th month of first Franchise Year	\$750.00*
6 th month of first Franchise Year	\$800.00*
7 th month of first Franchise Year	\$1,050.00*
8 th month of first Franchise Year	\$1,100.00*
9 th month of first Franchise Year	\$1,150.00*
10 th month of first Franchise Year	\$1,300.00*
11 th month of first Franchise Year	\$1,350.00*
12 th month through 36 th month of Franchise Agreement	\$1,400.00*
37 th month of initial term through remainder of initial term	\$2,000.00*

*Plus \$0.05 for each household above 30,000 households in Franchisee's Area of Primary Responsibility

2. The Royalty Fee, at GCF's option, may be adjusted once per calendar year. The percentage increase (if any) will not exceed the greater of: (a) five percent (5%) per calendar year since the last adjustment; or (b) the U.S. Consumer Price Index (for U.S. City Average, All Items Index, All Urban Consumers) percentage increase for the prior 12-month period multiplied by the number of calendar years since the last adjustment.

3. The first “**Franchise Year**” commences the first day of the first full month following Franchisee’s satisfactory completion of Basic Training or on any other date designated by GCF. Each subsequent one (1) year period is another Franchise Year.

4. Franchisee agrees that payment of the Royalty Fee shall be made monthly and received by GCF by electronic funds transfer (“**EFT**”) no later than the 15th day of each month (“**Due Date**”). Franchisee shall execute an authorization agreement for preauthorized payments due to GCF by EFT from Franchisee’s bank account to GCF’s bank account. GCF has the right to periodically specify (in the Brand Standards Manual or otherwise in writing) different payees and/or payment methods for any payments due to GCF or its affiliates or designees, such as, but not limited to, weekly payment, payment by auto-draft, credit card and payment by check.

c. Marketing Fund Fees.

1. Franchisee must pay an Marketing Fund fee (“**Marketing Fund Fee**”) as follows:

Time Period	Monthly Marketing Fund Payment*
1 st through 4 th months of first Franchise Year	\$125
5 th through 7 th months of first Franchise Year	\$250
8 th through 10 th months of first Franchise Year	\$375
11 th month through 13 th month of Franchise Term	\$550
14 th month of Franchise Term through 17 th month of Franchise Term	\$625
18 th month of Franchise Term through 20 th month of Franchise Term	\$750
21 st month of Franchise Term through 23 rd month of Franchise Term	\$875
24 th month of Franchise Term and thereafter	\$1,000

*The Monthly Marketing Fund Payment, at GCF’s option, may be adjusted once per calendar year. The percentage increase (if any) will not exceed the greater of: (a) five percent (5%) per calendar year since the last adjustment; or (b) the U.S. Consumer Price Index (for U.S. City Average, All Items Index, All Urban Consumers) percentage increase for the prior 12-month period multiplied by the number of calendar years since the last adjustment.

2. The Marketing Fund and cooperatives (if any) will be administered by GCF and/or its designees for the benefit of the System. GCF reserves the right in any year to increase the Marketing Fund Fees for all franchisees (subject to prior contractual restrictions on other franchisees). The Marketing Fund Fees shall be paid every 30 days. No interest on unexpended Marketing Fund Fees shall be imputed

for the benefit of or payable to the franchisees. Marketing Fund Fees will be kept in a separate account apart from GCF's operating funds, except for the administration fee payable by the Marketing Fund to GCF. A statement of the expenditures of the Marketing Fund will be prepared quarterly and made available to each franchisee upon written request. Neither the Marketing Fund Fees, the Marketing Fund, nor any matter related thereto shall be construed as a "trust," "fiduciary relationship," or any other similar special arrangement, nor shall payment of the Marketing Fund Fee or any matter related thereto be construed to create the same. GCF may establish a toll-free telephone number for the benefit of the System, and if established, the costs associated with the toll-free telephone system will be paid by the Marketing Fund. GCF may in the future establish the Gotcha Covered national support services network, under which qualified representatives can respond to inquiries from customers of Gotcha Covered franchisees. The costs for these services may be recovered by GCF partially or wholly from the Marketing Fund.

d. Launch Campaign and Local Marketing/Marketing. Although Franchisee is not required to do so, GCF strongly recommends that Franchisee participate in an initial launch campaign to help launch the GC Business. If Franchisee participates in an initial launch campaign, it will pay GCF for a marketing and marketing plan to launch the GC Business. In addition, once Franchisee's business is established, it is required that Franchisee spend at least five percent (5%) of its gross sales each month on marketing and marketing of its Franchise, which is subject to the approval and direction of GCF. Payments will be made by Franchisee directly to third parties who provide these goods and services to Franchisee. If you do not spend 5% of your gross sales within a calendar year on your local, in-territory, marketing, you will contribute the difference between the amount expended and the amount you should have expended as additional National Marketing Fees to us.

e. Show Room Participation. Upon 30 days' written notice to Franchisee by GCF, a show room (for Franchisee to show the products and services provided by its GC Business) may be provided to Franchisee in designated metropolitan and regional areas. If the showroom is provided to Franchisee, Franchisee shall be liable for its proportional rental fee, not to exceed \$250 per month.

f. Training Fee for Additional Attendees of Basic Training or Advanced Training. If during the term of this Franchise Agreement, Franchisee desires to send an additional person or persons to Basic Training or Advanced Training, Franchisee shall pay GCF's then-current training fee for each additional person (beginning with the third person for Basic Training and the second person for Advanced Training).

g. Continuing and Optional Training Fees. GCF shall charge a fee determined by GCF based on the training (if applicable) being provided for Franchisee's representatives for continuing and additional training. All travel and living expenses shall be borne by Franchisee.

h. Technology Fee. Franchisee must pay GCF the then-current Technology Fee ("Technology Fee") (currently \$360 per month). The Technology Fee is payable on the 15th day of the month. The Technology Fee is for website hosting, central telephone services, future web-based system integration, and for other technology-related services provided by GCF, and separate from software or other technology services obtained through third parties and payments associated with such services. GCF reserves the right to an annual increase of the Technology Fee of no more than ten percent (10%) per year, upon 30 days' notice. GCF also reserves the right to increase this fee if GCF offers updated or additional software or technology. If assessed by GCF, the Technology Fee will be payable monthly. Additionally, we may, as outlined in the Operations Manual, require you to use certain designated software for accounting or bookkeeping purposes. Your use of such software is a condition to your franchise, and in connection with such use, you must furnish to us no less than Viewing access to such software, together with all required reports as set forth herein. If we designate required accounting software, you must use such software from any designated vendor(s) as set forth in the Operations Manual. Such software use may include fees paid directly to such vendor(s), on such terms that they set.

i. Email Account Fee. Franchisee must pay an annual email account fee for the email services of GCF's designated provider. GCF will waive the email account fee for the first calendar year. Thereafter, Franchisee shall pay the then-current annual email account fee (currently \$72 per year, per email account due in December for the subsequent year).

j. Annual Conference Registration Deposit. You will pay us a \$1,000 Annual Conference Registration Deposit, due within seven (7) days of execution of this Agreement, which will be applied to the actual attendance fee for your first attendance at the first annual conference available to you after you have completed your training. If any portion of this deposit is not required as part of that annual conference attendance or registration fee, it will be credited to you on your invoice following the annual conference.

k. Interest on Delinquent Payments. All late payments on any sums due GCF will bear interest at the lesser of eighteen percent (18%) per year simple interest or the maximum rate permitted by law, and be assessed a late fee of \$100 per occurrence. Interest accrues from the original due date until payment is received in full.

l. Insufficient Funds Fee. If any check or EFT payment from Franchisee to GCF does not successfully convey funds due to insufficient funds, stop payment instructions, or any similar event, Franchisee shall pay, upon demand, a non-sufficient funds fee of \$100 per incidence.

m. No Accord or Satisfaction. If Franchisee pays or GCF otherwise receives a lesser amount than the amount provided for under this Franchise Agreement for any payment due, such payment or receipt shall be applied against the earliest amount due GCF. GCF may accept any check or payment in any amount without prejudice to GCF's right to recover the balance of the amount due or pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere shall constitute or be construed as an accord or satisfaction.

5. FRANCHISEE'S OBLIGATIONS

5.1 Franchisee Organization and Operations.

a. Franchisee Representations. If Franchisee is a business entity, Franchisee represents, warrants, and covenants that:

i. Duly Organized and Validly Existing. Franchisee is duly organized and validly existing under the state law of its formation and may do business in the jurisdiction where the GC Business shall be operated. The ownership interests in Franchisee as of the date hereof are accurately and completely set forth in Attachment 3 to this Franchise Agreement. Franchisee must immediately provide a copy of the updated list of owners to GCF upon the occurrence of any change of ownership and otherwise make its list of owners available to GCF upon request.

ii. Activities Confined to Franchise. Franchisee's governing documents shall provide the activities of Franchisee are confined exclusively to the development and operation of a GC Business and no other business unless otherwise consented to by GCF in writing.

iii. Maintain List of Owners/Notice. If Franchisee is a corporation, Franchisee shall maintain a current list of stockholders in the corporation. If Franchisee is a partnership, Franchisee shall maintain a current list of all owners of an interest in the partnership. If Franchisee is a limited liability company, Franchisee shall maintain a current list of members. If there is a change in such ownership,

Franchisee shall provide such information to GCF within five (5) days subsequent to any such change and its stockholders, partners and members shall execute any documents deemed necessary by GCF to reflect such changes. Franchisee shall make its list of owners available to GCF upon request within five (5) days.

iv. Execution of Owners Agreement. All shareholders, members, partners, or other persons with a direct or indirect ownership interest in Franchisee hereby personally and unconditionally guarantee without notice, demand or presentment, the payment of all of Franchisee's monetary obligations under this Franchise Agreement and any other agreement between Franchisee and GCF and/or GCF's affiliates, as if each were an original party to this or any other agreement in his or her individual capacity. All such personal guarantors further agree to be bound by the restrictions upon Franchisee's activities upon transfer, termination or expiration and non-renewal of this Franchise Agreement as if each were an original party to this Franchise Agreement in his or her individual capacity. Any such persons having a five percent (5%) or more interest in Franchisee must execute the Owners Agreement, in the form attached to this Franchise Agreement as Attachment 2.

b. Above Warranties Continuing. Franchisee agrees that the representations, warranties, and covenants set forth above are continuing obligations of Franchisee.

c. Owner Participation. The GC Business shall be managed by Franchisee, or if Franchisee is an entity, one (1) shareholder, partner, or member who is a natural person designated in writing to GCF as the person to make all decisions for Franchisee and have the power of attorney of all other shareholders, partners, members, or owners ("**Designated Owner**"). The Designated Owner shall communicate with, and receive all mail from, GCF on behalf of Franchisee. When GCF provides notice to the Designated Owner, GCF shall be deemed to have provided notice to all stockholders, partners, members, or individuals. GCF may allow Franchisee to appoint a manager ("**Manager**") to run the day-to-day operations of the GC Business. Franchisee (or its Designated Owner, if Franchisee is an entity) and Franchisee's Manager (if applicable), must successfully complete GCF's training program and be Certified. If Franchisee replaces a Designated Owner or Manager, the new Designated Owner or Manager must satisfactorily complete GCF's training program at Franchisee's own expense.

d. Inspections. Franchisee agrees that GCF may inspect the GC Business and Franchisee's inventory and supplies from time to time as determined by GCF without prior notice to Franchisee. Inspections shall occur during normal business hours. Franchisee agrees that GCF may directly access Franchisee's records and other information on Franchisee's computer.

e. Employees and Contractors. Franchisee alone is responsible for all employment decisions and functions of its GC Business including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, taxes, safety, work schedules, work conditions, assignments, personnel policies, benefits, recordkeeping, supervision, compliance with workplace laws and discipline and termination of employees, regardless of whether Franchisee has received advice from GCF on these subjects or not. GCF will have no obligation to direct Franchisee's employees. GCF will have no liability for any action or settlement related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees and Franchisee agree to indemnify GCF for any liabilities they incur related to the aforementioned. Franchisee agrees that any direction Franchisee receives from GCF regarding employment policies should be considered as examples, that Franchisee alone is responsible for establishing and implementing its own policies, and that Franchisee understands that it should do so in consultation with local legal counsel well-versed in employment law. Franchisee shall inform each of Franchisee's employees that Franchisee alone is their employer and GCF is not. Franchisee agrees to explain to Franchisee's employees and contractors the respective roles of a franchisor and franchisee and GCF's relationship with Franchisee, and Franchisee will request that Franchisee's employees and

contractors sign any acknowledgement or disclosure explaining the differences between GCF and Franchisee, their employer or contractor. GCF may require any employees or independent contractors of Franchisee that may have access to proprietary information of GCF to sign a non-disclosure and non-competition agreement in the form provided by GCF. All employees or independent contractors hired by or working for Franchisee will be Franchisee's employees or independent contractors alone and will not, for any purpose, be deemed GCF's employees or subject to GCF's control, including with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. Franchisee and GCF will file their own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation payments with respect to their respective employees and operations.

f. Inquiries Concerning GCF Products or Services. GCF will not respond to inquiries from employees or other representatives of Franchisee concerning products or services provided by GCF who have not been Certified by GCF (see Section 3.1.b above).

g. Lead Follow-Up. Franchisee shall, within one (1) business day of receiving a potential customer lead from GCF, contact the prospective customer. If Franchisee anticipates it cannot meet this requirement for a limited time (such as a vacation by a Franchisee, or an individual owner of a Franchisee), Franchisee must notify GCF in advance of, and receive GCF's approval of, the time in which it cannot meet this requirement. If Franchisee cannot contact a potential customer within the one (1) business day, GCF may give the lead to another Gotcha Covered franchisee.

h. Customer Service. Franchisee shall maintain a high level of customer service and adhere strictly to GCF's standards and specifications. GCF may contact any client of Franchisee for any purpose. GCF has the right to address any complaints by Franchisee's customers to preserve goodwill and prevent damage to the brand. GCF's right to address complaints may include refunding money to the complaining person, in which case Franchisee must reimburse GCF for these amounts.

i. Control of GC Business. Franchisee acknowledges and agrees, and will never contend otherwise, that Franchisee alone will exercise day-to-day control over all operations, activities and elements of the GC Business and that under no circumstance shall GCF do so or be deemed to do so. Franchisee further acknowledges and agrees, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of System which Franchisee is required to comply with under this Franchise Agreement, whether set forth in the Brand Standards Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that GCF controls any aspect or element of the day-to-day operations of the GC Business, which Franchisee alone controls, but only constitute standards Franchisee must adhere to when exercising its control of the day-to-day operations of the GC Business. Franchisee may not use the Proprietary Marks in signing any contract or in applying for any license or permit or in a manner that may result in GCF's liability for Franchisee's debts or obligations.

j. Customer Data & Security. Franchisee acknowledges that all data that Franchisee collects, creates, provides or otherwise develops (including, but not limited to customer information) is (and will be) owned exclusively by GCF, and GCF will have the right to use such data in any manner that GCF deems appropriate without compensation to Franchisee. Copies and/or originals of such data must be provided to GCF upon request. GCF hereby licenses use of such data back to Franchisee, at no additional cost, solely for the term of this Franchise Agreement and solely for Franchisee's use in connection with the business franchised under this Franchise Agreement. Franchisee agrees to provide GCF with the information that GCF reasonably requires with respect to data and cybersecurity requirements. Franchisee agrees to indemnify GCF for any loss of data including, but not limited to customer information, resulting from a breach of such data caused, in whole or in part, by Franchisee.

5.2 Promotion. Franchisee shall use its best efforts to actively promote the sale of GCF products and services, and to maintain and extend, whenever possible, excellent business relations, goodwill, and reputation with its customers, suppliers, and others.

5.3 Use, Display, and Ownership of the Proprietary Marks and Software.

a. **Only Approved Marks.** Franchisee shall use only the Proprietary Marks designated by GCF and shall use them only in the manner authorized and permitted.

b. **Marks Only for Franchise.** Franchisee shall use the Proprietary Marks only for the operation of the Franchise and in marketing related to the GC Business, and only during the term of the Franchise Agreement. Franchisee agrees to cease use of the Proprietary Marks after the termination or expiration of this Franchise Agreement and Franchisee shall take appropriate action to remove the Proprietary Marks from Franchisee's business and to cancel any marketing relationship to Franchisee's use of the Proprietary Marks, including Yellow Pages listings and other print and online directories and social media properties including but not limited to Facebook, Google, Yahoo, Bing, Yelp, Angie's List, and Twitter.

c. **Conditions of Marks; Internet Restrictions.** During the term of this Franchise Agreement and in compliance with the Brand Standards Manual, Franchisee shall identify itself as the owner of the Franchise with any use of the Proprietary Marks, including tag lines applicable to, but not limited to, use on invoices, order forms, receipts, contracts, stationery, and business cards and all other forms of marketing. Franchisee must indicate to the public in any contract, advertisement or otherwise that Franchisee is an independently owned and operated licensed franchisee of GCF. Franchisee shall not use the Proprietary Marks to incur any obligation or indebtedness for GCF. Franchisee shall not use the Proprietary Marks as part of its business entity or other legal name without the written permission of GCF. Franchisee shall comply with GCF's instructions in filing and maintaining the requisite trade name or fictitious name registrations and shall execute any documents deemed necessary by GCF to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability. Franchisee shall identify all marks as Proprietary Marks of GCF. Franchisee shall not post any of GCF's confidential information on the Internet, and Franchisee shall not post any GCF copyrighted material or information on the Internet without GCF's prior written permission; nor shall Franchisee assist any other party in doing so. Franchisee shall not maintain a website or otherwise maintain a presence or advertise on the Internet or any other public computer network with the GC Business without GCF's prior written approval, which GCF may withhold for any or no reason. Franchisee agrees that only GCF (and not Franchisee) may register a domain name containing any Proprietary Mark that is used for the GC Business, and the domain name registration will remain under GCF's sole ownership. Franchisee shall only use material that GCF has approved. Franchisee's website must conform to all GCF's website requirements, whether set forth in the Brand Standards Manual or otherwise. Franchisee explicitly understands it must not post on its website any material in which any third party has any direct or indirect ownership interest (including video clips, photographs, sound bites, copyrighted text, trademarks or service marks, or any other text or image in which any third party may claim intellectual property ownership interests). Franchisee agrees that GCF may provide on the Gotcha Covered System website a link to Franchisee's website. The requirement for GCF's prior approval in this Section will apply to all activities on the Internet or other communications network to be conducted by Franchisee, except that Franchisee may maintain one (1) or more email addresses (but Franchisee must use Gotcha Covered email addresses only for business of the Franchise), and Franchisee may conduct individual email communications without GCF's prior written approval; provided that the address and communications comply with all of the requirements (including those pertaining to GCF's Proprietary Marks) in this Franchise Agreement.

d. Notice of Infringement. Franchisee shall immediately notify GCF of any infringement of the Proprietary Marks or challenge to its use of any of the Proprietary Marks or claim by any person of any rights in the Proprietary Marks. Franchisee agrees it will not communicate with any person other than GCF's counsel regarding any such infringement, challenge, or claim. GCF shall have sole discretion to take such action as it deems appropriate and the right to exclusively control any litigation, or any Patent and Trademark Office or other proceeding arising out of any infringement, challenge, or claim, or otherwise relating to the Proprietary Marks. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts and things as required, in the opinion of GCF, to maintain GCF's interests in any such litigation or Patent and Trademark Office or other proceeding, or to otherwise protect and maintain GCF's interest in the Proprietary Marks. GCF is not required to indemnify Franchisee for expenses or damages if Franchisee is a party to an administrative or judicial proceeding involving the Proprietary Marks, or if the proceeding is resolved unfavorably to Franchisee.

e. Additional Understandings Concerning the Proprietary Marks:

i. Ownership. GCF is the sole owner of all right, title, and interest in the Proprietary Marks and the goodwill associated with and symbolized by them.

ii. Franchisee Shall Not Contest. Franchisee shall not directly or indirectly contest the validity of GCF's ownership in or validity of the Proprietary Marks.

iii. Franchisee Has No Ownership Right. Franchisee's use of the Proprietary Marks regarding this Franchise Agreement does not give Franchisee any ownership or other interest in or to the Proprietary Marks, except the license granted by this Franchise Agreement. Any and all goodwill arising from Franchisee's use of the Proprietary Marks in its Franchise shall inure solely and exclusively to GCF's benefit. Upon the expiration or termination of this Franchise Agreement and the license granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Proprietary Marks.

iv. Franchisee's Right Non-Exclusive. The right and license of the Proprietary Marks granted to Franchisee is non-exclusive. GCF retains the right to grant other licenses for the Proprietary Marks in addition to those licenses already granted to existing franchisees, the right to develop and establish other systems using names or marks other than the Proprietary Marks which may operate in Franchisee's Area of Primary Responsibility, and to grant licenses or franchises thereto without providing any rights therein to Franchisee.

v. GCF's Right to Change Marks. GCF reserves the right to add, delete, or substitute different trade names, service marks, trademarks, symbols, logos, emblems, and indicia of origin for the Proprietary Marks for identifying the System and the GC Business if the Proprietary Marks can no longer be used, or if GCF, in its sole assessment, determines that the addition, deletion, or substitution of different trade names, service marks, trademarks, symbols, logos, emblems, or indicia of origin will be beneficial to the System. GCF may require Franchisee, at Franchisee's sole expense, to discontinue or modify using any of the Proprietary Marks or to use one or more additional or substitute trade names, service marks, trademarks, symbols, logos, emblems, or indicia of origin.

f. The Proprietary Software. The right and license of the Proprietary Software granted to Franchisee is non-exclusive. GCF retains the right to grant other licenses for the Proprietary Software.

5.4 Approval of Marketing; Marketing Cooperatives; Participation in Promotions.

a. Marketing Resources. All marketing and promotion by Franchisee in any medium shall conform to the standards and requirements of GCF as set forth in the Brand Standards Manual or otherwise as stated by GCF (see also Section 5.3.c above). Franchisee may not engage in any promotional or similar activities, whether directly or indirectly, through or on the Internet or any similar proprietary or common carrier electronic delivery system. Franchisee may not establish an account or participate in social networking sites, crowdfunding campaigns or blogs or mention or discuss the GC Business, GCF, or its affiliates without GCF's prior written consent. Franchisee may not develop marketing, promotional, or marketing materials for its own use. Franchisee may not use any marketing, promotional, or marketing materials that GCF has not provided or approved. Use of logos, Proprietary Marks, and any other name identification materials must follow GCF's approved standards. Franchisee may not use GCF's logos, Proprietary Marks, or other name identification materials on items to be sold or services to be provided without GCF's prior written approval. Franchisee shall promptly discontinue use of any marketing, promotional, or marketing plans or materials, whether or not previously approved, upon notice from GCF.

b. Local and Regional Cooperatives. Franchisee understands that GCF may form local and regional marketing councils or cooperatives (“**Co-ops**”), and if directed to do so by GCF, Franchisee agrees to become a member of a Co-op for a region that includes Franchisee's Area of Primary Responsibility. If directed by GCF to become a member of a Co-op, Franchisee agrees to abide by the bylaws established by the Co-op.

c. Participation in Promotions. Franchisee must participate in marketing promotions of the Marketing Fund, of any Co-op of which Franchisee is a member, and in those created by GCF outside of the Marketing Fund and any Co-ops.

d. Franchisee Marketing Outside of its Area. If Franchisee intends to use any form of online or offline marketing that cannot be limited to Franchisee's Area(s) of Primary Responsibility, prior to commencing the marketing, Franchisee must advise GCF of the marketing and the area in which the marketing may be seen or heard, and receive GCF's approval of the marketing. Franchisee must obtain from GCF current information about other GCF franchisees in that area, and Franchisee must use reasonable efforts (as specified below) to provide those other franchisees with the opportunity to have information about their franchises included in the marketing by paying their proportional share of the costs of the marketing. In this situation, Franchisee will also be entitled to collect from the other participating franchisees a total administrative fee of 15% of the cost of the marketing (or such other amount agreeable to Franchisee and the other participating franchisees), which fee will be prorated among the participating franchisees. In this provision, “reasonable efforts” means that Franchisee will provide written notice to the other franchisees, in the manner reasonably specified by GCF, and give the other franchisees at least ten (10) days to respond.

e. Statement of Independent Ownership. All marketing and promotional materials (including, but not limited to, business cards, order forms, and letterhead) must state Franchisee's business is independently owned, using language that may be specified from time to time by GCF. If Franchisee maintains an office other than in a residence, Franchisee shall display in that office a sign, in a form and with language specified from time to time by GCF, indicating the business is independently owned.

f. Unauthorized Marketing. If Franchisee violates any provision of this Section, in addition to all other remedies available to GCF, Franchisee will pay an unauthorized marketing fee of \$500 per occurrence to the Marketing Fund to offset the damage caused by Franchisee's breach.

5.5 Approved Products and Services.

a. All products sold by Franchisee must be approved by GCF prior to their sale, as specified in Section 5.11 below.

b. Franchisee shall offer for sale in its GC Business only those types of products and services GCF deems consistent with and beneficial to the System, and Franchisee agrees not to offer for sale products for which Franchisee lacks sufficient skill and knowledge to provide the high level of service associated with the System.

5.6 Business Equipment, Payment Acceptance and Supplies.

a. Franchisee shall maintain an office in Franchisee's home or other location used solely for conducting activities related to the GC Business. Besides the hardware package provided by GCF to Franchisee, the office shall be equipped with equipment including a multi-purpose office machine with scanning and copying capabilities, an answering machine or answering service, credit card processing service, and supplies necessary to conduct the GC Business.

b. Franchisee agrees to maintain, at all times, credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic-fund-transfer systems that GCF may periodically designate as mandatory. Franchisee agrees not to use any payment Vendor for which GCF has not given prior written approval or as to which GCF has revoked its earlier approval. GCF has the right to modify GCF's requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke its approval of any service provider.

c. Franchisee agrees to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see www.pcisecuritystandards.org), or any successor organization or standards that GCF may reasonably specify. Among other things, Franchisee agrees to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards.

d. Prior to the commencement of Franchisee's Basic Training, Franchisee agrees to have installed at its office not less than one (1) operational telephone landline or cellular line, email, call-waiting and voicemail. The equipment shall be operational and functioning during the term of this Franchise Agreement.

e. Franchisee shall, at its expense, maintain a high-speed Internet connection and email account or accounts meeting the minimum standards established by GCF from time to time, to be able to receive and transmit communications and documents as required by GCF. Franchisee must pay GCF its then-current annual email account fee for each email account utilized by Franchisee; however, GCF shall waive this fee for the calendar year or partial calendar year in which this Franchise Agreement is executed. Franchisee will use GCF's designated provider for its email accounts and agrees to such provider's terms of service. Franchisee shall check its email box each business day and read and promptly respond (as applicable) to all messages from GCF.

f. Franchisee agrees that during the term of this Franchise Agreement, the laptop computer provided to Franchisee by GCF will be used only for activities related to the GC Business, and Franchisee will not add software to the computer that is not provided by, or approved in writing by, GCF.

g. Franchisee understands and agrees that GCF has the right to independently access Franchisee's electronic information and data through GCF's proprietary data management and intranet system and to collect and use the electronic information and data in any manner, including for the promotion of the System and the sale of Franchises. This may include posting financial information of each franchisee on an intranet website. There is no contractual limitation on GCF's right to receive or use information through its proprietary data management and intranet system.

h. Franchisee shall, at Franchisee's expense, maintain updates of fabric and product samples as required by GCF, or if updates are designated as optional by GCF, then at Franchisee's discretion.

i. Franchisee, at its own cost and expense, must purchase and install all fixtures, furnishings, equipment, supplies and signage in conformance with the Brand Standards Manual and GCF's specifications and requirements.

j. Franchisee shall, at Franchisee's expense, maintain a vehicle which it will use in the operation of the GC Business ("Vehicle"). The Vehicle must meet GCF's specifications and minimum standards and is subject to GCF's approval prior to its use in the GC Business. GCF reserves the right to revoke its approval of a Vehicle should the Vehicle no longer meet GCF's minimum standards. GCF may, at its option, require Franchisee to purchase magnetic signs for the Vehicle from an approved supplier.

5.7 Goodwill. Franchisee shall protect the goodwill of the Proprietary Marks and the System, and shall maintain uniform standards of operation, shall pay all business obligations, whether with GCF, approved suppliers, or with others, when due and according to their terms, and shall comply with all standards, policies, and manuals established by GCF relating to merchandise, vehicles, display materials, and appearance and conduct of all sales and installation personnel or other representatives who meet the public.

5.8 Warranties, Customer Relations, and Refund Policies. Franchisee agrees to follow any and all warranty and customer relations policies and/or guarantee and refund policies established in the Brand Standards Manual or otherwise in writing from time to time by GCF. Franchisee acknowledges that compliance with GCF's warranty, customer relations, and refund policies are integral to the operation of the Franchisee.

5.9 Publicity. Franchisee agrees to allow GCF to use its (if Franchisee is one or more persons) or its principal employees' name(s), written endorsements and photographic likeness of any type (including film, video tape, or photograph), in publicity of GCF.

5.10 Training and Certification.

a. **Basic Training; Certification.** Franchisee (or if Franchisee is an entity, its Designated Owner) and its Manager, if any, shall participate in and complete the Basic Training required by GCF to become Certified by GCF, and Franchisee, or its Designated Owner or Manager, if Franchisee is an entity) shall participate in and complete the Advanced Training.

b. **Additional Training Requirements.** Franchisee shall participate in further training as required by GCF from time to time. Franchisee shall require any employees, independent contractors, or other agents or representatives of Franchisee who render services in the Franchise to complete any and all training required of them under GCF policies. You or your manager must attend the regularly scheduled huddles, meetings, and conferences (aside from our Annual Conference) which are identified and scheduled by us as set forth in the Operations Manual. These are offered to provide, at no cost, additional and ongoing training aimed at your business performance and improvement. If any are rescheduled without at least 2

business days' notice, your absence will be regarded as excused. Likewise, if you obtain prior permission to be absent, such will not impact your compliance with these requirements.

c. Certification Requirement. Franchisee shall have a minimum of one (1) person Certified by GCF active in the day-to-day operations of the GC Business.

5.11 Restriction on Goods/Primary Suppliers/Other Business.

a. Restriction Requirements; Payment of Invoices. Franchisee shall forward all its purchase orders either directly to the approved suppliers or to GCF directly, as instructed by GCF. All goods or materials may only be purchased from GCF or GCF approved suppliers, including some mandatory goods, materials, or services to adhere to GCF system standards. Among such mandatory services are use of call center services, obtaining telephone numbers, and call tracking services, which must be provided by the designated supplier(s). Franchisee acknowledges that prices charged by suppliers may vary between the original order and the final invoice because of Franchisee requesting additional items, substitutions, or other factors and may be changed by such suppliers on the terms reasonably applicable to such changes in prices or terms, and as the same are communicated to Franchisee either by the supplier or by GCF when GCF becomes aware of such changes. Franchisee shall timely pay all invoices from suppliers.

b. Vendor Discounts. Some approved suppliers may give or pay GCF discounts and/or rebates based on purchases by GCF franchisees. GCF may direct these amounts from approved suppliers be paid directly to GCF, at GCF's sole determination. Some or all these amounts may be used by GCF to help offset its cost of administrating the GCF System and responding to inquiries and complaints from GCF franchisee customers.

c. Submission for Approval. Franchisee may request that GCF approve or designate a potential new supplier to the System by following the procedures, and paying all required fees and expenses associated with GCF's inspection of the proposed supplier for approval, as set forth in the Brand Standards Manual and modified periodically by GCF in GCF's discretion.

d. Vendor Errors or Delays. Franchisee waives the right to bring any claims against GCF and its affiliates, and their respective officers, directors, members, managers, partners, employees, agents, or representatives (as applicable), for any billing errors by vendors, and any errors or omissions in, or delays in shipping or delivery of, any order; except to the extent directly caused by GCF or its affiliate, and then only against the responsible entity, and Franchisee waives the right to consequential or punitive damages.

e. Certified Installers. GCF may create a certified installer program, in which GCF will train and certify individuals and/or business entities to install products that Franchisee sells to its customers. If GCF creates this program, and one (1) or more certified installers exist for areas in which Franchisee's customers are located, Franchisee must use only the certified installer(s) for those locations.

5.12 Insurance.

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

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

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

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

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

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

If you fail to comply with any of the requirements of this Subsection, we may, but are not obligated to, purchase insurance at your expense to protect our interests. This insurance may, but need not, also protect your interest. The coverage we obtain might not pay any claim you make or any claim made against you. You may later cancel the insurance we obtain by providing evidence that you have obtained proper coverage elsewhere. You are responsible for the cost of any insurance purchased by us pursuant to this paragraph. This coverage may be considerably more expensive than insurance you can obtain on your own and might not satisfy your needs. You will pay us upon demand the premium cost of this insurance with a late payment charge on the unpaid balance at the rate established in this Agreement.

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

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

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

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

b. Certificate of Insurance and General Insurance Requirements. Franchisee must maintain on file with GCF all certificates of insurance as set forth in the Brand Standards Manual.

c. Failure to Maintain Insurance. In the event Franchisee fails to obtain the required insurance and to keep the same in full force and effect, GCF, may, but shall not be obligated to, purchase insurance on Franchisee's behalf from an insurance carrier of GCF's choice, and Franchisee shall reimburse GCF for the full cost of such insurance, along with a service charge of 20% of the premium to compensate GCF for the time and effort expended to secure such insurance, within five (5) days of the date GCF delivers an invoice detailing such costs and expenses to Franchisee. Notwithstanding the foregoing, failure of Franchisee to obtain insurance constitutes a material breach of this Agreement entitling GCF to terminate this Franchise Agreement or exercise any or a combination of the other default remedies set forth in Section 10 of this Franchise Agreement.

5.13 Compliance with Laws; Licenses. Franchisee is responsible for becoming knowledgeable of, and complying with, all laws and regulations applicable to Franchisee's GC Business. Franchisee shall obtain, at its expense, any licenses that are required under Franchisee's state or local laws to operate the GC Business, which may include a contractor's license. Franchisee shall provide proof of all necessary licenses and permits to GCF.

5.14 Minimum Working Capital. GCF recommends that Franchisee has sufficient working capital after the Initial Franchise Fee is paid but prior to the commencement of the Franchise operations, to be used for initial marketing expenses, office equipment and the other equipment required by GCF, insurance, all necessary business licenses, contractors or other licenses required by applicable law, initial tools and supplies, deposits, initial start-up costs and related expenses including marketing expenses.

5.15 Improvements Developed by Franchisee. During the term of this Franchise Agreement, any improvements or additions to the System, patents, copyrighted materials, website or any other documents or information pertaining to or relating to the System or the GC Business, or any new trade names, trade and service marks, logos, or commercial symbols related to the GC Business or any marketing and promotional ideas or inventions related to the GC Business (collectively, the "**Improvements**") that Franchisee conceives or develops shall become GCF's property. Franchisee agrees to assign and does hereby assign to GCF, all right, title and interest in and to the Improvements, including the right to grant sublicenses to any such Improvement. Franchisee shall fully disclose the Improvements to GCF, without disclosure of the Improvements to others, and shall obtain GCF's written approval prior to using such Improvements. Any such Improvement may be used by GCF and all other Gotcha Covered franchisees without any obligation to Franchisee for royalties or other fees. GCF may, in its discretion, apply for and own copyrights, patents, trade names, trademarks and service marks relating to any such Improvement and Franchisee shall cooperate with GCF in securing such rights. GCF may also consider such Improvements as GCF's property and trade secrets. In return, GCF shall authorize Franchisee to utilize any Improvement that may be developed by other franchisees and is authorized generally for use by other franchisees. All Improvements created by Franchisee or any other person or entity retained or employed by Franchisee are GCF's property, and GCF shall be entitled to use and license others to use such Improvements unencumbered by moral rights. If any of the Improvements are copyrightable materials, they shall be works made for hire within the meaning of the United States Copyright Act and, to the extent the copyrighted materials are not works made for hire or rights in the copyrighted materials do not automatically accrue to GCF, Franchisee irrevocably assigns and agrees to assign to GCF, its successors and assigns, the entire right, title, and interest in perpetuity throughout the world in and to any and all rights, including all copyrights and related rights, in such copyrighted materials, which Franchisee and the author of such

Copyrighted Materials warrant and represent as being created by and wholly original with the author. Where applicable, Franchisee agrees to obtain any other assignments of rights in the Improvements from another person or entity necessary to ensure GCF's right in the Improvements as required in this Section.

5.16 Opening. Franchisee may not open its GC Business until: (1) GCF notifies Franchisee in writing that all of Franchisee's pre-opening obligations have been fulfilled; (2) Franchisee has completed the Basic Training to GCF's satisfaction; (3) all amounts due to GCF have been paid; (4) GCF has been furnished with copies of all insurance policies and certificates required by this Franchise Agreement, or other documentation of insurance coverage and payment of premiums GCF requests; (5) Franchisee notifies GCF that all approvals and conditions stated in this Franchise Agreement have been met; (6) Franchisee has received all required permits and licenses; and (7) Franchisee has ordered, received, and installed any equipment, supplies, inventory, and related materials. Franchisee must be prepared to open and operate the GC Business immediately after GCF states the GC Business is ready for opening.

6. FRANCHISEE TO OPERATE BUSINESS IN ACCORDANCE WITH BRAND STANDARDS MANUAL, POLICIES AND PROCEDURES.

6.1 Brand Standards Manual.

a. Operation under Brand Standards Manual. Franchisee shall operate the Franchise in accordance with the Brand Standards Manual. GCF reserves the option to provide the Brand Standards Manual and other written information in electronic format including online, computer discs, software, email, and facsimiles.

b. Confidentiality of Brand Standards Manual and Other Materials. Franchisee shall treat the Brand Standards Manual as confidential and shall use all reasonable efforts to maintain GCF's information in the Brand Standards Manual as secret and confidential. Franchisee shall not, without GCF's prior written consent, copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise provide them to any third party.

c. Property of GCF. The Brand Standards Manual shall remain the sole property of GCF.

d. GCF's Right to Revise. GCF may, from time to time, revise the contents of the Brand Standards Manual and Franchisee agrees to comply with the revisions.

e. Franchisee to Maintain Current Copies. Franchisee shall ensure its copies of the Brand Standards Manual are kept current and up-to-date, and if any dispute occurs as to the contents of the Brand Standards Manual, the terms of the master copy of the Brand Standards Manual maintained by GCF shall be controlling.

f. Compliance by Franchisee Vital. Franchisee acknowledges that compliance with the Brand Standards Manual is vitally important to GCF and other Gotcha Covered franchisees and is necessary to protect GCF's reputation and the goodwill of the Proprietary Marks and to maintain the uniform quality of operation through the System. However, while the Brand Standards Manual is designed to protect GCF's reputation and the goodwill of the Proprietary Marks, they are not designed to control the day-to-day operation of the GC Business.

6.2 Policy and Procedures.

a. Scope of the Policy and Procedures. The policy and procedures include not only all the information in the Brand Standards Manual, but also any software programs, business forms and methods of operation.

b. Franchisee to Abide by Policy and Procedures. Franchisee understands and acknowledges every detail of the System is essential to the System. Franchisee agrees to abide by GCF's policies and procedures, including submission of a current payment authorization in the form designated in the Brand Standards Manual.

c. Franchisee to Pay Promptly. Franchisee agrees to pay GCF and all vendors promptly for all services and goods. If Franchisee fails to pay timely as required in this Franchise Agreement or the Brand Standards Manual, Franchisee agrees that GCF has the right to stop processing orders from Franchisee and hold shipment on all pending orders (if applicable).

d. Credit/Debit Card Default Authorization. When Franchisee commences Basic Training, Franchisee shall execute an authorization for GCF to charge or debit a Franchisee credit/debit card for obtainment of payment from Franchisee if Franchisee is over ten (10) days late in payment of any fees as set forth in Section 4 above. If a failure to pay occurs, GCF shall provide 48 hours' notice by email to Franchisee of GCF's intent to execute the authorization unless Franchisee cures the default. If the authorization is necessary to cure the default, Franchisee agrees to pay to GCF the additional cost incurred by GCF in administering this program, in the amount of three percent (3%) of the amount of the debit or credit. GCF will bill Franchisee for these costs and payment will be due immediately. Franchisee agrees that if the credit/debit card authorization does not cure the default, Franchisee assigns to GCF the receivables from customers of all outstanding orders until such default is cured. GCF may also terminate this Franchise Agreement as provided for below.

e. Telephone Lines, Numbers and Directory Marketing Policy.

i. GCF may operate a toll-free telephone number to be used by the customers of Franchisee. The expenses associated with the toll-free telephone number will be paid by the Marketing Fund.

ii. If Franchisee operates the Franchise from a place of residence, Franchisee's business telephone line must be separate and distinct from the owner's personal, residential telephone number. At the time of the expiration or termination of this Franchise Agreement regarding Franchisee's telephone numbers, Franchisee shall comply with the provisions on termination below.

iii. Franchisee may advertise the Franchise in one or more print or online directories in its Area of Primary Responsibility, as specified by GCF. The placement and size of directory marketing shall be at Franchisee's sole discretion and cost, but its content must have prior approval from GCF. All directory advertisements must state the Franchise is independently owned and operated, using language that GCF may specify from time to time, must list the local telephone number of the Franchise, and may list the GCF toll-free number if one has been established by GCF. Franchisee may, at its option, but subject to approval by GCF, join with other Gotcha Covered franchisees in print or online marketing venues and directories; and if so, the local telephone number of each Gotcha Covered franchisee may be in the listing or advertisement.

iv. Franchisee acknowledges that all telephone numbers, facsimile numbers, social media websites, Internet addresses, domains, Google My Business directory listings, websites, email

addresses, and any other collateral, profiles, online presences, or other listings (collectively “**Identifiers**”) used in the operation of the GC Business constitute GCF’s assets, and upon termination or expiration of this Franchise Agreement, Franchisee will take such action within five (5) days to cancel or assign to GCF or its designee as determined by GCF, all of Franchisee’s right, title and interest in and to such Identifiers and will notify the telephone company and all listing agencies of the termination or expiration of Franchisee’s right to use any Identifiers, and any regular, classified or other telephone directory listing associated with the Identifiers and to authorize a transfer of the same to, or at GCF’s direction. Franchisee agrees to take all action required to cancel all assumed name or equivalent registrations related to Franchisee’s use of the Proprietary Marks. Franchisee acknowledges that GCF has the sole rights to, and interest in, all Identifiers used by Franchisee to promote the GC Business and/or associated with the Proprietary Marks. Franchisee hereby irrevocably appoints us, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact, which appointment is coupled with an interest to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. Franchisee further appoints GCF to direct the telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party to transfer such Identifiers to GCF or its designee. The telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party may accept such direction by GCF pursuant to this Franchise Agreement as conclusive evidence of GCF’s rights to the Identifiers and GCF’s authority to direct their transfer.

f. Privacy Policy. Franchisee agrees to comply with all applicable laws pertaining to the privacy of customer, employee, and transactional information (“**Privacy Laws**”). Franchisee also agrees to comply with GCF’s standards and policies pertaining to Privacy Laws. If there is a conflict between GCF’s standards and policies pertaining to Privacy Laws and actual applicable law, Franchisee will: (a) comply with the requirements of applicable law; (b) immediately give GCF written notice of said conflict; and (c) promptly and fully cooperate with GCF and GCF’s counsel in determining the most effective way, if any, to meet GCF’s standards and policies pertaining to Privacy Laws within the bounds of applicable law. Franchisee agrees not to publish, disseminate, implement, revise, or rescind a data privacy policy without GCF’s prior written consent as to said policy.

7. COVENANTS

7.1 Proprietary Material.

a. Restriction of Use of Proprietary Material. Franchisee acknowledges that much of the information and written materials provided by GCF to Franchisee is confidential information of GCF, constitutes trade secrets, and remains the sole and exclusive property of GCF. Confidential information includes: (1) methods of operation of GC Businesses; (2) information about products, services, or procedures before they become public knowledge; (3) other information disclosed to Franchisee through confidential notifications and the Brand Standards Manual. However, information known to the public or in the window fashions industry is not confidential; but if such knowledge results from disclosure by Franchisee, Franchisee will be liable for breach of this Franchise Agreement. Franchisee and each of Franchisee’s principals, employees, or agents shall not, during the term of this Franchise Agreement, communicate, or divulge to, or use for the benefit of, any other person, persons, or entity any confidential information of GCF. Franchisee and each of Franchisee’s principals shall divulge such confidential information only to Franchisee’s employees and other personnel as must have access to it to assist in the Franchise operations. Neither Franchisee nor Franchisee’s principals, employees, or other representatives shall, without GCF’s prior written consent, copy, duplicate, record, or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person. The covenant in this Section shall survive the expiration or termination of this Franchise Agreement and shall be perpetually binding upon Franchisee and each of Franchisee’s principals, employees, and other representatives.

b. Franchisee Personnel to Execute Covenants. At GCF's request, Franchisee shall require its sales personnel, assistants, and any other personnel of Franchisee and any persons having access to any confidential information of GCF to execute agreements that they will maintain the confidentiality of the information they receive with their relationship with Franchisee. Such covenants shall be in the form required by GCF in the Brand Standards Manual or otherwise in writing.

c. Disclosure of Confidential Information. Notwithstanding the foregoing, the restrictions on the disclosure and use of the confidential information will not apply to disclosure of confidential information: (i) made in confidence to a government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; (ii) made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; (iii) made in cases of suit for retaliation based on the reporting of a suspected violation of law, disclosure of confidential information to an attorney and for use of the confidential information in such court proceeding, so long as any document containing the confidential information is filed under seal and confidential information is not otherwise disclosed except pursuant to court order.

7.2 Covenants of Operation and Non-Competition.

a. Franchisee Covenants. During the term of this Franchise Agreement, Franchisee, Franchisee's principal owners, and any immediate family members of Franchisee or Franchisee's principal owners shall not, either directly or indirectly, for itself, or through, for, or with any person, persons or entity:

i. Divert Any Business. Divert or attempt to divert any business or customer of Franchisee, GCF, or any other Gotcha Covered franchise to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with GCF's Proprietary Marks and the System.

ii. Interest in Similar Business. Own, maintain, loan money to, perform services for, operate, engage in, or have any interest in any business which is the same as or similar to the Franchise or the System.

iii. Interference. Interfere in any way with operation of GCF or other GCF franchisee Franchises or the System.

b. Post Termination. For two (2) years after assignment, expiration, or termination of this Franchise Agreement; provided, however, that if a court of competent jurisdiction determines that the two-year post-term restricted period is too long to be enforceable, then, with respect to Franchisee, a period of one (1) year after the assignment, expiration or termination of this Franchise Agreement, except as otherwise approved in writing by GCF, Franchisee shall not, either directly, or indirectly, for itself, or through, for, or with any person, persons, or entity:

i. Divert Any Business. Solicit, divert or attempt to solicit or divert any business or customer of Franchisee, GCF, or any other Gotcha Covered franchisee to any competitor, by direct or indirect inducement, solicitation or otherwise.

ii. Interest in Similar Business. Own, maintain, operate, engage in, be employed by, or have any interest in any business which is the same as or similar to the GC Business or the System that is located within a twenty-five (25) mile radius of either Franchisee's GC Business (including the premises of Franchisee's GC Business) or any other GC Business that is operating or under development or construction.

c. Covenants Independent; Enforceability. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision. If all or any portion of a covenant in this Section 7.2 is held unreasonable or unenforceable by an arbitrator, a court or an agency having valid jurisdiction in an unappealed final decision to which GCF is a party, the court may reduce or otherwise modify the scope of the covenant to impose to the maximum restriction permitted by law.

d. Right to Reduce Scope. Franchisee understands and acknowledges that GCF has the right, in its sole discretion, to reduce the scope of any covenant set forth above, or any portion, without Franchisee's consent, effective immediately upon written notice to Franchisee.

e. Franchisee's Claims Not a Defense. Franchisee expressly agrees that the existence of any claims that Franchisee may have against GCF, whether or not arising from this Franchise Agreement, shall not constitute a defense to the enforcement by GCF of the covenants above.

f. Franchise to Obtain Execution of Covenants. At GCF's request, 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 its employees, assistants and manager, and any other person who has received or will receive training from GCF. Such covenants shall be in the form required by GCF in the Brand Standards Manual, or otherwise in writing.

8. ACCOUNTING AND RECORDS

8.1 Maintain Records Six Years. During the term of this Franchise Agreement, Franchisee shall maintain and preserve, for at least six (6) years from their preparation, full, complete, and accurate books, records, and accounts under U.S. Generally Accepted Accounting Principles, and in the form and manner prescribed by GCF from time to time in the Brand Standards Manual, or otherwise in writing.

8.2 Submission of Records and Information by Franchisee. Franchisee shall submit to GCF a monthly sales report on the template provided by GCF and within the timeframes in the Brand Standards Manual, which shall include the Gross Sales of the GC Business. "**Gross Sales**" means the total revenue derived from the sale of goods or services, whether or not sold or performed at or from the GC Business, and whether received in cash, check, credit card, coupon, in services in kind, from barter and/or exchange, on credit (whether or not payment is received) or otherwise, and including all proceeds from any business interruption insurance, less sales tax, discounts, allowances, and returns. Franchisee shall submit such other information including periodic royalty reports or data as GCF may require either in written or electronic format as established by GCF's policy from time to time. Franchisee shall provide to GCF cash receipt reports under the Brand Standards Manual or as otherwise instructed. GCF may charge Franchisee a \$25 late fee if any report is not submitted to GCF within five (5) days of its due date and \$25 per week until such report is turned in. If GCF requires any such reports to be submitted electronically and the software is not functioning or this feature is not available, Franchisee shall advise GCF of the same in writing and shall prepare and submit all such reports in the method designated by GCF.

8.3 Franchisee to Submit Other Records. Franchisee shall also submit to GCF, for review or auditing, such other forms, reports, records, information, and data as GCF may reasonably request, including but not limited to, Franchisee's income tax returns. Included in such obligation, but without limitation, within five (5) days of your receipt, you must provide us a copy of any legal notices, legal claims, legal demands, legal proceedings, legal actions, or other litigation, regulatory or administrative proceedings, or similar matters involving you or potentially relating to or relevant to us

8.4 GCF's Right to Examine and Audit. GCF or its designated agents shall have the right to examine the books, records, and tax returns of Franchisee or any affiliate of Franchisee involved in operations relating to or arising out of the franchised business. GCF shall also have the right during normal business hours, without prior notice, to have an independent audit made of the books of Franchisee.

8.5 Electronic Bookkeeping/Payment System. GCF reserves the right to require Franchisee to establish an electronic bookkeeping and payment system, including automatic electronic deposits, transfers, or payments, and credit card and/or debit card authorizations. GCF further reserves the right to require Franchisee to purchase any software necessary to implement any such GCF System.

9. TRANSFERABILITY OF INTEREST

9.1 Transfer by GCF. GCF shall have the right to transfer or assign all or any part of its rights or obligations to any person or legal entity.

9.2 Transfer by Franchisee.

a. **Rights and Duties Personal to Franchisee.** Franchisee understands and acknowledges that the rights and duties in this Franchise Agreement are personal to Franchisee, and that GCF has granted the Franchise in consideration of Franchisee's business skills and/or financial capacity. Neither this Franchise Agreement, the Franchise, all or any part of the ownership interest of Franchisee, nor all or any substantial portion of the assets of the Franchise, may be voluntarily, involuntarily, directly, or indirectly assigned or transferred, sold, gifted, exchanged, pledged, mortgaged, hypothecated, or otherwise encumbered by Franchisee (including, without limitation, by will, by declaration of or transfer in trust, or by the laws of intestate succession) without the prior written consent of GCF, which consent shall not be unreasonably withheld. Any purported assignment or transfer by operation of law (except in cases of Franchisee's death or Substantial Incapacity for the time period provided below) or otherwise, not having the written consent of GCF shall be null and void.

b. **Conditions to Consent to Transfer.** GCF shall not unreasonably withhold its consent to a transfer by Franchisee of this Franchise or any part of the ownership interest of Franchisee; provided, however, that prior to the transfer, the transferee qualifies and Franchisee and the transferee comply with all of GCF's transfer requirements:

i. Franchisee must not be in default under its Franchise Agreement and must have satisfied all of its accrued outstanding obligations to GCF and all other outstanding obligations related to the GC Business, including any amounts owed a promissory note.

ii. Except where prohibited by law, Franchisee must execute a general release, in form satisfactory to GCF, of any and all claims against GCF and its officers, directors, shareholders, employees and agents, in their corporate and individual capacities.

iii. The transferee must enter into a written assignment with Franchisee, in a form satisfactory to GCF, assuming and agreeing to discharge all of Franchisee's obligations under this Franchise Agreement, including but not limited to, warranty and guarantee work.

iv. The transferee (or if the transferee is a business entity, its officers, directors, shareholders, managers, members or partners, as required by GCF) must: meet GCF's educational, managerial, and business standards; possess good moral character, business reputation, and credit rating; have the aptitude and ability to conduct the GC Business (as evidenced by their prior related business experience or otherwise); and have adequate financial resources and capital to operate the GC Business.

v. The transferee must execute (and/or, upon GCF's request, cause any officers, directors, shareholders, managers, members, or partners that GCF requires to execute) the then-current standard franchise agreement and any ancillary agreements that GCF requires, including an Owners Agreement or other guarantees. The transferee will not be required to pay the Initial Franchise Fee.

vi. Franchisee or the transferee pays a transfer fee to GCF of \$8,000 plus any brokerage commissions, finder's fees, or similar charges GCF is required to pay to any third party that is not an affiliate of GCF. Franchisee must reimburse GCF for any expenses GCF incurs related to any transfer that is not completed. A non-refundable deposit of \$1,000 is due at the time the transfer application is submitted to GCF and the remaining balance of the transfer fee is due upon the signing of the transfer documents. The transferee (or its Designated Owner, if transferee is an entity) and its manager, if applicable, must satisfactorily complete the Basic Training and Advanced Training program and pay GCF's then-current transferee training fee for the programs, plus the then-current fee for training any additional people. Transferee must pay all of transferee's and its attendees' travel, food, and lodging expenses incurred in attending the training programs. Notwithstanding the foregoing, if the transferee is an existing Gotcha Covered franchisee who previously successfully completed the Basic Training and Advanced Training program, GCF may (at its sole discretion) waive the transferee training fee and/or other training fees and the requirement that transferee complete the Basic Training and/or Advanced Training programs a second time.

9.3 Transfer to a Franchise Entity. If Franchisee is one or more individuals who wish to transfer the Franchise to a business entity for their convenience and without change of ownership exceeding five percent (5%), the transfer fee above shall not apply.

9.4 Transfer upon Death or Substantial Incapacity. If, upon the death or Substantial Incapacity (as defined below) of any person with a majority ownership interest in the Franchise, the executor, administrator, heir(s), committee, or other legally empowered personal representative of such person is unable to meet the conditions for transfer stated above, then such personal representative shall have a reasonable time to dispose of the interest of the deceased person or person under Substantial Incapacity in the Franchise, which disposition shall be subject to all the terms and conditions for transfers listed above. If a transfer is not completed 90 days from the date of death or incapacity, the Franchise may be terminated by GCF. A person shall be deemed to be under "**Substantial Incapacity**" when a qualified health care professional certifies in writing that the patient is mentally or physically impaired to the extent that he or she is incapable of conducting his or her affairs for an indefinite, but not necessarily permanent, period of time.

9.5 Non-Waiver of Claims. GCF's consent to a transfer of any interest in the Franchise shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of GCF's right to demand exact compliance with the terms this Franchise Agreement by the transferee.

9.6 Relocation. Franchisee may relocate the Franchise to any available Area of Primary Responsibility without an additional fee, but only with the prior approval of GCF. Franchisee must be in full compliance with this Franchise Agreement as a condition of GCF's approval of Franchisee's relocation.

10. DEFAULT AND TERMINATION

10.1 Termination by GCF Prior to Completion of Training. GCF may, at its sole determination, terminate this Franchise Agreement for any reason at any time before Franchisee commences Basic Training. In that event, GCF shall refund to Franchisee all monies received in payment

of the Initial Franchise Fee, and all rights Franchisee may have under this Franchise Agreement will automatically terminate. GCF may terminate this Franchise Agreement after Franchisee commences Basic Training under Section 4.a. above.

10.2 Automatic Termination. Franchisee shall be deemed in default under this Franchise Agreement, and all rights granted shall automatically terminate without notice to Franchisee, unless otherwise required by state law, if Franchisee becomes insolvent, makes a general assignment for the benefit of creditors, is adjudicated bankrupt, suffers temporary or permanent court appointed receivership of substantially all of its property, or suffers the filing of a voluntary or involuntary bankruptcy petition; or if Franchisee or any officer, director, manager, member or partner of Franchisee (as applicable) becomes subject to U.S. Executive Order 13224.

10.3 Termination without Right to Cure. Franchisee shall be deemed in default and GCF may, at its option, terminate this Franchise Agreement and all rights granted, without affording Franchisee any opportunity to cure the default, effective immediately upon receipt of notice by Franchisee, upon the occurrence of any of the following events:

a. Franchisee Ceases to do Business. Franchisee abandons the GC Business or otherwise ceases to do business without prior written permission from GCF.

b. Conviction of Felony Offense, etc. (i) Conviction of Franchisee of any felony offense or of any misdemeanor offense involving moral turpitude, or (ii) guilty plea by Franchisee (or, a plea of nolo contendere or similar plea) to any of the above-enumerated offenses, or (iii) other admission of guilt to any of such offenses.

c. Unauthorized Assignment. Franchisee transfers any rights or obligations under this Franchise Agreement to any third party without GCF's prior written consent, or without full compliance with the conditions for transfer stated above.

d. Failure to Comply with Covenants. Franchisee fails to comply with any of the covenants under Sections 6.1.b or 7 above.

e. Transfer not Consummated. An approved transfer is not consummated after Franchisee's death or Substantial Incapacity as required by Section 9.4.

f. Material Misrepresentation. Franchisee made any material misrepresentation on or for its application for the Franchise.

g. Improper Business Practices. GCF determines that Franchisee: engaged in an act of fraud regarding its rights or obligations under this Franchise Agreement; engaged in false marketing or otherwise made false or misleading statements concerning GCF or the System to the public or any other franchisees; failed to report, or intentionally underreported, sales or other financial information to GCF; failed to promptly provide, after a request from GCF, financial data and records specified in this Franchise Agreement; engaged in any act that (directly or indirectly) was, is or may be injurious or prejudicial to the goodwill associated with the Marks or the System; failed to comply with applicable laws, regulation, and ordinances; or failed to properly complete and service customer orders. Notwithstanding the language above, if Franchisee has made false or misleading statements to the public, any other franchisees, or franchise candidates, GCF may, at its sole option, allow Franchisee to cure that default by publicly retracting the false or misleading statements, in a manner acceptable to GCF, promptly and within the time specified by GCF.

h. Prior Notices of Default. Franchisee is in default as provided in Section 10.4 and has received one (1) or more prior notices of default under Section 10.4 for the same, similar, or different defaults, including failure to pay timely, during the preceding 12 months, even if cured.

10.4 Franchisee's Right to Cure. Franchisee shall have: (i) 10 days after receipt from GCF of a written notice of default as to any Monetary Default (as defined below), or (ii) 30 days after receipt of a written notice of default as to any Non-Monetary Default (as defined below), within which to remedy any of the defaults described in this Section 10.4 and to provide evidence thereof to GCF. Monetary Defaults and Non-Monetary Defaults are collectively referred to herein as "**Curable Defaults**," and specifically do not include the types of default described in Sections 10.2 and 10.3. If any Curable Default is not cured within the applicable time period (or such longer period as applicable law may require), this Franchise Agreement shall terminate without further notice to Franchisee effective immediately at the end of such applicable time period or such longer period as applicable law may require.

a. Monetary Defaults. "**Monetary Defaults**" are defined as the failure, refusal or neglect of Franchisee: (i) to promptly pay when due, in compliance with this Franchise Agreement and/or the Brand Standards Manual, any monies owing to GCF, its subsidiaries or affiliates, or to its vendors or suppliers, including under any promissory note; (ii) to submit the business and financial information required by GCF under this Franchise Agreement; or (iii) to provide required authorizations for automatic electronic deposits, transfers, or payments or required credit card charge or debit authorization for GCF payments.

b. Non-Monetary Defaults. "**Non-Monetary Defaults**" are defined as the failure, refusal, or neglect of Franchisee to comply with any provision of this Franchise Agreement other than the defaults in Sections 10.2 or 10.3 above and the Monetary Defaults.

10.5 Modification by Law. If any applicable law or rule requires an earlier notice of default or the termination of, or election not to renew, this Franchise Agreement, or taking some other action regarding such default, termination, or election not to renew than is required, then the requirements of such law or rule as to earlier notice or other action shall govern. Termination under this Section 10 shall not be deemed an election of remedies by GCF, and GCF may avail itself of any other remedies available to it under applicable law.

10.6 Voluntary Termination by Franchisee. Franchisee may voluntarily terminate this Franchise Agreement after the sixth (6th) Franchise Year, upon written notice to GCF. All sums of money due and owing to GCF under this Franchise Agreement or any other agreement between Franchisee and GCF as of the date of termination must be paid to GCF by the date of termination. When these amounts are paid in full to GCF, Franchisee will have no further obligation to pay Royalty Fees and Marketing Fund Fees to GCF. Franchisee shall be subject to the requirements of Section 11.

10.7 Order Processing and Shipments. If Franchisee is past due on any payments owed to GCF, GCF may at its option, stop processing Franchisee orders, stop shipments of orders to Franchisee, and take other actions as specified in Section 6.2 above, until Franchisee pays all past due amounts to GCF.

11. FRANCHISEE'S OBLIGATIONS UPON TERMINATION

11.1 Upon Termination or Expiration. Upon the expiration or termination of this Franchise Agreement for any reason, all rights granted to Franchisee under this Franchise Agreement shall immediately be void and of no further effect. Franchisee must comply with all of the following obligations:

a. Immediately Cease Operation. Immediately cease to operate the Franchise, and not, directly or indirectly, represent to the public, or hold itself out as a present or former franchisee of GCF.

b. Immediately Cease Using Marks. Immediately and permanently cease to use, by marketing or in any manner, confidential information, methods, procedures and techniques associated with the Franchise, and any Proprietary Marks and distinctive forms (including but not limited to the color combinations used by GCF at the time of this Franchise Agreement's termination or expiration, slogans, indoor and outdoor signs, symbols, or devices associated with the System).

c. Action Required by Franchisee. Take such action to cancel or amend any assumed name or equivalent registration which contains the name "Gotcha Covered" or another Proprietary Mark to delete the reference to such name or mark, and furnish GCF with evidence satisfactory to GCF of such cancellation or amendment within 30 days after termination or expiration.

d. Promptly Pay All Sums Due. Promptly pay all sums owing to GCF and its subsidiaries and affiliates as of the date of termination. In the event of termination for any default of Franchisee, such sums shall include all damages, costs and expenses (including but not limited to reasonable attorney fees) incurred by GCF as a result of such default, which obligation shall give rise to and remain, until paid in full, a lien in favor of GCF against any and all of the machinery, fixtures, equipment, and inventory owned by Franchisee at the time of default that is being, or has been, used by or in connection with the Franchise. When these amounts are paid in full to GCF, Franchisee will have no further obligation to pay Royalty Fees and Marketing Fund Fees to GCF.

e. Pay All Damages Including Reasonable Attorney Fees. In addition to the amounts payable under the preceding subsection, pay to GCF all damages, costs and expenses (including but not limited to reasonable attorney fees) incurred by GCF in obtaining injunctive or other relief to enforce this Section 11.

f. Turn Over All Proprietary Materials. Immediately turn over to GCF the Brand Standards Manual, records, files, instructions, correspondence, all materials related to operating the Franchise including, without limitation, blank service orders, promotional materials, brochures, agreements, disclosure statements, and all copies (all of which are acknowledged to be GCF's property). Franchisee shall not retain a copy or record of the foregoing, excepting only Franchisee's copy of this Franchise Agreement and any correspondence between the parties.

g. Rights upon Expiration. Franchisee must follow any procedures established by GCF to ensure the expiration of this Franchise Agreement or any successor term thereof creates the least disruption possible to the Franchise System, including those procedures set forth in the Brand Standards Manual.

h. Financing. If upon termination, GCF is the holder of any promissory note, or the holder of any personal property, security interest, chattel mortgage, debenture or mortgage of any nature whatsoever from Franchisee concerning assets used at any time by Franchisee in the GC Business or which are on the GC Business premises, such promissory note or security interest shall, upon the effective date of termination or expiration, immediately become fully due and payable as to all principal and interest so loaned and secured.

11.2 GCF's Right of First Refusal. Except for items that Franchisee is required to return to GCF upon expiration or termination of this Franchise Agreement, and for which Franchisee will receive no remuneration except if required by law, GCF shall have the right of first refusal, to be exercised after written notice by GCF to Franchisee within 30 days of the termination or expiration of the Franchise, to purchase any or all of Franchisee's equipment, signs, promotional materials, supplies, and inventory at fair market value, or to the extent these items may be sold to a third party, at the contract price obtained by Franchisee in a bona-fide written offer from a third party. If GCF does not elect to exercise its right under this provision within the time period permitted, the right of first refusal shall expire. GCF's failure to exercise such right

of first refusal shall not constitute waiver of any other provision of this Franchise Agreement including the requirements of this Section with respect to the termination. Fair market value will be determined by agreement by the parties, or if the parties cannot agree, by the average of three (3) independent appraisals (each party selects an appraiser and both appraisers shall select a third). If GCF exercises its right under this provision, GCF shall also have the right to set off all amounts due from Franchisee under this Franchise Agreement against any payment to Franchisee. GCF's rights herein are fully assignable by GCF.

12. TAXES, LAWS, PERMITS AND ACTIONS

12.1 Franchisee Shall Pay Promptly. Franchisee shall promptly pay when due all taxes levied or assessed by any federal, state, or local tax authority, and any and all indebtedness incurred by Franchisee in the conduct of the Franchise. Franchisee and GCF will each file its own tax, regulatory, and payroll reports, and will save and indemnify the other from any liability of any nature whatsoever by virtue thereof.

12.2 Franchisee Shall Comply with All Laws. Franchisee shall comply with all federal, state, and local laws, rules, and regulations (including but not limited to state and local laws and regulations), and shall timely obtain any and all certificates, licenses, and permits necessary for the operation of the Franchise, including, without limitation, certificate of occupancy, business license, fictitious name registration and sales tax permit.

12.3 Notification to GCF. Franchisee shall notify GCF in writing within five (5) days of the commencement of any action, suit, or proceeding and/or of the issuance of any order, writ, injunction, award or decree of any court, administrative body, or other governmental entity, which may adversely affect the operation or financial condition of the Franchise.

12.4 Force Majeure. No party shall be liable for any delay in the fulfilment of or failure to fulfil its obligations in whole or in part (other than the payment of money as may be owed by a party) under this Franchise Agreement where the delay or failure is solely due to Force Majeure. In the event of Force Majeure, the parties' obligations shall be extended or relieved only to the extent the parties are respectively necessarily prevented or delayed in such performance during the period of such Force Majeure. As used in this Franchise Agreement, the term "**Force Majeure**" shall mean any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), terrorist event, riot, epidemic, fire or other catastrophe, act of any government and any other similar cause which is beyond the party's control and cannot be overcome by use of normal commercial measures. Force Majeure should be construed narrowly and does not include general economic, market or societal conditions, or any changes thereto, even those that are the direct or indirect result of the Force Majeure event. So, for example, in the event of a temporary government-imposed closure of Franchisee's GC Business due to a Force Majeure event, Franchisee may only be relieved of its obligations as necessary to comply with the government mandate or order, but not due to the economic or market conditions that result from that action. The party whose performance is affected by an event of Force Majeure shall give prompt notice of such Force Majeure event to the other party, which in no case shall be more than 48 hours after the event, setting forth the nature thereof and an estimate as to its duration, and the affected party shall furnish the other party with periodic reports regarding the progress of the Force Majeure event. Each party must use its best efforts to mitigate the effect of the event of Force Majeure upon its performance of the Agreement and to fulfill its obligations under the Franchise Agreement. Upon completion of the event of Force Majeure, the party affected must as soon as reasonably practicable recommence the performance of its obligations under this Franchise Agreement. However, in the event the Force Majeure continues for a period of six months or more, then the unaffected party may, at its option, terminate this Franchise Agreement by 30 days' written notice to the party asserting such Force Majeure. An event of Force Majeure does not relieve a party from liability for an obligation which arose before the occurrence of the Force Majeure event, nor does that event affect any obligation to pay money owed under the Franchise Agreement or to indemnify GCF, whether such obligation arose

before or after the Force Majeure event. An event of Force Majeure shall not affect Franchisee's obligations to comply with any restrictive covenants in this Franchise Agreement during or after the Force Majeure event.

13. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

13.1 Independent Contractor. This Franchise Agreement does not create a fiduciary relationship between GCF and Franchisee. Franchisee is an independent contractor of GCF, and nothing in this Franchise Agreement is intended to constitute either party as agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose.

13.2 Franchisee to Hold Itself Out as Independent Contractor. During the term of this Franchise Agreement and any renewals, Franchisee shall hold itself out to the public as an independent contractor of GCF operating the business under a franchise from GCF. Franchisee agrees to take such affirmative action to do so. Franchisee will not hold itself out as GCF's agent, employee, partner or co-venturer. All employees or independent contractors hired by or working for Franchisee will be Franchisee's employees or independent contractors alone and will not, for any purpose, be deemed GCF's employees or subject to GCF's control. Upon GCF's request, Franchisee and each of its employees will sign an employment acknowledgment form within seven (7) days stating that Franchisee alone is the employer and operates the GC Business. Furthermore, Franchisee will use its legal name on all documents for use with its employees and contractors, including, but not limited to, employment applications, timecards, pay checks, and employment and independent contractor agreements, and Franchisee will not use the Proprietary Marks on these documents.

13.3 Franchisee Not Authorized to Bind GCF. Nothing in this Franchise Agreement authorizes Franchisee to create or assume in GCF's name or on GCF's behalf, any obligation, make any contract, agreement, warranty, or representation on GCF's behalf, or to incur any debt in GCF's name, express or implied, or to act or purport to act as GCF's agent or representative for any purpose whatsoever. In no event will GCF assume liability for, or be deemed liable as a result of any such unauthorized contract, agreement, warranty, or representation or as a result of any act or omission of Franchisee in its conduct of the Franchise, or by reason of any claim or judgment against GCF arising from any violation of this Franchise Agreement.

13.4 Franchisee Indemnification of GCF. Franchisee shall, at all times, indemnify exculpate, defend and hold GCF and GCF's shareholders, directors, officers, employees, agents, successors and assigns ("**Indemnitees**"), harmless, to the fullest extent permitted by law, from and against any and all claims, actions, damages, liability, and expenses, including the costs and expenses (including but not limited to attorneys', accountants', consultants', and experts' fees) of defending against such claims and actions, in connection with loss of life, personal injury, and/or damage to business or property arising directly or indirectly by reason of any act or omission with respect to the business or operation of the Franchise, whether grounded in contract or tort, including but not limited to the infringement, alleged infringement, or any other violation by Franchisee, its owners or principals of:

- (a) any patent, mark, copyright, or other proprietary right owned or controlled by third parties due to Franchisee's unauthorized use of all or any portion of the Marks and/or Franchise System;
- (b) violation, breach or asserted violation or breach of any federal state, or local law, regulation, ruling or industry standard;
- (c) libel, slander or any other form of defamation;

(d) Franchisee's employment or other contractual relationship with Franchisee's employees, workers, managers, or independent contractors, including but not limited to any allegation or claim that GCF is an employer or joint employer of Franchisee's employees;

(e) Franchisee's breach of this Franchise Agreement, including, without limitation, those alleged to be or found to have been caused by the Indemnitees' negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by Indemnitees' gross negligence or willful misconduct in a final, un-appealable ruling issued by a court or arbitrator with competent jurisdiction; or

(f) any fees, costs, or liabilities incurred by GCF on Franchisee's behalf, including fees and costs incurred by GCF to recover amounts due to Franchisee on Franchisee's behalf.

14. NO WARRANTIES, GUARANTIES OR WAIVERS

14.1 GCF Makes No Warranties or Guaranties. GCF makes no warranties or guaranties upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent or suggestion to Franchisee in connection with this Franchise Agreement, or by reason of any neglect, delay or denial of any request therefore.

14.2 No Waiver. No failure of GCF to exercise any power reserved to it by this Franchise Agreement, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with any of the terms hereof, shall constitute a waiver of GCF's right to demand exact compliance with any of such terms. Waiver by GCF of any particular default by Franchisee shall neither affect nor impair GCF's rights with respect to any subsequent default of the same, similar, or different nature. No delay, forbearance or omission (collectively, an "**Omission**") of GCF in exercising any power or right arising out of any of the terms, provisions, or covenants of this Franchise Agreement or out of any breach or default thereof by Franchisee shall affect or impair GCF's right to exercise the same, nor shall such Omission constitute a waiver by GCF of any right hereunder. Notwithstanding any such Omission, GCF shall retain the right subsequently to declare any breach or default and/or to terminate this Franchise Agreement prior to the expiration of its term. The acceptance by GCF of any payments due to it hereunder (whether partial or full payment) shall not be deemed to be a waiver by GCF of any preceding breach by Franchisee of any of the terms, covenants, or conditions of this Franchise Agreement.

15. NOTICES

All notices required or permitted under this Franchise Agreement shall be in writing and sent by facsimile; by email, with a "read-receipt;" by a national overnight courier service, with proof of delivery required; or by certified mail-return receipt requested with proper postage paid; to the respective parties at the addresses listed on the signature block of this Franchise Agreement (unless a different address has been designated by written notice to the other party). Notices shall be deemed given: (a) on the date of transmission as shown in a successful transmittal report if given by facsimile; (b) upon receipt, as indicated by a "read-receipt," if given by email; (c) one (1) day after deposit with an overnight courier (as specified above) with proper address and delivery charges paid; or (d) if given by certified mail, three (3) days after deposit with the U.S. Postal Service with proper address and postage paid. If delivery of any notice properly given under this provision is refused or delivery cannot otherwise be completed, the notice will be deemed delivered on the first attempted delivery.

16. ENTIRE AGREEMENT; MODIFICATIONS

This Franchise Agreement and the documents referred to herein constitute the entire, full and complete agreement between GCF and Franchisee concerning the subject matter hereof, and supersedes all prior agreements and representations. No representations, inducements, promises, or agreements, oral or otherwise, not embodied herein or attached hereto, were made by either party. No subsequent modification of this Franchise Agreement shall be binding on either party unless it is in writing and executed by the authorized representative of GCF and Franchisee. Franchisee acknowledges, however, that GCF may modify its standards and specifications set forth in the Brand Standards Manual unilaterally under any conditions and to the extent in which GCF, in its sole determination, deems necessary or desirable; provided that the modifications do not alter Franchisee's rights or obligations under this Franchise Agreement. Notwithstanding the language above, nothing in this Franchise Agreement or any related agreement between GCF and Franchisee is intended to disclaim the representations GCF made in the Franchise Disclosure Document GCF provided to Franchisee (or in the last Franchise Disclosure Document before this Franchise Agreement was signed by Franchisee, if more than one was provided by GCF).

17. SEVERABILITY AND CONSTRUCTION

17.1 Each Portion Severable. Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision (collectively "**Portion**") of this Franchise Agreement shall be considered severable; and if, for any reason, any such Portion is determined to be void, contrary to, and/or in conflict with, any existing or future law or regulation by a court of law, an administrative body of competent jurisdiction, or an arbitrator, such Portion shall not impair the operation of, or have any other effect on, such other Portions as may remain otherwise enforceable. Such enforceable Portions shall continue to be given full force and effect and bind the parties hereto, while the void portions shall be deemed not to be part of this Franchise Agreement.

17.2 Rights Limited to Parties. Anything to the contrary herein notwithstanding, nothing in this Franchise Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than GCF or Franchisee (and such of their respective representatives, successors and assigns as may be contemplated in this Franchise Agreement), any rights or remedies under or by reason of this Franchise Agreement.

17.3 Franchisee Bound by Maximum Duty. Franchisee expressly agrees to be bound by the maximum duty permitted or required by applicable law that is subsumed in any promise or covenant of this Franchise Agreement, as though it were separately articulated in and made a part of this Franchise Agreement. It is the strong intent of the parties that any reviewing court of law, administrative body of competent jurisdiction, or arbitrator, instead of canceling or invalidating this Franchise Agreement, modify this Franchise Agreement by striking any portion(s) it determines to be unreasonable or unenforceable and/or reducing the scope of any promise or covenant to the extent required to delineate the maximum duty, obligation, or restriction permitted by applicable law, or required by court order of final decision.

17.4 Captions Solely for Convenience. All captions in the Franchise Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning of construction of any provision.

17.5 References. All references to gender and number shall be construed to include such other gender and number as the context may require, and all acknowledgements, promises, covenants, agreements, and obligations made are undertaken by all of the signers of this Franchise Agreement for Franchisee.

17.6 Duplicate Originals. This Franchise Agreement shall be executed in duplicate, and each document so executed shall be deemed an original.

17.7 Successors and Assigns. All the terms and provisions of this Franchise Agreement will be binding upon and inure to the benefit of the successors and assigns of the parties. However, nothing in this paragraph may be construed as consent by GCF to the assignment or transfer of this Franchise Agreement or any rights by Franchisee.

17.8 Covenant of Good Faith. If applicable law implies a covenant of good faith and fair dealing in this Franchise Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Franchise Agreement. Additionally, if applicable law shall imply the covenant, Franchisee agrees that: (i) this Franchise Agreement (and the relationship of the parties that is inherent in this Franchise Agreement) grants GCF the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with GCF's explicit rights and obligations under this Franchise Agreement that may affect favorably or adversely Franchisee's interests; (ii) GCF will use its judgment in exercising the discretion based on GCF's assessment of its own interests and balancing those interests against the interests of GCF's franchisees generally (including GCF and its affiliates if applicable), and specifically without considering Franchisee's individual interests or the individual interests of any other particular franchisee; (iii) GCF will have no liability to Franchisee for the exercise of its discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for GCF's judgment so exercised.

18. LEGAL MATTERS

18.1 Governing Law. Any claim or controversy arising out of or related to this Franchise Agreement shall be governed by and construed in accordance with the laws of the State of Utah, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act). In the event of any conflict of law, the laws of Utah will prevail, without regard to the application of Utah conflict of law rules. If, however, any provision of this Franchise Agreement would not be enforceable under the laws of Utah, and if Franchisee's GC Business is located outside of Utah and such provision would be enforceable under the laws of the state in which Franchisee's GC Business is located, then such provision will be interpreted and construed under the laws of that state. Nothing in this Section 18.1 is intended by the parties to subject this Franchise Agreement to any franchise or similar law, rule, or regulation of the State of Colorado to which it would not otherwise be subject. Notwithstanding anything in this Section 18.1 to the contrary, any promissory note or security agreement will be governed by the laws of the state in which the Franchisee's GC Business is located.

18.2 Venue; Submission to Court; Limitation of Damages. Franchisee and GCF agree as follows:

a. Any and all court proceedings arising from matters not subject to arbitration under the terms of this Franchise Agreement shall be brought only in the United States District Court for the District of Utah and the Utah District Courts situated in Utah County, unless GCF's principal place of business is relocated, in which case any such proceedings shall be brought only in the United States District Court or state court with jurisdiction where GCF's principal place of business is then-located; and GCF and Franchisee consent to the exercise of jurisdiction by such courts.

b. The parties agree that all disputes submitted to the court pursuant to this Franchise Agreement shall be tried in the court sitting without a jury, subject to state law.

18.3 Costs and Attorney Fees. Franchisee shall pay all costs and expenses (including reasonable fees of attorneys and other engaged professionals) incurred by GCF in successfully enforcing this Franchise Agreement, issuing notices of default under the terms of this Franchise Agreement, or obtaining any remedy arising from the breach of this Franchise Agreement. Additionally, the prevailing party in any action arising out of, or related, to this Franchise Agreement (including an action to compel arbitration) is entitled to recover all of its costs and expenses incurred in the action, including reasonable accounting, expert witness, attorneys' and arbitrator's fees, and costs of collecting monies owed, in addition to all other amounts and damages awarded. If both parties are awarded a judgment in any dollar amount, the court or arbitrator, as applicable, shall determine the prevailing party taking into consideration the merits of the claims asserted by each party, the amount of the judgment received by each party, and the relative equities between the parties.

18.4 Injunctive Relief. Notwithstanding the provisions of Sections 19.1 and 19.2 of this Franchise Agreement, GCF has the right to seek from an appropriate court any provisional remedies, including declaratory relief, specific performance, temporary restraining orders or preliminary injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. GCF is not required to await the outcome of any informal dispute resolution, mediation or arbitration before seeking such remedies for actions brought with respect to: (i) threatened or actual conduct, acts or omissions that will cause us, the Marks or copyrights, and/or the System loss or damage; (ii) prohibiting any act or omission that Franchisee or Franchisee's employees that constitutes a violation of any applicable law or is dishonest or misleading to Franchisee's clients or to the public; (iii) issues concerning the alleged violations of federal or state antitrust laws; (iv) securing injunctive relief or specific performance; (v) the right to indemnification or the manner in which it is exercised; (vi) enforcing the obligations of Franchisee under Section 7 of this Franchise Agreement; (vii) Franchisee's failure to fully and strictly comply with Section 11 of this Franchise Agreement, which Franchisee acknowledges will result in irreparable injury to GCF for which there is no adequate remedy at law; and (viii) Franchisee's failure to follow any of the dispute resolution procedures set forth in Section 19 of this Franchise Agreement. Franchisee may seek injunctive relief for any violation by GCF of Section 19 of this Agreement. The parties agree that they may obtain such injunctive relief in addition to such further or other relief as may be available at law or in equity.

An action seeking provisional remedies will be brought in any state or federal court within the jurisdiction in which GCF then has its principal place of business (currently, Denver, Colorado); provided that GCF has the option to bring suit against Franchisee in any other state court or federal district court within the jurisdiction where Franchisee's GC Business is or was located or where any of Franchisee's owners lives. The parties consent to the exercise of personal jurisdiction over them by these courts, and to the propriety of venue in these courts for the purpose of this Section 18.4, and the parties waive any objections that they would otherwise have in this regard. The parties will not be required to post a bond or security to obtain the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Franchise Agreement and that the non-prevailing party's only remedy if an injunction is entered against such party will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby). The prevailing party shall be entitled to recover its costs and reasonable legal fees incurred by it in obtaining such relief. If the injunctive relief was wrongfully issued, the non-prevailing party expressly waives all claims for damages they incurred as a result of the wrongful issuance.

19. DISPUTE RESOLUTION

19.1 Mediation. Except as otherwise provided in this Franchise Agreement, any claim or controversy arising out of, or related to, this Franchise Agreement, or the making, performance, breach, interpretation, or termination thereof, will first be subject to non-binding mediation before the Judicial Arbitrator Group ("JAG"), or if JAG ceases to exist, to the American Arbitration Association ("AAA"), unless

the parties agree on another organization or mediator. The mediation proceedings shall take place in Denver, Colorado, or, if GCF's principal place of business has changed when mediation is sought, in the principal city of GCF's then-principal place of business. Mediation will not defer or suspend GCF's right to exercise any of GCF's termination rights under this Franchise Agreement. Mediation under this Section is not intended to alter or suspend the rights or obligations of the parties under this Franchise Agreement or to determine the validity or effect of any provision of this Franchise Agreement, but is intended to furnish the parties an opportunity to resolve disputes amicably, expeditiously and in a cost-effective manner on mutually acceptable terms. The non-binding mediation provided for under this Franchise Agreement will be commenced by the party requesting mediation giving written notice of the request for mediation to the party with whom mediation is sought. The request will specify with reasonable particularity the matters for which non-binding mediation is sought. Non-binding mediation hereunder will be concluded within 60 days of the issuance of the request for mediation, or such longer period as may be agreed upon by the parties in writing ("**Mediation Termination Date**"). All aspects of the mediation process will be treated as confidential, will not be disclosed to others, and will not be offered or admissible in any other proceeding or legal action whatsoever. The parties will each bear their own costs of mediation, and will share equally in the cost of the mediator or mediation service.

19.2 Binding Arbitration. Except as otherwise provided in this Franchise Agreement, all disputes, controversies, claims, causes of action, and/or alleged breaches or failures to perform (collectively "**Disputes**") arising between the parties in connection with, or arising from, or with respect to: (1) any provision of this Franchise Agreement; (2) the relationship of the parties; (3) the validity of this Franchise Agreement, or any provision thereof; or (4) any specification, standard, or operating procedure relating to the establishment or operation of the GC Business; shall be submitted on demand of either party for arbitration in the principal city closest to GCF's principal place of business, currently the Utah County, Utah office of JAG, or if JAG ceases to exist, to the AAA, unless the parties agree on another organization or arbitrator. The arbitration proceedings shall be conducted in Utah County, Utah, will be heard by one (1) neutral arbitrator who is familiar with legal disputes of the type at issue and who has franchise business or contract experience, and except as otherwise provided in this Franchise Agreement, shall be conducted in accordance with the then-current rules of JAG for commercial arbitration, or the Commercial Arbitration Rules of the AAA (as applicable). If GCF's principal place of business has changed at the time that arbitration is sought, arbitration proceedings shall be conducted in the principal city closest to GCF's then principal place of business.

The arbitrator shall have the right to award or include in his or her award any relief which he or she deems proper in the circumstances, including without limitation, money damages (with interest on unpaid amounts from the Due Date), specific performance and injunctive relief (but not punitive or exemplary damages). The award and decision of the arbitrator shall be conclusive and binding upon all parties and judgment upon the award may be entered in any court of competent jurisdiction. This agreement to arbitrate shall continue in full force and effect subsequent to and notwithstanding the termination or expiration of this Franchise Agreement. The arbitrator's powers do not include the power to render an award that: (1) is based on errors of law or legal reasoning that would be grounds for reversal if made by a judge in a court; or (2) is based on evidence that would not satisfy the requirements of law in a civil trial to the court; or (3) grants relief prohibited by this Franchise Agreement or not made available under applicable law. Accordingly, the parties expressly agree that any award that is so based, in whole or in part, may be appealed to a Colorado court of competent jurisdiction, on grounds that the arbitrator exceeded its agreed powers, as though the award were a judgment in a civil "bench trial" to the court in a U.S. district court. GCF and Franchisee agree that arbitration will be conducted on an individual basis only. Except as required by applicable law, including the required disclosure in GCF's franchise disclosure document, the entire arbitration proceedings and related documents are confidential.

No arbitration may be commenced on any claim which is subject to mediation prior to the

Mediation Termination Date, whether or not the mediation has commenced. Neither party shall commence any arbitration with a third party against the other, or join with any third party in any arbitration involving GCF and Franchisee. Further, neither GCF nor Franchisee shall attempt to consolidate or otherwise combine in any manner an arbitration proceeding involving GCF and Franchisee with another arbitration of any kind, nor shall GCF or Franchisee attempt to certify a class or participate as a party in a class action against the other. Notwithstanding the foregoing, if Franchisee controls, is controlled by, or is in active concert with another franchisee of GCF, or there is a guarantor of some or all of Franchisee's obligations to GCF, then the joinder of those parties to any arbitration between GCF and Franchisee shall be permitted; and in all events, the joinder of an owner, director, officer, limited liability company member or manager, partner or other representative or agent of GCF or Franchisee shall be permitted.

In any arbitration arising out of or related to the Franchise Agreement, requests for documents: (1) shall be limited to documents which are directly relevant to Disputes or to the Disputes' outcome; (2) shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain; and (3) shall not include broad, boilerplate language, including, but not limited to requesting all documents "related to," any issue. In addition, there shall be production of electronic documents only from sources used in the ordinary course of business. Absent a showing of compelling need, no such documents are required to be produced from backup servers, tapes or other media. In addition, absent a showing of compelling need, the production of electronic documents shall normally be made on the basis of generally available technology in a searchable format which is usable by the party receiving the e-documents and convenient and economical for the producing party. Absent a showing of compelling need, the parties need not produce metadata, with the exception of header fields for email correspondence.

The parties acknowledge that nothing herein shall delay or otherwise limit GCF's rights and remedies under Section 10 of this Franchise Agreement. A notice or request for arbitration or mediation will not operate to stay, postpone, or rescind the effectiveness of any demand for performance or notice of termination under this Franchise Agreement.

a. **Violations.** If either party violates the terms of this Section 19, the other party shall be entitled to seek injunctive relief in a court of law of proper jurisdiction in accordance with Section 18.4 of this Franchise Agreement, and the prevailing party shall be awarded its costs and expenses, including reasonable attorney fees.

19.4 Limitations. Any claim or controversy arising out of or related to this Franchise Agreement, or the making, performance, breach, interpretation, or termination thereof, brought by any party hereto against the other, will be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action will be barred.

19.5 JURY TRIAL & CLASS ACTION WAIVER. THE PARTIES TO THIS FRANCHISE AGREEMENT HEREBY IRREVOCABLY WAIVE: (i) TRIAL BY JURY; (ii) THE RIGHT TO ARBITRATE OR LITIGATE ON A CLASS ACTION BASIS IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES; AND (iii) ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER.

19.6 Survival. GCF and Franchisee agree that the provisions of this Section 19 shall apply during the term of this Franchise Agreement and following the termination, expiration, or non-renewal of this Franchise Agreement.

20. CAVEAT

The success of the business venture contemplated to be undertaken by Franchisee by this Franchise Agreement is speculative and depends, to a large extent, upon Franchisee's ability as an independent businessperson, Franchisee's active participation in the daily affairs of the business, and other factors. GCF makes no representation or warranty, express or implied, as to the potential success of the business venture contemplated.

21. SUBMISSION OF AGREEMENT

The submission of this Franchise Agreement to Franchisee does not constitute an offer and this Franchise Agreement is effective and binding only upon the execution by the President or other officer of GCF.

22. CROSS DEFAULT; CROSS TERMINATION

22.1. Cross Default. A default by Franchisee under this Franchise Agreement will be deemed a default of all agreements between Franchisee and GCF. A default by Franchisee under any other agreement between GCF and Franchisee will be deemed a default under this Franchise Agreement. A default by the guarantor(s) of this Franchise Agreement or any other agreement guarantee of contract will be deemed a default of this Franchise Agreement.

22.2. Cross Termination. If this Franchise Agreement is terminated because of a default by Franchisee, GCF may, at its option, elect to terminate any or all other agreements between Franchisee and GCF. If any other agreement between Franchisee and GCF is terminated because of a default by Franchisee, GCF may, at its option, elect to terminate this Franchise Agreement. It is agreed that an incurable or uncured default under this Franchise Agreement or any other agreement between Franchisee and GCF will be grounds for termination of this Franchise Agreement and/or any and all agreements between Franchisee and GCF, without additional notice or opportunity to cure.

23. ACKNOWLEDGEMENTS

A. FRANCHISEE ACKNOWLEDGES THAT: (1) FRANCHISEE OR ITS PRINCIPAL REPRESENTATIVE(S) (“YOU” OR “YOUR”) HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE FRANCHISE AND HAS BEEN AFFORDED THE OPPORTUNITY TO ASK QUESTIONS AND REVIEW MATERIALS THAT YOU DEEM RELEVANT IN MAKING THE DECISION TO ENTER INTO THIS FRANCHISE AGREEMENT AND ACQUIRE THE FRANCHISE; (2) YOU RECOGNIZE THAT THE BUSINESS VENTURE OF A GCF FRANCHISE INVOLVES BUSINESS RISKS; AND (3) THE SUCCESS OF THIS VENTURE, IF ANY, WILL BE LARGELY DEPENDENT UPON YOUR ABILITY AS AN INDEPENDENT BUSINESS PERSON. GCF EXPRESSLY DISCLAIMS THE MAKING OF, AND YOU ACKNOWLEDGE THAT YOU HAVE NOT RECEIVED, ANY WARRANTY, GUARANTEE, CLAIM OR OTHER REPRESENTATION, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS FRANCHISE AGREEMENT.

B. YOU ACKNOWLEDGE THAT YOU HAVE BEEN ADVISED TO RECEIVE ADVICE OF LEGAL COUNSEL AS TO ALL MATTERS RELATING TO THE DUE DILIGENCE REVIEW OF THE FRANCHISE, INCLUDING THE GCF FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT.

C. YOU ACKNOWLEDGE THAT YOU HAVE RECEIVED, READ AND UNDERSTOOD

THIS FRANCHISE AGREEMENT. GCF HAS ACCORDED YOU AMPLE TIME AND OPPORTUNITY TO CONSULT WITH FINANCIAL ADVISORS OF YOUR OWN CHOOSING ABOUT THE POTENTIAL BENEFITS AND RISKS OF ENTERING INTO THIS FRANCHISE AGREEMENT. YOU FURTHER ACKNOWLEDGE THAT NOTHING IN THIS FRANCHISE AGREEMENT CREATES, OR SHALL BE DEEMED TO HAVE CREATED, A FIDUCIARY RELATIONSHIP BETWEEN GCF AND YOU.

D. YOU ACKNOWLEDGE THAT YOU ALONE WILL EXERCISE DAY-TO-DAY CONTROL OVER ALL OPERATIONS, ACTIVITIES AND ELEMENTS OF THE GC BUSINESS AND THAT UNDER NO CIRCUMSTANCES SHALL GCF DO SO OR BE DEEMED TO DO SO. YOU FURTHER ACKNOWLEDGE AND AGREE, AND WILL NEVER CONTEND OTHERWISE, THAT THE VARIOUS REQUIREMENTS, RESTRICTIONS, PROHIBITIONS, SPECIFICATIONS AND PROCEDURES OF THE FRANCHISE SYSTEM WHICH YOU ARE REQUIRED TO COMPLY WITH UNDER THIS FRANCHISE AGREEMENT, WHETHER SET FORTH IN THE BRAND STANDARDS MANUAL OR OTHERWISE, DO NOT DIRECTLY OR INDIRECTLY CONSTITUTE, SUGGEST, INFER OR IMPLY THAT GCF CONTROLS ANY ASPECT OR ELEMENT OF THE DAY-TO-DAY OPERATIONS OF THE GC BUSINESS, WHICH YOU ALONE CONTROL, BUT ONLY CONSTITUTE STANDARDS YOU MUST ADHERE TO WHEN EXERCISING YOUR CONTROL OF THE DAY-TO-DAY OPERATIONS OF THE GC BUSINESS.

E. THIS FRANCHISE AGREEMENT SUPERSEDES ANY AND ALL OTHER AGREEMENTS AND REPRESENTATIONS RESPECTING THE FRANCHISE AND CONTAINS ALL OF THE TERMS AND CONDITIONS OF THE PARTIES WITH RESPECT TO THE GRANT OF THE FRANCHISE. NOTWITHSTANDING THE LANGUAGE ABOVE, NOTHING IN THIS FRANCHISE AGREEMENT OR ANY RELATED AGREEMENT BETWEEN GCF AND FRANCHISEE IS INTENDED TO DISCLAIM THE REPRESENTATIONS GCF MADE IN THE FRANCHISE DISCLOSURE DOCUMENT GCF PROVIDED TO FRANCHISEE (OR IN THE LAST FRANCHISE DISCLOSURE DOCUMENT BEFORE THIS FRANCHISE AGREEMENT WAS SIGNED BY FRANCHISEE, IF MORE THAN ONE WAS PROVIDED BY GCF), UNLESS FRANCHISEE VOLUNTARILY WAIVED ANY REPRESENTATIONS.

F. YOU REPRESENT THAT NEITHER FRANCHISEE NOR ANY OF ITS OFFICERS, DIRECTORS, MANAGERS, MEMBERS, OR PARTNERS (AS APPLICABLE) ARE SUBJECT TO U.S. EXECUTIVE ORDER 13224.

G. YOU AND EACH AND EVERY SIGNER OF THIS FRANCHISE AGREEMENT SEVERALLY REPRESENTS AND WARRANTS THAT YOU HAVE RECEIVED A COPY OF GCF'S FRANCHISE DISCLOSURE DOCUMENT AT THE EARLIER OF:

(1) FOURTEEN CALENDAR DAYS BEFORE THE SIGNING OF THIS FRANCHISE AGREEMENT; OR

(2) FOURTEEN CALENDAR DAYS BEFORE ANY PAYMENT TO GCF.

H. THIS FRANCHISE AGREEMENT MAY BE EXECUTED IN COUNTERPARTS AND, IF SIGNED BY ALL PARTIES ON SEPARATE DOCUMENTS, COPIES SHALL BE FULLY EXECUTED.

(Signature page follows)

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Franchise Agreement on the day and year written below.

Address for Notices pursuant to
Section 15 of this Franchise Agreement:

GCF's Address:

6251 Greenwood Plaza Boulevard, Suite 170
Greenwood Village, CO 80111
Attn: President/COO

Franchisee's Address:

Signatures

GOTCHA COVERED FRANCHISING, LLC

By: _____

Title: _____

FRANCHISEE:

[Print Your Name]

Individually

[Print Your Name]

Individually

OR:
(if a corporation, partnership or limited liability
company)

Company Name

By: _____

Title: _____

Date: _____

ATTACHMENT 1

FRANCHISE DATA SHEET

1. The Effective Date set forth in the introductory paragraph of the Franchise Agreement is:

2. The Franchise Owner(s) set forth in the introductory paragraph of the Franchise Agreement is:
_____,
a(n) individual(s)/business (circle one) with an address of:

3. Franchisee's Area of Primary Responsibility referred to in Section 1.3 of the Franchise Agreement is described as follows: _____

and includes approximately _____ households above \$ _____ in income.

4. The Initial Franchise Fee, referenced in Section 4(a) of the Agreement shall be:
 (check as applicable) \$69,900
 (check as applicable) \$63,410, Franchisee qualifies for the VetFran program discount as an honorably discharged United States veteran or their spouse.
 (check as applicable)

5. Financing. If the box below is checked, GCF has elected in its sole discretion to finance a portion of Franchisee's Initial Franchise Fee.
 (check as applicable) Financing for a portion of the Initial Franchise Fee has been approved by GCF. Franchisee and Franchise Owners shall execute a Promissory Note and Security Agreement, in the forms attached in the Franchise Disclosure Document.

FRANCHISOR:

FRANCHISEE:

GOTCHA COVERED FRANCHISING, LLC

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____



Bank Transfer Authorization Form

Please complete the following information to authorize payment of amounts owing for services rendered by payment with the bank account you put on file with us by submitting this form.

I authorize Five Star Franchising LLC or the Five Star Franchising brands* to electronically debit my bank account according to the terms of my agreement. I acknowledge that electronic debits against my account must comply with United States law.

Bank account information:

Bank routing number Account number

Account type: Business or Personal
Checking or Savings

Your signature allows Five Star Franchising LLC or the Five Star Franchising brands* to process payment for the contracted amount each month and/or week for online marketing, call center, royalties, or other contracted services beginning immediately.

Signature: Date:

Name:

Phone number:

*The Five Star Franchising brands comprise Five Star Franchising, L.L.C.; 1800Packouts Franchise, L.L.C.; 1-800-Textiles Franchises, L.L.C.; Ringside Development Company dba Bio-One, Inc.; Five Star Bath, L.L.C.; Gotcha Covered Franchising, L.L.C.; and Mosquito Shield Franchising, L.L.C.

ATTACHMENT 2

OWNERS AGREEMENT

As a condition to the execution by Gotcha Covered Franchising, LLC (“we” or “us”), of a Franchise Agreement with _____ (“Franchisee”), each of the undersigned individuals (“Owners”), who constitute all of the owners of a direct or indirect beneficial interest in Franchisee covenant and agree to be bound by this Owners Agreement (“Owners Agreement”).

1. Acknowledgments.

1.1 Franchise Agreement. Franchisee entered into a franchise agreement with us effective as of _____ (“Franchise Agreement”). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 Role of Owners. Owners are the beneficial owners of all of the direct and indirect equity interest, membership interest, or other equity controlling interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives and assigns. Franchisee’s obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee’s direct and indirect owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owners Agreement.

2. Non-Disclosure and Protection of Confidential Information.

2.1 Confidentiality. Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Franchise Agreement governing Franchisee’s non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential, will also be deemed Confidential Information for purposes of this Owners Agreement.

2.2 Immediate Family Members. Owners acknowledge that they could circumvent the purpose of Section 2.1 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). Owners also acknowledge that it would be difficult for us to prove whether Owners disclosed the Confidential Information to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 2.1 if any member of his or her immediate family uses or discloses the Confidential Information or engages in any activities that would constitute a violation of the covenants listed in Section 3, below, if performed by Owners. However, Owners may rebut this presumption by furnishing evidence conclusively showing that Owners did not disclose the Confidential Information to the family member.

3. Covenant Not to Compete.

3.1 Non-Competition During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which we have developed. The provisions of the Franchise Agreement governing Franchisee's restrictions on competition both during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that each such covenant related to non-competition will be construed as independent of any other covenant or provision of this Owners Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 3.

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owners Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

4. Guarantee.

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owners Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

5. Transfers.

Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources and personal character. Accordingly, Owners agree: a) not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding transfer and assignment, and b) that any attempt to do so will be a material breach of this Owners Agreement and the Franchise Agreement.

6. Notices.

6.1 Method of Notice. Any notices given under this Owners Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

6.2 Notice Addresses. Our current address for all communications under this Owners Agreement is:

Gotcha Covered Franchising, LLC
6251 Greenwood Plaza Boulevard, Suite 170
Greenwood Village, CO 80111
Attn: President/COO

The current address of each Owner for all communications under this Owners Agreement is designated on the signature page of this Owners Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

7. Enforcement of This Owners Agreement.

7.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Owners Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners Agreement.

7.2 Choice of Law; Jurisdiction and Venue. This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

7.3 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement. Owners acknowledge and agree that there is no adequate remedy at law for

Owners' failure to fully comply with the requirements of this Owners Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

8. Miscellaneous.

8.1 No Other Agreements. This Owners Agreement constitutes the entire, full and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owners Agreement, other than those in this Owners Agreement. No other obligations, restrictions or duties that contradict or are inconsistent with the express terms of this Owners Agreement may be implied into this Owners Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Owners Agreement), no amendment, change or variance from this Owners Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Owners Agreement, and any portions thereof, will be considered severable. If any provision of this Owners Agreement or the application of any provision to any person, property or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e. to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 No Third-Party Beneficiaries. Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns) any rights or remedies under or by reason of this Owners Agreement.

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

8.5 Binding Effect. This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

8.6 Successors. References to "Franchisor" or "the undersigned," or "you" include the respective parties' heirs, successors, assigns or transferees.

8.7 Non-waiver. Our failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or

default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

8.8 No Personal Liability. You agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Owners Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

8.9 Owners Agreement Controls. In the event of any discrepancy between this Owners Agreement and the Franchise Agreement, this Owners Agreement shall control.

(Signatures on following page)

IN WITNESS WHEREOF, the parties have entered into this Owners Agreement as of the effective date of the Franchise Agreement.

OWNERS:

[Insert Name of Owner]

[Insert Name of Owner]

[Insert Name of Owner]

[Insert Name of Owner]

Gotcha Covered Franchising, LLC hereby accepts the agreements of the Owner(s) hereunder.

GOTCHA COVERED FRANCHISING, LLC

By: _____

Title: _____



ATTACHMENT 3

STATEMENT OF OWNERSHIP

Franchisee: _____

Trade Name (if different from above): _____

**Form of Ownership
(Check One)**

____ **Individual** ____ **Partnership** ____ **Corporation** ____ **Limited Liability Company**

If a **Partnership**, provide name and address of each partner showing age owned, whether active in management, and indicate the state in which the partnership was formed.

If a **Corporation**, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a **Limited Liability Company**, give the state and date of formation, the name of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation: _____

Management (managers, officers, board of directors, etc.):

Name	Title

Members, Stockholders, Partners*:

Name	Address	Percentage of Stock

*If any members, stockholders, or partners are entities, please list the owners of such entities up through the individuals.

Use additional sheets if necessary. Any and all changes to the above information must be reported to GCF in writing.

(Signatures on following page)



FRANCHISEE:

By: _____

Printed Name: _____

Title: _____

ATTACHMENT 4

ADDENDUM TO FRANCHISE AGREEMENT

SOFTWARE LICENSE AGREEMENT

THIS SOFTWARE LICENSE AGREEMENT (“Agreement”) is made and entered into this _____, by and between **GOTCHA COVERED FRANCHISING, LLC**, a Colorado limited liability company, with its principal office at 303 S. Broadway, Suite 200-153 Denver, CO 80209 (“GCF”); and _____, whose principal address is _____ (“Licensee”), and the officers, directors, shareholders, managers, members, partners, employees (as applicable) of Licensee listed on Exhibit A (collectively, the “Licensee Affiliates”) which is incorporated into this Agreement by this reference.

9.3. Background. GCF and Licensee have entered into a Gotcha Covered Franchising, LLC Franchise Agreement to which this Agreement is attached as Attachment 4 (“Franchise Agreement”) for the Gotcha Covered franchise (“Gotcha Covered Business”) located at _____ (“Franchise Location”). GCF desires to license, or if applicable, sublicense, to Licensee certain proprietary software, including any modifications or revisions of the programs, for use in the operation of the Gotcha Covered Business; all documentation (other than the proprietary software) related to the proprietary software; and the tangible media upon which such programs are recorded and the database file structure thereof (the proprietary software, documentation and media are collectively referred to as the “Program”). Licensee desires to obtain a license, or if applicable, a sublicense, to use the Program, subject to the terms and conditions contained in this Agreement. The license or sublicense granted to Licensee may be referred to below in either case as the “license.”

10.4. Binding Effect. Licensee and GCF agree to be bound by the terms of this Agreement, and the Licensee Affiliates are bound upon signing Exhibit A. This Agreement is also binding on the successors, assigns, heirs, and personal representatives of the parties (as applicable).

11.5. Grant of Sublicense and Engagement. Subject to the terms and conditions of this Agreement, GCF grants to Licensee a non-exclusive, nontransferable license to use the Program for the term of this Agreement. The parties agree as follows:

9. To participate in this Agreement, Licensee must be in “good standing” with GCF. Good standing requires Licensee to be current with, and not otherwise in breach of, any of Licensee’s obligations or payments under the Franchise Agreement, or any other contract or agreement with GCF. GCF shall, in its sole discretion, determine whether Licensee is in good standing.

10. The Program shall be installed only on the computer equipment owned by, and used in conjunction with, the Gotcha Covered Business (“Designated Equipment”).

11. Except with the prior written consent of GCF, the Program shall not be: (i) operated by entities or persons other than Licensee and the Licensee Affiliates; (ii) operated on more than one (1) computer at a time; (iii) operated on equipment other than the Designated Equipment; or (iv) operated at locations other than the Franchise Location or at the homes and businesses of customers of the Gotcha Covered Business.



12. The Program shall be used only in conjunction with the operation of the Gotcha Covered Business and must not be used for any other purpose or business.

13. Licensee shall not, and shall not allow the Licensee Affiliates or any other employees, agents or representatives of Licensee to: (i) sell, assign, lease, license, sublicense, market, or commercially exploit in any way, the Program, any component of it, or any data generated by the use of the Program; (ii) disclose or grant access to the Program, any component of it, or any data generated by the use of the Program, to any third party other than one whom GCF has approved in writing and who has agreed in writing with Licensee and GCF to keep the Program confidential; or (iii) copy or reproduce the Program, any component thereof, or any data generated by the use of the Program, in any manner; provided that Licensee may use the data generated by the Program to the extent reasonably necessary to comply with local, state, and federal law and for usual and customary business purposes.

14. Licensee and the Licensee Affiliates shall keep the Program and any data generated by the use of the Program confidential during and after the term of this Agreement, and shall establish and maintain such security precautions as are prescribed by GCF from time to time to maintain the secrecy of the Program and any data generated by the use of the Program, and to prevent the unauthorized access to or use, disclosure or copying of the Program or any data generated by the use of the Program. Licensee shall immediately inform GCF in writing if any Licensee Affiliate or any other employee, agent or representative of Licensee violates the terms and conditions of this Section, or if Licensee learns of any actual or possible unauthorized disclosure of the Program or any data generated by the use of the Program, such as the loss or theft of any tangible medium (such as a CD-ROM), documentation or other component.

15. Licensee and the Licensee Affiliates acknowledge and agree that: (1) the Program and any data generated by the use of the Program is the valuable proprietary property and trade secret of GCF; (2) they shall use the utmost care to safeguard the Program and any data generated by the use of the Program and to maintain its secrecy and confidentiality; (3) they shall not undertake to patent, copyright, or otherwise assert proprietary rights to the Program and any data generated by the use of the Program or any portion of it; and (4) they shall not create any derivative works based on the software without the prior written consent of GCF.

16. Licensee and the Licensee Affiliates recognize that all or part of the Program and any data generated by the use of the Program may be copyrighted by GCF and its affiliates, and they agree that distribution of the Program to Licensees and third parties shall not be construed as causing the copyrighted material to be public information.

17. Licensee and the Licensee Affiliates shall ensure that any copies of the Program and any data generated by the use of the Program or any components of it in their possession contain a copyright notice or other notice of proprietary rights specified by GCF.

18. The grant of this License to Licensee is not a sale by GCF of the Program.

19. Licensee and the Licensee Affiliates shall not modify, adapt, translate, reverse engineer, decompile or disassemble the Program in any way without the prior written consent of GCF.

20. GCF and its affiliates shall have the right to use any ideas and suggestions for modifications to or enhancements of the Program developed by Licensee or the Licensee Affiliates.

21. Licensee and the Licensee Affiliates acknowledge and agree that any breach or threatened breach by Licensee of the provisions of this Section 3 would cause GCF irreparable injury for which GCF would have no adequate remedy at law and that, in addition to any other remedies which it may have, GCF shall be entitled to preliminary and permanent injunctive relief against any such breach or threatened breach.

22. Upon expiration or termination of this Agreement or the Franchise Agreement, Licensee and the Licensee Affiliates shall immediately: (1) cease further use of the Program; (2) allow GCF's employees or agents to remove the Program from the Designated Equipment, return the Program and any data generated by the use of the Program to GCF, and destroy any and all copies of the Program or parts of it, documentation for the Program and any data generated by the use of the Program, and other materials or information which relate to or reveal the Program and its operation and any data generated by the use of the Program. In addition, GCF may cease performance of all of its obligations under this Agreement without liability of GCF to Licensee or the Licensee Affiliates.

~~12.6.~~ **Upgrades and New Programs.** During the term of the Franchise Agreement, and provided that Licensee and the Licensee Affiliates are in substantial compliance with the terms of this Agreement, GCF shall offer and/or provide to Licensee enhancement and maintenance upgrades of the Program, if they are to be provided in accordance with the terms of the Franchise Agreement.

~~13.7.~~ **Term.** Subject to earlier termination in accordance with the terms of this Agreement or the Franchise Agreement, the term of this Agreement and the license granted under it shall commence on the date of full execution of the Franchise Agreement and shall extend through the term of the Franchise Agreement.

~~14.8.~~ **Taxes.** Licensee shall pay when due any and all sales, license, transaction, property, or other federal, state, or local taxes, however designated, which are levied or imposed by reason of the transaction contemplated by this Agreement.

~~15.9.~~ **Alteration and Attachments.** If the attachment of unauthorized equipment to, or the alteration of, any Designated Equipment or software directly or indirectly causes a malfunction of the Program, GCF shall be relieved of any warranty obligations for all affected Designated Equipment or software. Licensee shall give GCF prior written notice of any such alteration or attachment. If any such alteration or attachment is made, GCF shall not be responsible for: (i) any malfunction, nonperformance or degradation of any Designated Equipment or software, consumable supplies or maintenance/diagnostic aids; or (ii) injury to person or damage to any property, caused by or resulting directly or indirectly from such alteration or attachment.

~~16.10.~~ **Use of License.** GCF represents and warrants to Licensee that: (a) GCF has all right, title, license and authorization to license the Program to Licensee; and (b) the Program does not, and as a result of any upgrades the Program will not, to the best of GCF's knowledge, infringe upon any United States patent, copyright, or other proprietary right of any third party. If Licensee's use of the Program as provided by GCF is enjoined as a result of a claim by a third party of patent or copyright infringement or violation of proprietary rights, then GCF shall use its best efforts, in its sole discretion, to either (i) procure for Licensee the right to continue use of the Program as contemplated under this Agreement; or (ii) replace the Program or modify it such that there is no infringement of the third party's rights. This action by GCF shall be GCF's sole and exclusive obligation to Licensee with respect thereto, and GCF shall have no further liability to Licensee. The term "best efforts" as used in this Section shall not be construed to include expenditures of money by GCF.

17.11. Warranties and Limitations on Liability. GCF does not make any representations or warranties to Licensee, and expressly disclaims any warranty, that the Program is error free or that the operation and use of the Program by Licensee will be uninterrupted or error free.

EXCEPT AS MAY BE REQUIRED BY APPLICABLE LAW, GCF DOES NOT MAKE ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WHETHER EXPRESS OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE, AND ALL SUCH WARRANTIES ARE EXPRESSLY EXCLUDED.

IN NO EVENT SHALL GCF HAVE ANY LIABILITY TO LICENSEE FOR: (1) INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO, LOSS OF USE, REVENUE OR PROFIT; (2) DAMAGES CAUSED BY LICENSEE'S FAILURE TO PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT; OR (3) CLAIMS, DEMANDS OR ACTIONS AGAINST LICENSEE BY ANY THIRD PARTY.

18.12. Indemnification. Licensee and the Licensee Affiliates agree to indemnify and hold GCF and its affiliates, and their shareholders, officers, directors, employees, and agents (collectively, the "**Indemnified Parties**") harmless from and against any and all loss, cost, damage, liability and expense (including, without limitation, reasonable attorneys' fees, court costs and other reasonable costs and expenses) that may be suffered, sustained, or incurred by any one or more of the Indemnified Parties as a result of, arising out of, or in connection with: (a) Licensee's or any of the Licensee Affiliates' breach of any of its obligations under this Agreement, and (b) any and all negligent acts or omissions of Licensee or any of its owners, officers, directors, employees, or agents.

19.13. Transfer by Licensee. Licensee may transfer Licensee's rights under this Agreement only in conjunction with a transfer of the Franchise Agreement approved by GCF and with the written consent of GCF.

20.14. Termination. The License granted to Licensee under this Agreement shall terminate at GCF's option, upon the occurrence of any of the following events:

8. Immediately upon delivery to Licensee of written notice of termination if Licensee or any of the Licensee Affiliates have violated any provision of this Agreement.

9. Immediately and without notice if Licensee (or a transferee of the License Agreement approved by GCF) ceases to have the right to operate the Gotcha Covered Business pursuant to the Franchise Agreement or any other agreement.

10. Immediately and without notice if Licensee sells, assigns or transfers, directly or indirectly: (i) Licensee's rights under this Agreement; (ii) a controlling interest in the ownership of Licensee; or (iii) substantially all of the assets of the Gotcha Covered Business; if such sale, assignment or transfer has not been approved in advance in writing by GCF. "**Controlling interest**" means twenty-five percent (25%) or more of the equity or voting control of Licensee.

21.15. Effect of Termination. Immediately upon the termination of this Agreement and the License granted herein, all rights granted to Licensee and the Licensee Affiliates under this Agreement shall revert to GCF, and Licensee and the Licensee Affiliates shall be deemed to have assigned, transferred, or conveyed to GCF any and all equities or other rights of the Licensee under this Agreement.

22-16. Survival of Obligations. The obligations of Licensee under Section 3(b) through (n) shall survive the termination of this Agreement.

23-17. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Utah.

24-18. Liability for Breach. In the event of any default on the part of either party of this Agreement, in addition to all other remedies, the party(ies) in default will pay the aggrieved party(ies) all amounts due and all damages, costs, and expenses, including reasonable attorneys' fees, incurred by the aggrieved party(ies) in any legal action or proceeding as a result of such default, plus interest at the highest rate allowable by law accruing from the date of such default.

25-19. Jurisdiction and Venue. If a claim arising out of, or in conjunction with this Agreement is asserted in any legal proceeding, Licensee, the Licensee Affiliates, and GCF irrevocably submit to the jurisdiction of the state and federal courts situated in Utah County, Utah, or if none, most proximate thereto. Both parties waive any objection to the jurisdiction of these courts or to venue in those locations. Notwithstanding the foregoing, if the laws of the state where the Licensee resides or the Franchise Location is located prohibit the aforesaid designation of jurisdiction and venue, then that other jurisdiction's laws shall control.

26-20. No Waiver. No waiver of any condition or covenant contained in this Agreement or failure to exercise a right or remedy by GCF shall be considered to imply or constitute a further waiver by GCF of the same or any other condition, covenant, right, or remedy.

27-21. Notices. All notices required or permitted under this Agreement shall be in writing and sent by facsimile; by email, with a "read-receipt"; by a national overnight courier service, with proof of delivery required; or by Certified Mail-Return Receipt Requested with proper postage paid; to the respective parties at the addresses above or on Exhibit A, as applicable (unless and until a different address has been designated by written notice to the other party). Notices shall be deemed given: on the date of transmission as shown in a successful transmittal report if given by facsimile; upon receipt, as indicated by a "read-receipt," if given by email; one (1) day after deposit with an overnight courier (as specified above) with proper address and delivery charges paid; or if given by Certified Mail, three (3) days after deposit with the U.S. Postal Service with proper address and postage paid.

28-22. Cross Default; Cross Termination.

a. A default by Licensee under this Agreement will be deemed a default of all agreements between Licensee and GCF (or any of its affiliates). A default by Licensee under any other agreement between GCF (or any of its affiliates) and Licensee will be deemed a default under this Agreement.

b. If this Agreement is terminated as a result of a default by Licensee, GCF may, at its option, elect to terminate any or all other agreements between Licensee and GCF. If any other agreement between Licensee and GCF is terminated as a result of a default by Licensee, GCF may, at its option, elect to terminate this Agreement. It is agreed that an incurable or uncured default under this Agreement or any other agreement between Licensee and GCF will be grounds for termination of this Agreement and/or any and all agreements between Licensee and GCF, without additional notice or opportunity to cure.

GCF:

LICENSEE:

GOTCHA COVERED FRANCHISING, LLC _____



By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

CONDITIONAL ASSIGNMENT

_____ ("you") operate your franchise business at _____. In consideration of the granting of a franchise to you and other valuable consideration given by **GOTCHA COVERED FRANCHISING, LLC.**, a Colorado limited liability company ("us"), you assign to us all telephone numbers, domains, email addresses, marketing materials, and listings you use in the operation of the franchise, together with administrator or comparable privileges for all web page(s), online marketing accounts, social media accounts, directories, accounts through which customers have a point of contact with you, accounts with marketing affiliates, or related items. Upon our exercise of this assignment for any event of termination, we assume the performance of all of the terms, covenants and conditions of your agreement with the provider(s) concerning the web presence or listings with the full force and effect as if we had been originally issued the accounts, listings, or points of contact. We will hold this assignment, and will deliver it to the providers or other interested third parties only upon termination of the Franchise Agreement between us and you dated _____.

DATED this _____ [Date].

("we/us"): **GOTCHA COVERED FRANCHISING, LLC.** (jointly and severally "you"):

By: _____

By: _____

Title: _____

Title: _____

EXHIBIT C

FINANCIAL STATEMENTS

Right Answers, Right Here.



TANNER

Accountants & Advisors

FS PEP HOLDCO, LLC and SUBSIDIARIES

**Consolidated Financial Statements
As of December 31, 2023 and 2022
and For the Years Then Ended**

Together with Independent Auditors' Report



Independent Auditors' Report

**To the Board of Managers of
FS PEP Holdco, LLC**

Opinion

We have audited the accompanying consolidated financial statements of FS PEP Holdco, LLC and subsidiaries (collectively, the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, members' equity, and cash flows for the years then ended, and the related notes to consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of FS PEP Holdco, LLC and subsidiaries as of December 31, 2023 and 2022, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

3300 N. Triumph Blvd., Suite 410, Lehi, UT 84043

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

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

Tanner LLC
April 5, 2024

Consolidated Balance Sheets

	As of December 31,	
	2023	2022
Assets		
Current assets:		
Cash	\$ 1,338,811	\$ 3,760,121
Restricted cash	840,143	543,616
Accounts receivable, net of an allowance for credit losses of \$105,953 and \$58,660, respectively	3,532,277	2,360,599
Current portion of contract assets	1,382,859	1,350,919
Prepaid and other current assets	1,460,144	792,682
Total current assets	8,554,234	8,807,937
Goodwill, net	56,518,636	63,918,327
Intangible assets, net	50,358,496	54,137,918
Contract assets, net of current portion	10,981,453	9,616,933
Operating lease right-of-use assets	1,246,432	1,153,787
Other assets	706,855	703,934
Total assets	\$ 128,366,106	\$ 138,338,836
Liabilities and Members' Equity		
Current liabilities:		
Accounts payable	\$ 655,035	\$ 602,708
Accrued expenses	1,997,785	2,643,685
Current portion of contract liabilities	2,371,381	1,960,914
Current portion of operating lease liabilities	229,780	154,246
Current portion of long-term debt	481,000	491,176
Total current liabilities	5,734,981	5,852,729
Contract liabilities, net of current portion	17,138,458	13,714,594
Operating lease liabilities, net of current portion	1,070,182	1,031,261
Long-term debt, net of current portion and debt issuance costs	46,148,366	46,381,407
Deferred income taxes	5,507,405	5,083,150
Total liabilities	75,599,392	72,063,141
Commitments and contingencies (Notes 4, 6 & 7)		
Members' equity	52,766,714	66,275,695
Total liabilities and members' equity	\$ 128,366,106	\$ 138,338,836

See accompanying notes to consolidated financial statements.

1

Consolidated Statements of Operations

	<i>For the Years Ended December 31,</i>	
	2023	2022
Revenues	\$ 34,597,657	\$ 26,026,524
Cost of revenues	10,001,056	5,463,228
Gross profit	24,596,601	20,563,296
Operating expenses:		
Selling, general and administrative	20,522,378	18,837,743
Depreciation and amortization	11,307,800	10,597,574
Total operating expenses	31,830,178	29,435,317
Loss from operations	(7,233,577)	(8,872,021)
Other income (expense):		
Interest expense	(5,506,427)	(3,821,499)
Gain on sale of unconsolidated subsidiary	-	1,025,637
Other income (expense)	(204,868)	(51,463)
Total other expense, net	(5,711,295)	(2,847,325)
Loss before income taxes	(12,944,872)	(11,719,346)
Income tax benefit (provision)	(765,698)	1,280,676
Net loss	\$ (13,710,570)	\$ (10,438,670)

See accompanying notes to consolidated financial statements.

2

Consolidated Statements of Operations

	<i>For the Years Ended December 31,</i>	
	2023	2022
Revenues	\$ 34,597,657	\$ 26,026,524
Cost of revenues	10,001,056	5,463,228
Gross profit	24,596,601	20,563,296
Operating expenses:		
Selling, general and administrative	20,522,378	18,837,743
Depreciation and amortization	11,307,800	10,597,574
Total operating expenses	31,830,178	29,435,317
Loss from operations	(7,233,577)	(8,872,021)
Other income (expense):		
Interest expense	(5,506,427)	(3,821,499)
Gain on sale of unconsolidated subsidiary	-	1,025,637
Other income (expense)	(204,868)	(51,463)
Total other expense, net	(5,711,295)	(2,847,325)
Loss before income taxes	(12,944,872)	(11,719,346)
Income tax benefit (provision)	(765,698)	1,280,676
Net loss	\$ (13,710,570)	\$ (10,438,670)

See accompanying notes to consolidated financial statements.

2

Consolidated Statements of Cash Flows

For the Years Ended December 31,

	2023	2022
Cash flows from operating activities:		
Net loss	\$ (13,710,570)	\$ (10,438,670)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of goodwill and intangible assets	11,179,113	10,568,470
Depreciation of fixed assets	128,687	29,104
Amortization of deferred financing costs	237,783	213,726
Amortization of operating lease right-of-use assets	265,177	108,253
Equity-based compensation	201,589	-
Gain on sale of unconsolidated subsidiary	-	(1,025,637)
Loss (gain) on disposal of fixed assets	(11,390)	43,615
Provision for bad debt	47,293	25,950
Decrease (increase) in:		
Accounts receivable	(1,218,971)	(777,114)
Contract assets	(1,396,460)	(2,540,535)
Other assets	(428,865)	(535,234)
Increase (decrease) in:		
Accounts payable and accrued expenses	(593,573)	2,012,196
Contract liabilities	3,834,331	3,647,786
Operating lease liabilities	(243,367)	(76,533)
Deferred taxes	424,255	(1,269,181)
Net cash used in operating activities	<u>(1,284,968)</u>	<u>(13,804)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(441,815)	(238,771)
Proceeds from sale of property and equipment	83,000	-
Contingent consideration paid	-	(1,200,000)
Proceeds from sale of unconsolidated subsidiary	-	1,623,174
Net cash paid for acquisitions	<u>-</u>	<u>(46,109,861)</u>
Net cash used in investing activities	<u>(358,815)</u>	<u>(45,925,458)</u>
Cash flows from financing activities:		
Member contributions	-	29,025,980
Borrowing on long-term debt	-	20,100,000
Payment of debt issuance costs	-	(307,500)
Repayment of long-term debt	(481,000)	(378,894)
Member distributions	-	(250,000)
Net cash provided by (used in) financing activities	<u>(481,000)</u>	<u>48,189,586</u>
Net change in cash and restricted cash	<u>(2,124,783)</u>	<u>2,250,324</u>
Cash and restricted cash at beginning of year	<u>4,303,737</u>	<u>2,053,413</u>
Cash and restricted cash at end of year	<u>\$ 2,178,954</u>	<u>\$ 4,303,737</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 5,102,711	\$ 3,053,817
Cash paid for income taxes	110,538	1,916
Supplemental disclosure of non-cash investing and financing information:		
Operating lease right-of-use assets and liabilities added through new contracts	\$ 357,822	\$ -
Operating lease right-of-use assets and liabilities recorded upon adoption of ASC Topic 842, <i>Leases</i>	-	1,175,322
Cash acquired through acquisition	-	124,418
Contingent consideration settled through issuance of equity	-	300,000
Measurement period adjustment to goodwill	-	1,474,328
Rollover equity contributions in acquisitions	-	6,230,000

See accompanying notes to consolidated financial statements.

4

Notes to Consolidated Financial Statements

1. Description of Organization and Summary of Significant Accounting Policies

Organization

FS PEP Holdco, LLC is a holding company established for the purpose of acquiring and operating home services related franchisor companies. Through its franchisor entities located throughout the United States, the Company seeks to establish profitable and sustainable franchise systems that provide franchise partners the tools to profitably operate and own a successful home service business.

Basis of Presentation and Principles of Consolidation

The consolidated financial statements presented in conformity with accounting principles generally accepted in the United States of America (US GAAP) and include the accounts of FS PEP Holdco, LLC and its wholly owned subsidiaries: Five Star Connect, Inc.; Gotcha Covered Franchising, LLC; Ringside Development Company; Bio-One IP Group; LLC, Ringside Group, LLC; Mosquito Shield Franchise, LLC; 1-800-Packouts Holdco, LLC; and Five Star Franchising, LLC and its wholly owned subsidiary Five Star Bath, LLC.

FS PEP Holdco, LLC was formed on April 9, 2021 (date of inception) and during 2021 began acquiring operating companies. The consolidated financial statements reflect the operations of FS PEP Holdco, LLC and all of its subsidiaries (collectively the Company). All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations of Credit Risk

The Company maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. To date, the Company has not experienced a loss or lack of access to its invested cash and cash equivalents; however, no assurance can be provided that access to the Company's invested cash will not be impacted by adverse conditions in the financial markets.

Restricted Cash

Restricted cash balances relate to cash franchisees contribute to the Company's national branding funds. Cash contributed by franchisees to the national branding funds are to be used in accordance with the franchise agreements with a focus on marketing and advertising.

Accounts Receivable

Accounts receivable consist of amounts due on franchisee accounts for various fees including royalties, support fees, branding fees, insurance, training, and expendable equipment. The allowance for credit losses and other reserves are based upon the Company's historical experience with franchisees and considers the age of the receivable and the franchisees' ability to pay. Accounts are written-off when determined to be uncollectible and all reasonable efforts to collect the receivable have been exhausted. Accounts receivable do not include any amounts for interest. An allowance for credit losses of \$105,953 and \$58,660 was accrued as of December 31, 2023 and 2022, respectively.

Notes Receivable

Some franchise agreements allow for the financing of initial franchising fees over a term of one to five years. These receivables bear interest ranging from 4.00% to 10.00% and are reviewed for collectability by assessing the franchisee's completion of training, commencing operations, and revenue generation. As of December 31, 2023 and 2022, the Company had \$239,770 and \$436,865 outstanding on notes receivable, which have been included in the other assets account on the accompanying consolidated balance sheets.

Contract Assets

The Company incurs broker or sales commission expenses paid to third parties to obtain franchise agreements with franchisees. The commissions are related to franchise fee revenue and are capitalized as contract assets and recognized over the term of the respective franchise agreement.

Goodwill and Intangible Assets

Goodwill represents the excess purchase price over fair value of net assets acquired that is not allocable to separately identifiable intangible assets. Other identifiable intangible assets primarily consist of trade names and franchise agreements in place. These assets are amortized using the straight-line method over the estimated useful life of the asset acquired.

The Company amortizes goodwill over a period of ten years. The Company evaluates the recoverability of the carrying amount of goodwill at the entity level whenever events or circumstances indicate the carrying amount may not be recoverable. Management has determined there was no impairment as of December 31, 2023 and 2022.

Investment in Unconsolidated Subsidiary

The Company's investment in Joe Homebuyer Franchising, LLC, was owned 50% by Five Star Franchising, LLC and 50% by an outside party. The investment was accounted for under the equity method of accounting. On March 9, 2022, the Company completed the sale of its equity interests in Joe Homebuyer Franchising, LLC to the existing equity partner for \$1,623,174. As a result of this sale, the Company recognized a gain of \$1,025,637.

Debt Issuance Costs

The Company defers costs related to issuing debt and amortizes the costs using the effective interest method, to interest expense over the term of the related debt.

Revenue Recognition

The Company primarily derives revenue from royalties, call center services, franchise and license fees, equipment and product sales, and advertising services. Revenue is recognized from these contracts with customers by applying the following steps:

- Identification of the contract, or contracts, with a customer.
- Identification of the performance obligations in a contract.
- Determination of the transaction price.
- Allocation of the transaction price to the performance obligations in the contract.
- Recognition of revenue when, or as, performance obligations are satisfied.

Royalties

The Company sells individual franchises as well as territory agreements (Franchise Agreements) that grant the right to operate a location, using the Company's software and trademarks, generally for a period of five or ten years. The franchisees are equipped with certain equipment and samples and are trained at the Company's facilities. The Franchise Agreements require franchisees to pay continuing fees, or royalties, on a monthly basis based on the terms of the Franchise Agreement. Royalty income is based on either a percentage (generally ranging from 2% to 7%) of franchisee gross sales, minimum monthly payments, or other calculated amounts as defined in the Franchise Agreement and is recognized as the royalties are at the franchisees' point of sale.

Call Center Services

The Company provides certain sales and marketing support services for franchisees, including the operation of a call center for inbound-customer and marketing related calls. The fees associated with the call center are structured as either a fixed monthly fee or a variable fee based on the monthly usage of the call center. Revenue for call center services are recognized during the month that the services are performed.

Franchise Fees

The Franchise Agreements require the franchisee to pay an initial fee to obtain the rights associated with the Franchise Agreements. Initial franchise fee revenue is partially recognized upon substantial completion of the startup services required of the Company. The remainder of the franchise fee revenue is recognized over the term of the Franchise Agreement. All fees collected in advance are deferred until performance obligations are met, and revenue is earned. Deferred amounts are classified as contract liabilities in the accompanying consolidated balance sheets.

Franchise sales resulting from leads furnished by independent franchise brokers are subject to a sales commission. The costs of commissions paid to franchise brokers are capitalized and recognized over the same period as the related revenue.

Equipment and Product Sales

Revenue from the sale of equipment and products is recognized when title and risk of loss transfers to the buyer, which is generally upon shipment.

Advertising Services

Under the terms of the Franchise Agreements, the Company may establish national branding funds and charge a fee of up to 3% of the franchisees' gross receipts to pay for marketing costs that benefit multiple franchises and are used to promote the brands. Marketing revenues and expenses are recognized in equal amounts as marketing expenses are incurred. Any amounts collected but unspent at the end of the year are accrued for as a liability on the accompanying consolidated balance sheets until the related expense has been incurred.

Other Revenues

Other revenues include vendor rebates, fees generated by consulting services, monthly technology access fees and other miscellaneous fees allowable under the terms of the Franchise Agreements. Consulting and other fees are recognized as revenue once the consulting or other services have been performed, these services are short term in nature and provided on a month-to-month basis. Monthly technology access fees are recognized during the month that services are performed.

Amounts recognized as revenue for the different revenue types were as follows for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Royalties	\$ 11,447,971	\$ 10,191,623
Call center services	2,799,481	2,977,806
Franchise fees	4,622,915	3,823,573
Equipment and product sales	2,414,926	3,830,583
Advertising services	7,184,067	3,683,755
Other revenues	6,128,297	1,519,184
	<u>\$ 34,597,657</u>	<u>\$ 26,026,524</u>

7

Contract Liabilities

Contract liabilities represent billings made to or payments received from franchisees for which the related performance obligation has not yet been fulfilled. This primarily consists of franchise fees that have been received but are deferred to be recognized over the term of the franchise agreement. Deposits for conferences and trainings are also deferred until the point at which the service has been provided.

Recently Adopted Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13 or ASC 326). ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. During 2019, the FASB issued additional ASUs amending certain aspects of ASU 2016-13.

On January 1, 2023, the Company adopted ASC 326 and all the related amendments using the modified retrospective method. The Company's adoption did not result in a significant impact to the opening balance of retained earnings and the comparative information has not been adjusted or restated.

Leases

Management determines if a contract is or contains a lease at inception or modification of a contract. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. Control over the use of the identified asset means the lessee has both (a) the right to obtain substantially all of the economic benefits from the use of the asset and (b) the right to direct the use of the asset. Such assets are classified as ROU assets with a corresponding lease liability.

For all arrangements where it is determined that a lease exists, the related ROU assets and lease liabilities are recorded as either operating or finance leases. At inception or modification, the Company calculates the present value of lease payments using the implicit rate determined from the contract or the Company's incremental borrowing rate applicable to the lease, which is determined by estimating what it would cost the Company to borrow a collateralized amount equal to the total lease payments over the lease term based on the contractual terms of the lease and the location of the leased asset. The present value is adjusted for prepaid lease payments, lease incentives, and initial direct costs. Lease expense is recognized for these leases on a straight-line basis over the expected lease term. Non-lease costs, such as common-area maintenance costs, taxes, and insurance, are not included in the measurement of the ROU assets and lease liabilities. The depreciable life of assets and leasehold improvements are limited by the expected lease term.

Sales Tax

The Company accounts for sales tax on a net basis and excluded from revenues.

Shipping and Handling Costs

The Company classifies freight billed to customers as sales revenue and the related freight costs as cost of sales.

Advertising and Marketing

Advertising and marketing costs included in operating expenses primarily consist of collateral marketing materials and are expensed as incurred. These costs are included in general and administrative expenses and were \$1,963,625 and \$2,153,360 during the years ended December 31, 2023 and 2022, respectively.

Income Taxes

The Company is a limited liability company under provisions of the Internal Revenue Code and has elected to be treated as a partnership for income tax purposes. As such, the payment and recognition of income taxes are the responsibility of the members of the Company.

The Company files income tax returns in the US federal and state jurisdictions. The Company is generally subject to US federal, state and local income tax examination by tax authorities for a period of three years from the date of filing. The Company is not currently under examination in any jurisdiction in which it operates.

The Company is required to determine whether its tax positions are more likely than not to be sustained upon examination by the applicable taxing authority, based on the technical merits of the position. The tax benefits recognized are measured as the largest amount of benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant taxing authorities. Based on its analysis, the Company has determined that it has not incurred any liability for unrecognized tax benefits as of December 31, 2023. The Company does not expect that its assessment regarding unrecognized tax benefits will materially change over the next 12 months.

Certain subsidiaries of the Company recognize deferred income tax assets and liabilities for the expected future tax consequences of events that have been included in the subsidiary financial statements or tax returns. Under this method, deferred income tax assets and liabilities are determined based on the difference between financial statement and tax bases of assets and liabilities using estimated tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets are recognized only if it is more likely than not that the asset will be realized in future years.

Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure through April 5, 2024, which is the day the consolidated financial statements were available to be issued.

2. Acquisitions of Subsidiary Entities

During the year ended December 31, 2022, the Company entered into the following acquisition agreements:

On January 31, 2022, the Company entered into a securities purchase agreement to acquire 100% of the equity interests in 1-800-Packouts, LLC (Packouts). The securities purchase agreement included payment of rollover interest of \$4,230,000 wherein the former owner was granted an ownership interest in the Company, which was included in the total consideration paid for the acquisition. The securities purchase agreements also included two delayed cash payments of \$1,000,000 made in June 2023 and December 2023. These payments were valued at present value of \$1,795,418 as of the acquisition date. This amount was accrued and included in the 2022 issued financials.

On March 11, 2022, the Company entered into a securities purchase agreement to acquire 100% of the equity interests in Mosquito Shield Finance Corporation (Mosquito Shield). The securities purchase agreement included payment of rollover interest of \$2,000,000 wherein the former owner was granted an ownership interest in the Company, which was included in the total consideration paid for the acquisition.

In relation to these acquisitions, the Company elected to early adopt Accounting Standards Update 2021-08, *Business Combinations* (ASU 2021-08). ASU 2021-08 allows a Company to recognize and measure contract assets and contract liabilities in accordance with ASC 606, *Revenue from Contracts with Customers*. Accordingly, the contract assets and contract liabilities were recognized at carryover value from the predecessor, rather than at fair value.

The following is a summary of the estimated fair values of the assets acquired and the liabilities assumed with each acquisition during the year ended December 31, 2022:

	Packouts	Mosquito Shield
Cash	\$ 5,966	\$ 118,452
Accounts receivable	117,678	584,222
Contract assets	-	7,878,108
Other assets	49,810	392,928
Operating lease right-of-use asset	86,718	-
Trade name	4,380,000	6,600,000
Franchise agreements	1,790,000	11,200,000
Goodwill	18,214,963	12,067,365
Liabilities assumed	(86,718)	(10,935,213)
Total purchase price	\$ 24,558,417	\$ 27,905,862

Each of these transactions have been accounted for as a business combination using the acquisition method and the operations of the acquired entities have been consolidated with the operations of the Company as of the respective dates of the transactions.

The assets acquired and liabilities assumed were recorded based on their estimated fair values as of the date of acquisition as determined by management. The excess of the purchase price over the fair values of assets acquired and liabilities assumed was recorded as goodwill. The value of goodwill recognized in connection with the transactions can be attributed to a number of business factors including, but not limited to, the ability of the Company to grow given the additional capital and strategic expertise brought to the Company by the new ownership group.

Trade names were valued using a relief from royalty discounted cash flows method. Franchise agreements were valued using excess of earnings discounted cash flows method. The estimated useful lives of trade names is 15 years, franchise agreements is 13 to 15 years, and goodwill is 10 years.

3. Goodwill and Intangible Assets

Goodwill and intangible assets consist of the following as of December 31:

	2023	2022
Trade name	\$ 27,550,000	\$ 27,550,000
Franchise agreements	30,900,000	30,900,000
Goodwill	72,717,748	72,717,748
Total intangible assets	131,167,748	131,167,748
Less: accumulated amortization	(24,290,616)	(13,111,503)
Intangible assets, net	\$ 106,877,132	\$ 118,056,245

Amortization expense resulting from goodwill and intangible assets was \$11,179,113 and \$10,568,470 for the years ended December 31, 2023 and 2022, respectively.

The future aggregate amounts of amortization expense to be recognized related to definite-lived intangible assets as of December 31, 2023 are as follows:

Years Ending December 31,	
2024	\$ 11,186,801
2025	11,186,801
2026	11,186,801
2027	11,186,801
2028	11,186,801
Thereafter	50,943,127
	\$ 106,877,132

4. Long-Term Debt

In connection with the acquisitions of the subsidiary companies, the Company entered into a financing arrangement with Deerpath Fund Services, LLC (Deerpath) that matures on September 3, 2026. Under the financing arrangement, the Company received an initial term loan with a principal amount of \$28,000,000, to be used for the 2021 acquisitions as well as amounts available for future transactions as follows: (1) up to an aggregate of \$15,000,000 available as delayed draw term loans, which was fully used for the Packouts and Mosquito Shield acquisitions in 2022, and (2) contingent amounts of up to \$25,000,000 available for future financing to be negotiated, of which \$5,100,000 had been drawn for the Mosquito Shield acquisition. The loans bear interest rate of a 3-month term SOFR plus 5.65% (11.04% as of December 31, 2023). As of December 31, 2023 and 2022, the amount drawn on the facility was \$48,100,000. The facility also provides for a revolving line with available draws up to \$2,000,000, which had not been drawn on as of December 31, 2023 and 2022.

During 2022, the Company had also entered into short term notes payable with former owners of the subsidiary entities in the amount of \$78,594. These amounts have no specific maturity date or repayment schedule, but were fully repaid in 2022. As part of the acquisition of Mosquito Shield, the Company acquired \$59,801 of notes payable to a financial institution that were fully repaid during 2022.

As of December 31, 2023 the Company had future maturities of notes payable as follows:

Years Ending December 31,	
2024	\$ 481,000
2025	481,000
2026	46,416,500
	47,378,500
Less: debt issuance costs	(749,134)
	\$ 46,629,366

Future amortization of debt issuance costs for the Company's notes payables as of December 31, 2023 are as follows:

Years Ending December 31,	
2024	\$ 255,474
2025	274,481
2026	219,179
	\$ 749,134

5. Operating Leases

The Company has entered into certain operating leases for office space under operating lease arrangements with original lease terms ranging from 36 to 120 months. As of December 31, 2023, there was a weighted average of 5.5 years remaining on the original lease terms. The Company estimated their incremental borrowing rate in calculating the ROU asset and operating lease liability as the rate implicit in the leases were not known, the weighted average incremental borrowing rate used was 5.79%.

The following table reconciles the undiscounted future cash flows to the operating lease liability recorded on the accompanying balance sheet as of December 31, 2023:

Years Ending December 31,	
2024	\$ 297,565
2025	266,383
2026	260,354
2027	179,048
2028	166,598
Thereafter	378,010
Total lease payments	1,547,958
Less: interest	(247,996)
	\$ 1,299,962

Operating lease payments in the table above and operating ROU asset and lease liability on the accompanying balance sheets are shown net of sublease income. Rent expense under the operating leases totaled was \$302,043 and \$162,279 for the years ended December 31, 2023 and 2022, respectively.

6. Commitments and Contingencies

Litigation

The Company is involved in legal proceedings from time to time arising in the normal course of business. Management, after consultation with legal counsel, believes that the outcome of these proceedings will not have a material impact on the Company's consolidated financial position, results of operations, or liquidity.

Employee Agreements

The Company has entered into employment agreements with certain officers and employees of the Company, which require that certain severance payments are made in the event of termination without cause.

Indemnification Agreements

Under the Company's organizational documents, the Company's officers, employees and directors are indemnified against certain liabilities arising out of the performance of their duties. The Company's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Company that have not yet occurred. However, based on experience, the Company expects any risk of loss to be remote. The Company also has an insurance policy for its directors and officers to insure them against liabilities arising from the performance of their duties in their positions with the Company or its subsidiaries.

7. Related Party Transactions

The Company pays a management fee to a certain member of the Company on an annual basis based on revenues. The Company made payments of management fees of \$570,389 and \$1,613,745 for services rendered during the years ended December 31, 2023 and 2022, respectively.

The Company provides call center and other management services to another franchisor that is under common ownership. Additionally, the Company incurs certain expenses on behalf of that related franchisor and bills them for costs incurred. Amounts charged for services performed during the years ended December 31, 2023 and 2022, amounted to \$250,031 and \$86,101, respectively, and are included in revenues. As of December 31, 2023 and 2022, accounts receivable due from this related party were \$250,031 and \$86,101, respectively.

8. Income Taxes

The benefit (provision) for income taxes consists of the following for the years ended December 31, 2023 and 2022:

	2023	2022
Current:		
Federal	\$ (262,480)	\$ 8,833
State	(78,963)	2,662
Total current	<u>(341,443)</u>	<u>11,495</u>
Deferred:		
Federal	(292,567)	1,048,721
State	(131,688)	220,460
Total deferred	<u>(424,255)</u>	<u>1,269,181</u>
Total benefit (provision) for income taxes	<u>\$ (765,698)</u>	<u>\$ 1,280,676</u>

Significant components of the Company's deferred income tax assets (liabilities) are as follows as of December 31:

	2023	2022
Deferred income tax assets (liabilities):		
Intangible assets	\$ (5,747,861)	\$ (5,340,652)
Deferred costs	(16,114)	(62,708)
Fixed Assets	(44,540)	(35,068)
Deferred revenue	140,945	30,312
NOL carryforwards	166,613	290,452
Other	(6,448)	34,514
	<u>\$ (5,507,405)</u>	<u>\$ (5,083,150)</u>

Associated with the acquisition of Ringside Development Company, there were \$27.5 million of identifiable intangible assets that were acquired. Ringside Development Company is structured as a C-Corporation for income tax purposes and thus is responsible for accruing the provision (benefit) for income taxes attributable to operations. This transaction was not a taxable transaction for income tax purposes and thus the tax liabilities associated with intangible assets are classified as permanent differences because they are not timing differences that will eventually be recognized in the tax return. This liability is recorded to accrue for the future tax effect that would occur if the intangible assets were to be recovered at the recorded carrying value as there is an assumption that all assets will be used in service or sold, thus a deferred tax liability is established to account for the future tax effect of recovery.

The benefit (provision) for income taxes attributable to loss before income taxes differed from the amount obtained by applying the federal statutory income tax rate to loss before income taxes due to tax rate adjustments, state taxes, permanent differences in deductible goodwill amortization, and prior period adjustments and true-ups.

Note that for U.S. Federal income tax purposes, given the change in control that occurred pursuant to the acquisition of Five Star Connect, Inc. and Ringside Development Company, the Company's net operating loss carryforwards are subject to Internal Revenue Code (IRC) Section 382 which, as determined by IRC Section 382, the net operating loss carryforwards and tax credits generated as of the acquisition date may be limited in their annual usage in the future.

As the acquisitions that occurred in 2021 were structured as stock purchases, the resulting definite-lived intangible assets recognized carried a tax basis of \$0. Accordingly, the amortization expense recognized for U.S. GAAP purposes is not deductible for income tax purposes and is considered a permanent difference.

The Company has concluded that there are no significant uncertain tax positions requiring disclosure, and there are no material amounts of unrecognized tax benefits.

9. Subsequent Events

In March 2024, the Company completed an acquisition of the brand, Card My Yard, from a related party. The acquisition was settled primarily for an exchange of equity in the Company.

Right Answers, Right Here.



TANNER

Accountants & Advisors

Gotcha Covered Franchising, LLC

Financial Statements

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

Together with Independent Auditors' Report



Independent Auditors' Report

To the Board of Managers and Members of
Gotcha Covered Franchising, LLC

Opinion

We have audited the accompanying financial statements of Gotcha Covered Franchising, LLC (the Company), which comprise the balance sheet as of December 31, 2022, and the related statements of operations and changes in member's capital, and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gotcha Covered Franchising, LLC as of December 31, 2022, and the results of its operations and its cash flows for the year then ended 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. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Gotcha Covered Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Restatement of Prior Period Financial Statements

The financial statements of the Company as of December 31, 2021, were audited by other auditors whose report dated March 29, 2022, expressed an unmodified opinion on those financial statements. As more fully described in Note 2 to the financial statements, the Company has restated its 2021 financial statements to retrospectively apply the corrections discussed in Note 2. The other auditors reported on the financial statements before the restatement adjustments.

As part of our audit of the 2022 financial statements, we also audited adjustments described in Note 2 that were applied to restate the 2021 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2021 financial statements of the Company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2021 financial statements as a whole.

Responsibilities of Management for the Financial Statements

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

3300 N. Triumph Blvd., Suite 410, Lehi, UT 84043

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Tanner LLC

March 31, 2023

Balance Sheets

As of December 31,

	2022	2021
		<i>(as restated)</i>
<u>Assets</u>		
Current assets:		
Cash	\$ 595,644	\$ 304,141
Restricted cash	206,349	108,853
Accounts receivable	631,541	160,592
Unbilled accounts receivable	244,330	-
Contract assets, current portion	105,315	50,220
Prepaid and other current assets	110,907	-
Total current assets	<u>1,894,086</u>	<u>623,806</u>
Non-current assets:		
Related-party receivables	1,423,481	249,507
Notes receivable	237,197	259,394
Property and equipment, net	62,178	-
Right-of-use asset	173,467	-
Contract assets, net of current portion	938,109	247,178
Goodwill, net	3,081,412	3,442,163
Intangible assets, net	3,006,250	3,228,250
Other assets	25,000	-
Total non-current assets	<u>8,947,094</u>	<u>7,426,492</u>
Total assets	<u>\$ 10,841,180</u>	<u>\$ 8,050,298</u>
<u>Liabilities and Member's Capital</u>		
Current liabilities:		
Accounts payable	\$ 252,305	\$ 94,585
Accrued expenses	154,828	108,371
Contract liabilities, current portion	252,065	89,322
Lease liability, current portion	32,437	-
Earnout liability	-	1,500,000
Total current liabilities	<u>691,635</u>	<u>1,792,278</u>
Non-current liabilities:		
Lease liability, net of current portion	148,776	-
Contract liabilities, net of current portion	2,456,302	700,958
Total liabilities	<u>3,296,713</u>	<u>2,493,236</u>
Commitments and contingencies		
Member's capital	<u>7,544,467</u>	<u>5,557,062</u>
Total liabilities and member's capital	<u>\$ 10,841,180</u>	<u>\$ 8,050,298</u>

See accompanying notes to financial statements.

1

Statements of Operations and Changes in Member's Capital

	For the year ended December 31, 2022	For the period from July 24 to December 31, 2021 <i>(as restated)</i>	For the period from January 1 to July 23, 2021	For the year ended December 31, 2021 <i>(as restated)</i>
Revenues:				
Franchise revenues	\$ 3,043,817	\$ 845,082	\$ 1,765,217	\$ 2,610,299
Product sales and installations	1,164,320	296,362	426,079	722,441
Vendor rebates	1,085,654	319,405	358,193	677,598
Total revenues	5,293,791	1,460,849	2,549,489	4,010,338
Cost of revenues:				
Cost of franchise revenues	421,190	217,217	504,264	721,481
Cost of product sales	597,924	171,279	295,815	467,094
Total cost of revenues	1,019,114	388,496	800,079	1,188,575
Gross profit	4,274,677	1,072,353	1,749,410	2,821,763
General and administrative expenses	3,819,564	1,301,459	1,652,143	2,953,602
Operating income (loss)	455,113	(229,106)	97,267	(131,839)
Other income (expense):				
Interest income	9,256	-	-	-
Other income	23,036	40,145	18,921	59,066
Interest expense	-	-	(2,829)	(2,829)
Total other income, net	32,292	40,145	16,092	56,237
Net income (loss)	487,405	(188,961)	113,359	(75,602)
Member's capital, beginning of year	5,557,062	388,516	209,123	209,123
Member contributions	1,500,000	5,357,507	66,034	5,423,541
Member's capital, end of year	\$ 7,544,467	\$ 5,557,062	\$ 388,516	\$ 5,557,062

See accompanying notes to financial statements.

2

Statements of Cash Flows

	For the year ended December 31, 2022	For the period from July 24 to December 31, 2021 <i>(as restated)</i>	For the period from January 1 to July 23, 2021	For the year ended December 31, 2021 <i>(as restated)</i>
Cash flows from operating activities:				
Net income (loss)	\$ 487,405	\$ (188,961)	\$ 113,359	\$ (75,602)
Adjustments to reconcile net income (loss) to net cash and restricted cash provided by (used in) operating activities:				
Depreciation and amortization	585,647	267,094	-	267,094
Amortization of operating lease right-of-use asset	6,246	-	-	-
Changes in operating assets and liabilities				
Accounts and notes receivable	(693,082)	(25,954)	85,923	59,969
Contract assets	(746,026)	(275,438)	-	(275,438)
Related-party receivables	(1,173,974)	(249,507)	-	(249,507)
Prepaid expenses and other assets	(135,907)	(141,930)	(41,943)	(183,873)
Accounts payable and accrued expenses	204,177	(91,493)	102,940	11,447
Contract liabilities	1,918,087	753,280	(674,594)	78,686
Lease liability	1,500	-	-	-
Net cash provided by (used in) operating activities	<u>454,073</u>	<u>47,091</u>	<u>(414,315)</u>	<u>(367,224)</u>
Cash flows from investing activities:				
Purchase of property and equipment	(65,074)	-	-	-
Cash flows from financing activities:				
Member contributions	-	-	66,034	66,034
Net change in cash and restricted cash	388,999	47,091	(348,281)	(301,190)
Cash and restricted cash, beginning of year	412,994	365,903	714,184	714,184
Cash and restricted cash, end of year	<u>\$ 801,993</u>	<u>\$ 412,994</u>	<u>\$ 365,903</u>	<u>\$ 412,994</u>
Supplemental disclosure of non-cash investing and financing information:				
Earnout liability satisfied by parent company in exchange for member's capital	\$ 1,500,000	\$ -	\$ -	\$ -
Right-of-use asset added from a lease	179,713	-	-	-

See accompanying notes to consolidated financial statements.

3

Notes to Financial Statements

1. Description of Organization and Summary of Significant Accounting Policies

Organization

Gotcha Covered Franchising, LLC (the Company) sells and supports home-based franchises in the residential and commercial window fashion industry. All locations are operated by franchisees under franchise agreements. In addition, the Company sells window treatments directly to certain commercial customers. On July 23, 2021, 100% of the Company's equity interests were purchased by FS PEP Holdco, LLC (referred to as Acquisition), see details in Note 3.

The following table presents franchise information:

Franchises as of January 1, 2021	116
Franchises acquired in 2021	28
Franchises closed in 2021	(16)
Total franchises as of December 31, 2021	128
Franchises acquired in 2022	33
Franchises closed in 2022	(8)
Total franchises as of December 31, 2022	153

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Key management estimates include allowances for doubtful accounts, useful lives for property and equipment, valuation of intangible assets, and estimated vendor rebates receivable.

Concentrations of Credit Risk

The Company maintains its cash in bank deposit accounts which balances, at times, exceed federally insured limits. The Company has not experienced a loss or lack of access to its invested cash; however, no assurance can be provided that access to the Company's invested cash will not be impacted by adverse conditions in the financial markets.

In the normal course of business, the Company provides credit terms to its customers and generally requires no collateral. A major customer is considered to be one that comprises more than 10% of the Company's accounts receivable or annual revenues. There were no concentrations of revenues for the years ended December 31, 2022 and 2021.

There were no concentrations of accounts receivable as of December 31, 2021. Concentrations of accounts receivable as of December 31, 2022 were as follows:

Customer A	13%
Customer B	11%
Customer C	11%
Customer D	11%

Restricted Cash

Restricted cash represents cash held in a marketing fund that is to be used for brand marketing purposes as outlined in the franchise agreements.

Accounts Receivable

The Company records its accounts receivable at net realizable value and establishes specific reserves for those customer accounts identified with collection problems due to insolvency or other issues. The Company's accounts receivable are considered past due when payment has not been received within 30 days of the invoice date. The amounts of the specific reserves are estimated by management based on various assumptions including the customer's financial position, age of the customer's receivables, and changes in payment schedules and histories. Account balances are charged off against the allowance for doubtful accounts receivable when the potential for recovery is remote. Recoveries of receivables previously charged off are recorded when payment is received. As of both December 31, 2022 and 2021, management determined that no allowance for doubtful accounts was necessary.

Contract Assets

Franchise sales resulting from leads furnished by independent franchise brokers are generally subject to a 40 percent sales commission. The costs of commissions paid to franchise brokers are incremental contract costs. The Company capitalizes expenses that are incremental contract costs. Capitalized contract assets are amortized over the term of the franchise agreement to which the costs relate.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated using the straight-line method over the estimated economic useful lives of the assets or over the related lease terms (if shorter) as follows:

Computers & electronic equipment	3 years
Furniture & fixtures	7 years
Leasehold improvement	5 years

Expenditures that materially increase values or capacities or extend useful lives of property and equipment are capitalized. Routine maintenance, repairs, and renewal costs are expensed as incurred. Upon sale or other retirement of depreciable property, the cost and accumulated depreciation and amortization are removed from the related accounts and any gain or loss is reflected in the statement of operations.

Goodwill and Intangible Assets

Goodwill and other intangible assets consist of franchise agreements, trade name, and goodwill, and are the result of the acquisition of the Company by FS PEP Holdco on July 23, 2021 (Note 3).

Intangible assets with definite lives are amortized over their estimated useful lives using the straight-line method as follows:

Goodwill	10 years
Trade Name	15 years
Franchise Agreements	15 years

Impairment of Long-Lived Assets

The Company reviews its property and equipment, and other long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may be impaired. If it is determined that the estimated undiscounted future cash flows are not sufficient to recover the carrying value of the asset, an impairment loss is recognized in the consolidated statement of operations for the difference between the carrying value and the fair value of the asset. Management does not consider any of the Company's assets to be impaired as of December 31, 2022 and 2021.

Revenue Recognition

The Company recognizes revenue from franchise agreements, the sale of products and installations, and from vendor rebates received. The Company recognizes revenue when it satisfies a performance obligation in an amount reflecting the consideration to which it expects to be entitled.

The Company applies a five-step approach in determining the amount and timing of revenue to be recognized: (1) identifying the contract with a customer, (2) identifying the performance obligations in the contract, (3) determining the transaction price, (4) allocating the transaction price to the performance obligations in the contract, and (5) recognizing revenue when the performance obligation is satisfied.

Franchise Revenues

Consideration to be received under franchise agreements are allocated between distinct pre-opening services and the rest of the franchise agreement. Amounts allocated to the distinct pre-opening services are recognized when those services are performed (point in time), with amounts allocated to the rest of the franchise agreement recognized over the term of the agreement, generally 10 years (over time). Other services related to franchise agreements, such as trainings, are recognized at the point in time when the service has been provided.

Product Sales and Installations

Revenues from product sales and installations are recognized upon the satisfaction of performance obligations, which occurs at a point in time when control transfers to the customer. Product sales contain a single performance obligation. Control generally transfers for product sales and installations when the product is transferred to a shipping carrier, or at the point when the product has been installed.

Vendor Rebates

Vendor rebates revenue consists of revenue received from certain vendors related to the sales made by that vendor to the Company's franchisees. The Company recognizes revenue from vendor rebates in the period in which the vendor sells the product to the franchisees. During 2022, the Company determined that they had improved reporting capability and experience with vendor rebates, and therefore had the ability to estimate expected vendor rebates in the period in which the rebate is earned. Prior to 2022, the Company didn't have the information or experience to estimate the expected rebate, therefore, vendor rebates were accounted for in the period in which actual information regarding the rebate earned was received from the vendor. This change in accounting estimate resulted in an estimated \$244,220 of unbilled accounts receivable being recorded as of December 31, 2022.

The Company's lines of revenue are as follows for the years ended December 31:

Type - Method of Recognition	2022	2021
Franchise Revenues - Over Time	\$ 2,709,487	\$ 1,379,790
Vendor Rebates - Point in Time	1,085,654	677,597
Franchise Revenues - Point in Time	922,828	1,230,510
Product Sales and Installations - Point in Time	575,822	722,441
Total Revenues	\$ 5,293,791	\$ 4,010,338

Contract Liabilities

Contract liabilities represent billings made to or payments received from franchisees for which the related performance obligation has not yet been fulfilled. This primarily consists of franchise fees that have been received but are deferred to be recognized over the term of the franchise agreement. Deposits for conferences and trainings are also deferred until the point at which the service has been provided. As part of the push down accounting from the parent from the Acquisition, see Note 3, the Company measured all existing deferred revenue and contract assets at fair value at that time. The deferred revenue and

contract assets reported as of December 31, 2021 are the result of franchise agreements and contract costs from the period of July 24, 2021 to December 31, 2021.

Notes Receivable

Notes receivable represent extended-term notes issued by certain franchisees for payment of a portion of their franchise fees or additional territory fees. These notes generally range from 2 to 5 years and bear interest ranging from 4.00% to 10.00%. As of December 31, 2022 and 2021, there were \$237,197 and \$259,294, respectively, outstanding on existing notes receivable from franchisees.

Advertising and Marketing

Advertising and marketing costs included in operating expenses primarily consist of collateral marketing materials and are expensed as incurred. These costs are included in general and administrative expenses and were \$135,354 and \$153,957 during the years ended December 31, 2022 and 2021, respectively. In addition, significant advertising costs are incurred by franchisees.

Recently Adopted Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board issued ASU No. 2016-02, Leases (ASC Topic 842). This guidance replaces the prior lease accounting guidance in its entirety. The underlying principle of the new standard is the recognition of lease assets and liabilities by lessees for substantially all leases. The Company has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Company accounted for its existing capital leases as finance leases and existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain a lease under ASC Topic 842, (b) whether classification of the leases would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments (as of December 31, 2021) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

On January 1, 2022, the Company recognized \$179,713 in operating lease liabilities and right-of-use (ROU) assets. The adoption of this guidance did not have a material impact on net income (loss).

Leases

Management determines if a contract is or contains a lease at inception or modification of a contract. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. Control over the use of the identified asset means the lessee has both (a) the right to obtain substantially all of the economic benefits from the use of the asset and (b) the right to direct the use of the asset. Such assets are classified as ROU assets with a corresponding lease liability.

For all arrangements where it is determined that a lease exists, the related ROU assets and lease liabilities are recorded as either operating or finance leases. At inception or modification, the Company calculates the present value of lease payments using the implicit rate determined from the contract or the Company's incremental borrowing rate applicable to the lease, which is determined by estimating what it would cost the Company to borrow a collateralized amount equal to the total lease payments over the lease term based on the contractual terms of the lease and the location of the leased asset. The present value is adjusted for prepaid lease payments, lease incentives, and initial direct costs. Lease expense is recognized for these leases on a straight-line basis over the expected lease term. Non-lease costs, such as common-area maintenance costs, taxes, and insurance, are not included in the measurement of the ROU asset and lease liability. The depreciable life of assets and leasehold improvements are limited by the expected lease term.

Sales Tax

The Company accounts for sales tax on a net basis.

Shipping and Handling Costs

The Company classifies freight billed to customers related to product sales as revenues and the related freight costs as cost of revenues.

Income Taxes

The Company is a limited liability company taxed as a partnership in which all elements of income and deductions are included in the tax returns of the members of the Company. Therefore, no income tax provision is recorded by the Company. The Company has concluded that there are no significant uncertain tax positions requiring disclosure, and there are no material amounts of unrecognized tax benefits.

Reclassifications

Certain amounts in the 2021 financial statements have been reclassified to conform with the current year presentation.

Subsequent Events

The Company has evaluated events and transactions for potential recognition or disclosure through March 31, 2023, which is the date the financial statements were available to be issued.

2. Restatement of Previously Issued Financial Statements

Subsequent to the issuance of the 2021 financial statements, the Company determined that certain balances needed to be corrected to include costs related to post-Acquisition contracts. Additionally, the Company's parent company pushed down certain corrections to the purchase accounting related to the Acquisition.

The following table summarizes the effects of these changes on the Company's balance sheet as of December 31, 2021:

	2021	Change	2021
	(as previously reported)		(as restated)
Contract assets, net of current portion	\$ -	\$ 247,178	\$ 247,178
Contract assets, current portion	21,960	28,260	50,220
Goodwill, net	5,666,991	(2,224,828)	3,442,163
Intangibles, net	-	3,228,250	3,228,250
Earnout liability	-	1,500,000	1,500,000
Member's equity	5,778,201	(221,139)	5,557,062

The following table summarizes the effects of these changes on the Company's statement of operations for the year ended December 31, 2021:

	2021	Change	2021
	(as previously reported)		(as restated)
Revenues	\$ 4,010,338	\$ -	\$ 4,010,338
Cost of revenues	1,464,013	(275,438)	1,188,575
Gross margin	2,546,325	275,438	2,821,763
Operating income (loss)	(143,013)	11,174	(131,839)

3. Acquisition

On July 23, 2021, FS PEP Holdco, LLC through a Securities Purchase Agreement acquired 100% of the equity interests in Gotcha Covered Franchising, LLC. The total purchase price of the acquisition was \$7,555,598, including \$1,500,000 of contingent consideration for an earnout payable to the previous owners. The Company has continued to operate under the Gotcha Covered Franchising, LLC brand. Results of franchise operations were included in the Company's statement of income from the acquisition date. The transactions were accounted for using push down accounting.

The following comprised the total purchase price allocated to the fair value of assets acquired and liabilities assumed (as adjusted):

Cash	\$	344,032
Accounts receivable, notes receivable and prepaid assets		248,099
Other assets		25,960
Trade name		2,050,000
Franchise agreements		1,280,000
Goodwill		3,607,507
Earnout liability		<u>(1,500,000)</u>
Net assets acquired	\$	<u>6,055,598</u>

In addition to the cash purchase price the Sellers had the opportunity to earn up to \$1,500,000, consisting of cash of \$1,200,000 and Class B units of the Company's parent (valued at \$300,000). The earnout is based on achieving certain royalty revenue thresholds for a twelve-month period commencing on the closing date and ending on the one-year anniversary of the closing date. The Company determined that it was probable that the contingent consideration would be earned, therefore, the Company recorded the \$1,500,000 as a contingent earnout as of December 31, 2021. During 2022 the Company achieved the royalty revenue thresholds and the Company's parent satisfied the liability on behalf of the Company in exchange for member's capital by paying \$1,200,000 in cash and issuing Class B units of the parent company valued at \$300,000.

4. Property and Equipment

Property and equipment consisted of the following as of December 31, 2022 and 2021:

	2022	2021
Computers & Electronic Equipment	\$ 31,140	\$ -
Furniture & Fixtures	26,658	-
Leasehold Improvement	7,276	-
	<u>65,074</u>	-
Less accumulated depreciation	<u>(2,896)</u>	-
	<u>\$ 62,178</u>	<u>\$ -</u>

Depreciation and amortization expense on property and equipment for the years ended December 31, 2022 and 2021 was \$2,896 and \$0, respectively.

5. Goodwill and Intangible Assets

Goodwill and intangible assets consisted of the following at December 31, 2022 and 2021:

	2022	2021
Trade name	\$ 2,050,000	\$ 2,050,000
Franchise agreements	1,280,000	1,280,000
Goodwill	3,607,507	3,607,507
Total intangible assets	6,937,507	6,937,507
Less: accumulated amortization	(849,845)	(267,094)
Intangible assets, net	\$ 6,087,662	\$ 6,670,413

Intangible assets with definite lives are amortized on a straight-line basis over their estimated useful lives. Amortization expense for the years ended December 31, 2022 and 2021 was \$582,751 and \$267,094, respectively.

Future amortization of goodwill and intangible assets are as follows:

Years Ending December 31,		
2023	\$	582,751
2024		582,751
2025		582,751
2026		582,751
2027		582,751
Thereafter		3,173,907
	\$	6,087,662

6. General and Administrative Expenses

General and administrative expenses for the years ended December 31, 2022 and 2021 consisted of the following:

	2022	2021
Payroll	\$ 1,563,353	\$ 1,440,659
Advertising and marketing	649,525	153,957
Depreciation and amortization	585,647	267,094
Convention costs	314,458	94,413
Franchise development	188,493	132,696
Other general and administrative	518,088	864,783
Total general and administrative expenses	\$ 3,819,564	\$ 2,953,602

7. Leases

In October 2022, the Company entered into a certain leases certain office space under an operating lease with an original lease term of 52 months. As of December 31, 2022, there were 4.1 years remaining on the original lease term. The Company estimated their incremental borrowing rate of 5.0% in calculating the ROU asset and operating lease liability as the rate implicit in the lease was not known. The Company subleases 50% of the space to a related party under common ownership and accounts for the sublease income as an offset against rent expense.

The following table reconciles the undiscounted future cash flows to the operating lease liability recorded on the accompanying balance sheet as of December 31, 2022:

Years Ending December 31,	
2023	\$ 44,838
2024	49,746
2025	50,744
2026	51,743
2027	4,326
Total lease payments	201,397
Less: interest	(20,184)
	<u>\$ 181,213</u>

Operating lease payments in the table above and operating ROU asset and lease liability on the accompanying balance sheet are shown net of sublease income. Rent expense under the operating lease was \$7,746 and \$0 for the years ended December 31, 2022 and 2021, respectively.

8. Commitments and Contingencies

Litigation

The Company is involved in legal proceedings from time to time arising in the normal course of business. Management, after consultation with legal counsel, believes that the outcome of these proceedings will not have a material impact on the Company's financial position, results of operations, or liquidity.

9. Related-Party Transactions

The Company periodically pays expenses on behalf of its parent company and other affiliated entities under common ownership, which contribute to the management and franchise development of the Company. Additionally, affiliated companies may incur expenses on behalf of the Company. As of December 31, 2022 and 2021, the Company had receivables from related parties for these payments made in the amount of \$1,423,481 and \$249,507, respectively.

The Company utilizes the call center, IT support, and other related services of a related party under common ownership, ProNexis. For the years ended December 31, 2022 and 2021, the Company incurred \$36,950 and \$12,500, respectively, for the services rendered.

Gotcha Covered Franchising LLC

Financial Statements for the
Years Ended December 31, 2021 and 2020



Index to Financial Statements

	<u>PAGE</u>
Independent Auditor's Report	2
Balance Sheets – Years Ended December 31, 2021 and 2020	3
Combined Statements of Operations and Changes in Members' Capital – Years Ended December 31, 2021 and 2020	4
Statements of Cash Flows – Years Ended December 31, 2021 and 2020	5
Notes to Financial Statements	6

Independent Auditor's Report

To the Board of Directors and Members
Gotcha Covered Franchising LLC

Opinion

We have audited the accompanying financial statements of Gotcha Covered Franchising LLC which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of income, retained earnings, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gotcha Covered Franchising, LLC as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United State of America.

Basis for Opinion

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

Management's Responsibility 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.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Gotcha Covered Franchising, LLC 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 Gotcha Covered Franchising, LLC's ability to continue as a going concern for a reasonable period of time.
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

B F Bayner CPA PC

Lakewood, CO
March 30, 2021

Gotcha Covered Franchising LLC

Balance Sheets

	December 31,	
	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 412,994	\$ 714,184
Accounts receivable	160,592	220,561
Notes receivable from franchisees	259,393	71,520
Prepaid Commissions	21,960	25,960
Total Current Assets	854,939	1,032,225
Property and equipment, net	-	-
Intangibles, net (Note 4)	5,278,476	80,000
Other Non-Current Assets		
Indebtedness of related party (Note 2)	250,000	-
Total Other Non-current Assets	250,000	-
Total Assets	\$ 6,383,416	\$ 1,112,225
Liabilities and Members' Equity		
Current Liabilities		
Accounts payable	\$ 70,847	\$ 88,129
Related Party (Note 2)	-	88,785
Ad Fund Expenditures	108,371	-
Other Current Liabilities	24,231	14,594
Total Current Liabilities	203,449	191,508
Non-Current Liabilities		
Unearned income	790,280	711,594
Total Non-Current Liabilities	790,280	711,594
Total Liabilities	\$ 993,729	\$ 903,102
Members' Equity		
Members' capital	5,389,686	209,123
Total Members' Equity	5,389,686	209,123
Total Liabilities and Members' Equity	\$ 6,383,416	\$ 1,112,225

The accompanying notes are an integral part of these financial statements

Gotcha Covered Franchising LLC

Combined Statements of Income and Changes in Members' Capital

	For the Year Ended		December 31,	
	1-1-21 to 7-23-21	7-24-21 to 12-31-21	2021	2020
Revenues				
Revenues from franchised stores	\$ 1,743,546	\$ 820,921	\$ 2,564,467	\$ 1,830,812
Revenues from franchised stores, RP	21,671	24,161	45,832	21,535
Product sales	426,079	296,362	722,441	726,030
Vendor Rebates	358,193	319,405	677,598	387,819
Deferred Revenue	-	-	-	742,129
Total Revenues	2,549,489	1,460,849	4,010,338	3,708,325
Cost of Revenues				
Cost of franchise revenues	(295,815)	(171,279)	(467,094)	(653,013)
Cost of product sales	(504,264)	(492,655)	(996,919)	(546,118)
Total Cost of Revenues	(800,079)	(663,934)	(1,464,013)	(1,199,131)
Gross margin	1,749,410	796,915	2,546,325	2,509,194
General and administrative expenses (Note 6)	1,654,972	1,034,366	2,689,338	2,067,228
Operating income	94,438	(237,451)	(143,013)	441,966
Other Income (Expense)				
Conference income	15,000	38,000	53,000	2,500
Other income	3,921	2,145	6,066	4,286
Billable expense income	-	-	-	306
Late fee income	-	-	-	400
Amortization	-	(246,391)	(246,391)	-
Total Other Income (Expense)	18,921	(206,246)	(187,325)	7,492
Net Income (Loss)	113,359	(443,697)	(330,338)	449,458
Members' Capital, Beginning of year	209,123	-	209,123	336,891
Contributions from/to Members (Note 5)	66,034	5,833,383	5,510,901	164,903
AJE for ASC 606	-	-	-	(742,129)
Members' Capital, End of year	\$ 388,516	\$ 5,389,686	\$ 5,389,686	\$ 209,123

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

Gotcha Covered Franchising LLC

Cash Flows

			For the Year Ended December 31,	
	1-1-21 to 7-23-21	7-24-21 to 12-31-21	2021	2020
Cash Flows From Operating Activities				
Net Income	\$ 113,359	\$ (443,697)	\$ (330,338)	\$ 449,458
Adjustments to reconcile net income to net cash used in operating activities:				
Depreciation and amortization	-	246,391	246,391	-
Changes in operating assets and liabilities:				
Accounts receivable	85,923	(25,954)	59,969	18,560
Prepaid expenses and other current assets	(41,943)	(141,930)	(183,873)	(43,287)
Non-current assets		(250,000)	(250,000)	
Accounts payable and accrued expenses	102,940	(90,999)	11,941	(45,279)
Unearned Income	(674,594)	753,280	78,686	(132,435)
Net cash provided by (used in) operating activities	(414,315)	47,091	(367,224)	247,017
Cash Flows from Investing Activities				
Purchases and disposal of property and equipment	-	-	-	-
Net cash provided by (used in) investing activities	-	-	-	-
Cash Flows from Financing Activities				
Borrowings from (payments to) related parties	-	-	-	(51,365)
Contributions from (distributions to) members	66,034	-	66,034	164,903
Net cash provided by (used in) financing activities	66,034	-	66,034	113,538
Net change in cash and cash equivalents	(348,281)	47,091	(301,190)	360,555
Cash and cash equivalents, beginning of year	714,184	-	714,184	353,629
Cash and cash equivalents, end of year	\$ 365,903	\$ 47,091	\$ 412,994	\$ 714,184

The accompanying notes are an integral part of these financial statements

Gotcha Covered Franchising LLC

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Our Business

Gotcha Covered Franchising, LLC ("the Company") sells and supports home-based franchises in the residential and commercial window fashion industry. The Company commenced operations through the acquisition of 23 franchises from Gotcha Covered Franchise System, LLC, an unrelated business, in June 2009. On June 1, 2009 the Company purchased certain assets of Gotcha Covered Franchise System, LLC. All locations are operated by franchisees under franchise agreements. There are no sales by Company-operated stores.

In addition, the Company sells window treatments directly to the end user on large, commercial accounts.

The following table presents franchise information:

Franchises at December 31, 2009	21
Franchises acquired since 2009	180
Franchises sold since 2009	-
Franchises closed since 2009	(73)
Total franchises at December 31, 2021	<u>128</u>

Estimates Used in the Preparation of Our Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. In particular, management has made estimates of fair value based on certain assumptions (a statement that is assumed to be true and from which a conclusion can be drawn) of intangible assets reported in the accompanying financial statements. Actual results could differ from those estimates.

Revenue Recognition

As of January 1, 2020, the Company adopted ASC 606. ASC 606 is based on the principle that revenue is recognized to depict the transfer of goods or service to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. ASC 606 also required additional disclosures about the nature, amount, timing and uncertainty of revenue and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract.

Upon the Company's adoption of this standard, the Company identified certain performance obligations that were allocated from the initial franchise fee for distinct services and recognized when those distinct services were performed. The remainder of the franchise fee is now recognized over the term of the franchise agreement in contrast to the previous method of recognizing the entire franchise fee upon opening of the franchise. The Company adopted the new standard using the modified retrospective method to all contracts effective January 1, 2020. Modified retrospective adoption requires entities to apply the standard retrospectively to the beginning of the period adopted, requiring the cumulative effect of the retrospective application as an adjustment to the opening balance of retained earnings as of the beginning of the period of adoption. Results for the reporting period beginning January 1, 2020 are presented under the new guidance, while prior period amounts are not adjusted. The Company recognized the cumulative effect of adopting ASC 606 as an adjustment to decrease the opening balance of stockholders' equity as of January 1, 2020 by \$742,129.

These notes are an integral part of the preceding financial statements.

- 6 -

Gotcha Covered Franchising LLC

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

On July 23, 2021, Gotcha Covered, LLC was part of an Equity Purchase Agreement, where 100% of the Equity interests were purchased by FS PEP Holdco, LLC (Note 3), all of the deferred revenue and associated costs in relation to the adoption of ASC 606 were recognized as part of the purchase price allocation. The deferred revenue reported as of December 31, 2021 is a result of franchise agreements and related costs from the period of July 24, 2021 to December 31, 2021.

Revenue from product sales is recognized at the time the products are installed.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents exceed FDIC insurance limits of \$250,000 at December 31, 2021 by \$162,994 and again by \$464,184 at December 31, 2020.

Advertising Costs

Advertising costs included in operating expenses primarily consist of collateral marketing materials and are expensed as incurred. These costs are included in general and administrative expenses and were \$153,957 and \$135,441 during the years ended December 31, 2021 and 2020, respectively. In addition, significant advertising costs are incurred by franchisees.

Intangible Assets

As of the year ended December 31, 2021 the intangible assets represent the estimated fair value of Section 197 identifiable intangible assets specifically goodwill and going concern value acquired from the purchase of Gotcha Covered, LLC. For the year ended December 31, 2020 the intangible assets represented the fair value of identifiable intangible assets acquired from the purchase of Gotcha Covered Franchise System, LLC.

Long-lived Assets

In accordance with guidance on the impairment or disposal of long-lived assets in the Property Plant and Equipment Topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, an estimate of undiscounted future cash flows produced by each individual asset is compared to its carrying value. If a long-lived asset is determined to be impaired, an impairment charge is recognized for the difference between the net book value of the long-lived asset and the estimated cash sales price, less costs of disposal.

Losses on assets held for disposal are recognized when management and the Management Committee, as required, have approved and committed to a plan to dispose of the assets, the assets are available for disposal, the disposal is probable of occurring within 12 months, and the net sales proceeds are expected to be less than its net book value, among other factors.

Fair Value Measurements

The Company measures certain assets and liabilities at fair value on a recurring basis and certain non-financial assets and liabilities on a non-recurring basis. Fair value, according to generally accepted accounting principles ("GAAP") is defined as the price that would be received to sell an asset or paid to

These notes are an integral part of the preceding financial statements.

Gotcha Covered Franchising LLC

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The guidance also establishes a three-level hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.
- Level 2 – inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

• **Non-financial assets and liabilities measured at fair value on a recurring basis**

The Company had certain intangible assets measured at fair value on a recurring basis prior to acquisition and in December 31, 2020, as follows:

	Carrying Amount	Fair Value Method
Trade Name/Trademarks/Logo	\$ 80,000	Level 3

• **Non-financial assets and liabilities measured at fair value on a nonrecurring basis**

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, the assets and liabilities are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (e.g., when there is evidence of impairment). Amounts are prior to acquisition in 2021.

	Carrying Amount	Fair Value Method
Non-compete agreements	\$ 50,000	Level 3
Franchise contracts	265,000	Level 3
Vendor Contracts	17,310	Level 3
	<u>\$ 332,310</u>	

The Company allocated its purchase of the assets acquired in the asset purchase agreement, described in Note 3, at fair value on a nonrecurring basis as of December 31, 2009.

Vendor contracts have been acquired subsequent to acquisition. A Section 179 Goodwill has taken place of these as of the acquisition date.

• **Certain financial assets and liabilities not measured at fair value**

The carrying amounts for cash, receivables, accounts payable and other debt obligations approximate fair value due to the near-term nature of the items.

These notes are an integral part of the preceding financial statements.

Gotcha Covered Franchising LLC

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Franchise Agreements

Franchise agreements generally include a license and provide for payment of initial fees, as well as continuing monthly royalties to the Company. Under this arrangement, franchisees are granted the right to operate a location, using the Company's software and trademarks, generally for a period of 10 year. These franchisees are equipped with certain equipment and samples and are trained at the Company's facilities. These costs are subtracted from franchise sales revenue in the accompanying financial statements.

Franchise sales resulting from leads furnished by independent franchise brokers are subject to a 40 percent sales commission. The costs of commissions paid to franchise brokers are deferred until the related revenue is recorded in the accompanying financial statements.

Income Taxes

The Company is a limited liability company taxed as a partnership in which all elements of income and deductions are included in the tax returns of the members of the Company. Therefore, no income tax provision is recorded by the Company.

NOTE 2: TRANSACTIONS WITH RELATED PARTIES AND AFFILIATES

At the year ended December 31, 2021 the following entities were affiliates of the Company: Five Star Franchising, LLC, for \$32,695.93 and Five Star Connect, Inc. dba Pronexis for \$69,949.27.

At the year ended December 31, 2020 the following entities were affiliates of the Company: Lotus Holdings, LLC ("Holdings"), Lotus Technologies, LLC ("Technologies").

2021 Related Party Transactions

As of December 31, 2021, Five Star Franchising, LLC contributes to the management and franchise development of Gotcha Covered, LLC, as such there may be transfers of funds between the affiliates. As of December 31, 2021, \$250,000 was owed by Five Star Franchising, LLC to the Company.

The Company operated the V2K Advertising & Marketing Fund ("the Fund"), and pursuant to the terms of the V2K Window Décor & More franchise agreements, charged the fund a management fee equal to the expenditures from the Fund. At December 31, 2020, \$88,785 was owed by the Fund to the Company.

NOTE 3: BUSINESS COMBINATION

ASC 805 requires all business combinations to be accounted for by the acquisition method (i.e., the acquisition by one entity of one or more other entities). Application of the general principle resulted in recognition by the Company of certain assets not previously recognized.

On July 23, 2021, FS PEP Holdco, LLC through a Securities Purchase Agreement acquired 100% of the equity interests in Gotcha Covered, LLC. FS PEP Holdco, LLC is an affiliate of Princeton Equity Group, LLC, a private equity firm based in Princeton, New Jersey. The total purchase price of the acquisition was \$6,531,473. The Company will continue to operate under the Gotcha Covered, LLC brand. Results of franchise operations were included in the Company's statement of income from the acquisition date. The transactions were accounted for using the acquisition method of accounting. The following comprised the total purchase price:

These notes are an integral part of the preceding financial statements.

Gotcha Covered Franchising LLC

Notes to Financial Statements

NOTE 3: BUSINESS COMBINATION (concluded)

Cash and Cash Equivalents	\$	344,032
Accounts Receivable, notes receivable And Prepaid Assets		248,099
Other Assets		25,960
Section 197 Intangibles-Goodwill and Going Concern		<u>5,913,382</u>
Total Purchase Price	\$	6,531,473

The Section 197 Goodwill and Going Concern is considered Equity Method Goodwill and will be amortized on a straight-line basis over 10 years.

In addition to the cash purchase price the Sellers have the opportunity to earn up to \$1,500,000 of additional consideration comprised of cash and Class B units of the Purchaser base on achieving certain Royalty Revenue thresholds for a twelve month period commencing on the closing date and ending on the one year anniversary of the closing date.

On June 1, 2009, the Company completed the acquisition of assets of Gotcha Covered Franchise System, LLC ("GCFS"), a franchisor of home-based window treatment businesses, pursuant to an Asset Purchase Agreement between the Company and GCFS. As a result of this transaction, the Company became a franchisor of home-based window treatment franchisees. The total purchase price for the acquisition was \$415,769. The Company financed this purchase price with \$305,000 in debt payable to the seller described in Note 6, guaranteed by the Members and \$110,769 in accrued liabilities contingent upon the outcome of future events. The Company acquired 23 franchisee contracts and other assets, as described below. The Company continued to operate under the Gotcha Covered brand. Results of franchise operations were included in the Company's statement of income from the acquisition date. The transaction was accounted for using the acquisition method of accounting.

The following comprised the total purchase price:

Obligation guaranteed by members	\$	305,000
Contingent consideration:		
Royalty and rebate estimate		85,565
New franchise sales estimate		20,000
Guaranteed payment penalty estimate		<u>5,204</u>
Total purchase price	\$	415,769

The contingent consideration required the Company: to make interest payments to the seller if the guaranteed obligation is not paid within nine months of the closing date; to allow the seller to participate in 50 percent of the royalty and rebate revenue generated for 12 months from the closing date; and to pay the seller \$5,000 per franchise sold for 12 months from the closing date (See Note 6).

The total purchase price was allocated to the Company's net tangible and intangible assets and liabilities based upon their fair values as of June 1, 2009, as estimated by the Company's management. This allocation is final. There was no excess purchase price over the value of the net tangible and identifiable intangible assets (Goodwill). The Company estimated the fair values used in the purchase price allocation

These notes are an integral part of the preceding financial statements.

Gotcha Covered Franchising LLC

Notes to Financial Statements

NOTE 3: BUSINESS COMBINATION (concluded)

as follows: (1) One non-compete agreement was recorded at net book value as estimated by the seller. That amount was also used as the basis for estimating the value of the non-compete agreements entered into by seller's members, given the similarity of the terms and conditions of the agreements. (2) The franchise contracts were valued using a discounted cash flow analysis of the estimated monthly royalty payments over the individual contract terms. (3) The trade names/trademarks/logo was recorded at net book value as estimated by the seller. (4) The vendor contracts were valued based on the projected quarterly rebates over the remaining contract terms.

The following represents the allocation of the purchase price to the acquired net assets and the associated estimated useful lives in 2009:

	Amount	Useful Life	Fair Value Method
Non-compete agreements	\$ 50,000	24 months	Level 3
Franchise contracts	265,000	Contract term	Level 3
Trade Name/Trademarks/Logo	80,000	Indefinite	Level 3
Vendor contracts	<u>20,769</u>	7 months	Level 3
	<u>\$ 415,769</u>		

The non-compete agreements, the franchise contracts and the vendor contracts intangible assets were determined by management to have finite lives. The useful lives of the vendor contracts and the franchise contracts were estimated based on remaining contract term of the individual agreements. The useful life of the non-compete agreements was based on the expiration term of the non-compete contracts that was executed with the prior owners and management. None of the amortizable assets are expected to have a residual value at the end of their respective useful lives. It was determined that the Trade names/Trademarks/Logo intangible assets had an indeterminate life as the Company believes it will derive value from the utility of the Gotcha Covered brand for the foreseeable future. The Company will continue to use the Gotcha Covered brand awareness and reputation in growing and expanding its franchise business.

The Company has incurred debt obligations principally through the acquisition of GCFS. At closing the members of the Company guaranteed, pro rata based on ownership, payment of \$305,000 to the sellers within 12 months. The Asset Purchase Agreement also called for payments to the seller of \$2,068 per month, beginning in March of 2010, if the guaranteed payment is not made within nine months of closing. These payments were estimated by management at \$6,204. In turn, the seller guaranteed a minimum franchise retention level of 18 franchises, nine months after the closing. The guaranteed payment was to be reduced by \$7,625 for each franchise fewer than 18 retained nine months after closing.

In addition, the Asset Purchase Agreement called for the seller to receive: 50% of the gross royalty and rebate revenue generated by seller's existing franchisees for 12 months from the closing, estimated by management at \$84,565; and \$5,000 for each new franchise sold under the Gotcha Covered name for 12 months from the closing, estimated by management at \$20,000.

These notes are an integral part of the preceding financial statements.

Gotcha Covered Franchising LLC

Notes to Financial Statements

NOTE 4: INTANGIBLE ASSETS

Intangible assets consisted of the following at December 31, 2021 and 2020:

	December 31,	
	2021	2020
Definite Life:		
Non-compete agreements	\$ -	\$ 50,000
Franchise contracts	-	265,000
Vendor contracts	-	20,769
Section 197 Goodwill	5,524,867	-
Indefinite Life:		
Trade name, trademarks, logo	-	80,000
Total Intangible Assets	-	415,769
Less: accumulated amortization	(246,391)	(335,769)
Intangible assets, net	\$ 5,278,476	\$ 80,000

Intangible assets with definite lives are amortized on a straight-line basis over their estimated useful lives. Amortization expense for the year ended December 31, 2021 and 2020 was \$246,391 and \$0, respectively.

NOTE 5: MEMBERSHIP CAPITAL

As of July 23, 2021 and December 31, 2020, prior members of the company contributed or distributing capital totaling \$66,034 and \$164,903, respectively

On July 23, 2021, FS PEP Holdco, LLC acquired 100% of the equity interests in Gotcha Covered, LLC. FS PEP Holdco, LLC, a Delaware limited liability company. FS PEP Holdco, LLC's principal office is located in Dallas, TX and is subject to the delegation of the Board of Managers as delegated by its LLC Agreement dated June 15, 2021.

During the year ended December 31, 2020 and until the purchase of 100% of the equity interests of Gotcha Covered, LLC on July 23, 2021, The Company's ownership consisted of three members, one with a 60% interest, one with a 30% interest and one with a 10% interest, pursuant to an Operating Agreement (the "Agreement") among the members dated June 1, 2009 and subsequently amended. The Agreement called for decisions to be made by majority vote of the members and outlined the rights of the members, including the authority for any member to execute and deliver instruments on behalf of the Company and to borrow money from banks, other lending institutions and affiliates of the members. Compensation was determined by majority vote. No additional capital contributions could be required without unanimous approval of the members. Distributions were made as determined by the members. A member forfeited their interest in the Company if they failed to comply with the guarantee.

These notes are an integral part of the preceding financial statements.

- 12 -

Gotcha Covered Franchising LLC

Notes to Financial Statements

NOTE 6: GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended December 31, 2021 and 2020 consisted of the following:

	Year Ended December 31,	
	2021	2020
Accounting	\$ 41,355	\$ 10,313
Advertising and marketing	153,957	135,441
Convention costs	94,413	158,271
Payroll	1,440,659	1,017,715
Professional fees	235,301	64,114
Telephone, fax and data	41,277	40,830
General and administrative	463,348	461,138
Other	219,028	179,406
Total General and Administrative Expense	\$ 2,689,338	\$ 2,067,228

NOTE 7: SEGMENTS

Information for individual segments for the years ended December 31, 2021 and 2020 is as follows:

Year Ended December 31, 2021

	Total Revenue	Total Operating Profit	Identifiable Assets, net
Franchise revenue	\$ 2,610,299	\$ 2,143,205	\$ -
Product sales	1,400,039	403,120	-
Total operating	4,010,338	2,546,325	-
General corporate	59,066	(2,876,663)	1,104,940
Total	\$ 4,069,404	\$ (330,338)	\$ 1,104,940

Year Ended December 31, 2020

	Total Revenue	Total Operating Profit	Identifiable Assets, net
Franchise revenue	\$ 1,852,347	\$ 1,306,229	\$ 80,000
Product sales	1,113,849	460,836	-
Total operating	2,966,196	1,767,065	80,000
General corporate	7,492	(2,059,736)	1,032,225
Total	\$ 2,973,688	\$ (292,671)	\$ 1,112,225

NOTE 8: COMMITMENTS AND CONTINGENCIES

The Company, per the terms of its franchise agreement, is obligated to provide new franchisees certain items, including a laptop, samples and lodging during initial training. No other significant commitments and contingencies have been identified.

NOTE 9: SUBSEQUENT EVENTS

No subsequent events occurred that would change the financials as of the issuance date of these financials.

These notes are an integral part of the preceding financial statements.

CONSENT OF INDEPENDENT AUDITORS

To the Members
Five Star Franchising, LLC

BF Borgers CPA PC consents to the use in the Franchise Disclosure Document issued by Five Star Franchising, LLC ("Franchisor") on April 15, 2022, as it may be amended, of our report dated March 30, 2022, relating to the financial statements of Franchisor for the period ending December 31, 2021.

BF Borgers CPA PC

Certified Public Accountants
Lakewood, CO
March 30, 2022

EXHIBIT D

BRAND STANDARDS MANUAL

TABLE OF CONTENTS

Training Manual

Section	Number of Pages
I	8
II	3
III	12
IV	7
V	153

Total Number of Pages: 187

Policy & Procedures Manual

Section	Number of Pages
1	8
2	15
3	3
4	13
5	2
6	3

Total Number of Pages: 48

TRAINING MANUAL TABLE OF CONTENTS



Training Manual | Introduction

Table of Contents

- I. Ch. 1: Introduction pg. 4
 - a) Franchise Relationship
 - b) Industry Overview
 - c) Elevator Speech
 - d) Measuring

- II. Ch. 2: Installation pg. 12
 - a) Installer Interview Questions
 - b) Sample Letter

- III. Ch. 3: Hard Goods pg. 15
 - a) Product Outline
 - b) Shutter Training Outline
 - c) Terminology
 - d) Hard Product Checklist
 - e) Helpful Hints
 - f) Warranty

- IV. Ch. 4: Soft Goods pg. 27
 - a) Graber Artisan Program
 - 1. Drapery
 - 2. Fabric Shades
 - 3. Top Treatments
 - 4. Liners
 - 5. Pillows & Cut Yardage

V. Ch. 5: Sales pg. 34

- a) Getting Prepared
- b) Sales Preparation
- c) Customer Personalities
- d) The Sales Call
- e) 10 Common Mistakes Made By Sales People
- f) How Does Your Customer Want To Be Treated?
- g) Good Listening
- h) Market Survey By Graber
- i) Objections
- j) Closing
- k) Follow Up After The Sales
- l) Customer Service
- m) Consultative Selling
- n) Customers Are Not Created Equal
- o) Corporate Support

POLICY & PROCEDURES MANUAL TABLE OF CONTENTS

TABLE OF CONTENTS

Page Number

TABLE OF CONTENTS	2
Preface	4
Chapter 1: Start-Up Procedures	5
I. PLANNING YOUR OPERATION	6
a) Obtaining Professional Advice.....	6
b) Naming Your Business.....	6
c) Locating Your Business.....	6
II. SETTING UP YOUR OPERATION	7
a) Obtaining Training.....	7
b) Obtaining Equipment and Supplies.....	7
c) Maintaining Equipment and Supplies.....	7
d) Obtaining Printed Materials.....	8
e) Obtaining Services.....	9
f) Obtaining Insurance.....	9
g) Obtaining and Renewing Permits and Licenses.....	11
h) Obtaining and Maintaining Gotcha Covered Software.....	11
i) Updating Software.....	11
j) Updating Manuals.....	12
Chapter 2: Business Management	13
I. BASIC BUSINESS RESPONSIBILITIES	14
a) Gotcha Covered’s Business Standards.....	14
b) Your Management Duties.....	15
II. USING APPROVED PRODUCTS AND SERVICES	16
a) Restriction on Goods/Primary Supplier.....	16
III. EMPLOYEE/CONTRACTOR REQUIREMENTS	18
a) Hiring Employees and Contractors.....	18
c) Installer Contractor Agreement.....	19
d) Franchise Personnel & Non-Competition Clauses.....	19
IV. CUSTOMER RELATIONS	20
a) Customer Relations Policy.....	20
b) Warranty and Service Agreement.....	20
c) Refund Policy.....	21
V. FINANCIAL MANAGEMENT	22
a) Gotcha Covered Payment Terms.....	22
b) Payment Procedures for Royalty Payments and Contributions to the Ad and Marketing Fund.....	22
c) Procedures for Other Payments.....	23
VI. REPORTING REQUIREMENTS	23
a) Required Reports to Gotcha Covered.....	23
b) Required Reports to Gotcha Covered.....	23
c) Notices.....	24
VII. ACCOUNTING	25
a) Maintain Budgets and Systems to Manage your Cash Flow.....	25
b) Required Tax Withholding.....	25
c) Requirements if You Have Employees.....	26
d) Workers’ Compensation.....	26
Chapter 3: Support Resources	28
I. SUPPORT RESOURCES	29
(1) Gotcha Connected.....	29
(2) Gotcha Covered Forum.....	29



(3) Gotcha Covered Staff	29
(4) Ongoing Training.....	29
(5) Annual Conference.....	30
Chapter 4: Marketing & Advertising.....	31
I. MARKETING & ADVERTISING.....	32
a) Ordering Marketing Supplies	33
b) SAMPLES.....	33
c) Obtaining Marketing and Advertising Approvals.....	33
d) Using, Displaying, and Owning GCF Proprietary Marks.....	34
e) Website Policy.....	36
f) Internet Marketing Policy	37
g) E-Mail Policy.....	38
h) Cooperative Advertising.....	38
i) Telephone Service.....	38
II. SALES & PROCESSING CUSTOMER ORDERS	42
a) Credit Card Accounts and Records.....	42
b) Customer Orders.....	42
c) Shipping and Installation within Gotcha Covered Software.....	43
Chapter 5: Selling/Transferring Your Business.....	44
a) Transfer by GCF.....	44
b) Transfer by Franchisee	45
Chapter 6: Addenda	46
I. GENERAL PROVISIONS	46
a) Policy Conflicts.....	46
b) Equal Opportunity / Non-Discrimination Policy	47
c) Temporary Suspension of Operations	48

EXHIBIT E

LIST OF CURRENT AND FORMER FRANCHISEES

Current Franchisees as of December 31, 2023:

State	City	Name	Address	Zip Code	Phone Number
AB	Calgary	Moyo, Paulo	19 Sage Bank Rd, NW Sage Hill	T3R 0J7	(403) 478-0495
AB	Edmonton	Kraus, Richard	3359-26 Ave NW	T1T 1R1	(825) 439-9439
AB	Edmonton	Cluff, Tamara	102, 9333 - 47 Street	T6B2R7	(780) 906-6363
AB	Fort McMurray	Jay, Kari	198 Prospect Drive	T9K-0W7	(780) 788-5201
AB	Fort McMurray	Hodgen, Kelly	198 Prospect Drive	T9K-0W7	(780) 788-5201
AL	Huntsville	Smith, Bethany	117 Moore Springs Circle	35811	(256) 603-5807
AL	Huntsville	Smith, James Greg	117 Moore Springs Circle	35811	(256) 603-5807
AL	Summerdale	Walters, Kendall	13147 Etta Smith Road	36580	(251) 550-8547
AR	BELLA VISTA	Debartolo, Chris	11 CARGILL CIRCLE	72715	(708) 945-7298
AZ	Chandler	Brown, Ellen	4384 E Runaway Bay Drive	85249	(480) 335-2828
AZ	Chandler	Venedektova, Yulia	5751 S. Cobblestone Dr	85249	(206) 353-9779
AZ	Peoria	Eddy, Lisa	12410 W. Bajada Rd	85383	(623) 512-3827
AZ	Peoria	Eddy, Jack	12410 W. Bajada Rd	85383	(623) 512-3827
CA	Bakersfield	Maupin, Eugene	9404 Spokane Ave	93312	(661) 599-3172
CA	Loomis	Ferrero, Stephen	6475 Casa Vista Dr	95650	(408) 838-6003
CA	Loomis	Ferrero, Teresa	6475 Casa Vista Dr	95650	(408) 838-6003
CA	Rancho Cucamonga	Muster, Rob	7561 Buena vista Dr	91730	(905) 527-0404
CA	San Diego	Moosakhanian, Ara	11175 Affinity Court 42	92131	(858) 373-7037
CO	Aurora	Brennan, Louise	6259 South Newbern Way	80016	(720) 272-4573
CO	Aurora	Brennan, Scott	6259 South Newbern Way	80016	(720) 272-4573

CO	Highlands Ranch	Elkins, Heidi	3870 Wynwood Circle	80126	(303) 881-1642
CO	Highlands Ranch	Terry, Susan	1709 West Mountain Maple Ave	80129	(303) 956-8898
CO	Monument	Aronson, John	650 E. Kings Deer Point	80132	(719) 358-7757
CO	Monument	Aronson, Julie	650 E. Kings Deer Point	80132	(719) 358-7757
CO	Morrison	Windemuller, Michael	16435 Wild Berry Road	80465	
CO	Morrison	Catazzo, Divo	16264 Sandstone Drive	80465	
CO	Silt	Boland, Mark	1001 Grand Ave Suite 102	81601	(970) 945-4010
CO	Silt	Boland, Kristyn	1001 Grand Ave Suite 102	81601	(970) 945-4010
CT	Stamford	Gomez, Dawris	101 Washington Blvd Unit 1207	6902	(347) 556-9307
CT	West Hanford	Handzel, Hailey	32 Arlington Road	6107	(516) 610-4545
FL	Cape Coral	Herzig, Amy	1813 SW 41st St.	33914	(239) 225-1000
FL	Cape Coral	Herzig, David	1813 SW 41st St.	33914	(239) 225-1000
FL	Davenport	Campbell, Brian	150 Captain Hook Way	33837	(407) 541-0048
FL	Davenport	Campbell, Tenesia	150 Captain Hook Way	33837	(407) 541-0048
FL	Fort Walton Beach	Kinlock, John	31 Maples St. N.W.	32548	(614) 827-5101
FL	Jupiter	Pisani, Kara	120 Segovia Way	33458	(914) 714-0827
FL	Key Biscayne	Lopez, Alejandra	340 Harbor Court	33149	(305) 560-4467
FL	Key Biscayne	Carvajal, Jose	340 Harbor Court	33149	(305) 560-4467
FL	Miami	Otegui, Mercedes	1601 Micanopy Ave	33133	(305) 842-7377
FL	Odessa	Speranzoni, Handy Peralete	19716 Wyndmill Cir	33556	(813) 934-1691
FL	Orlando	Vasconcellos, Andre	6100 Lake Ellenor Dr. Suite 203	32809	(407) 984-6226
FL	Orlando	Vasconcellos, Marcella	6100 Lake Ellenor Dr. Suite 203	32809	(407) 984-6226
FL	Orlando	Vargas, Sylvia	4150 Eastgate Dr. Apt 2306	32811	(407) 907-3391

FL	Orlando	Vargas, Gabriel	4150 Eastgate Dr. Apt 2306	32811	(407) 907-3391
FL	Palm Bay	Dull, Russell	973 Boeing St NE	32907	(405) 274-6442
FL	Palm Coast	McAlister, Roger	35 Prince Anthony Lane	32164	(561) 445-0391
FL	Palm Coast	McAlister, Deborah J.	35 Prince Anthony Lane	32164	(561) 445-0391
FL	Pompano Beach	Tiangco, Alain	1500 S Ocean Blvd Unit 1102	33062	(917) 974-8256
FL	Port St. Lucie	Ottolino, Giancarlo	3586 SW Conibear St	34953	(772) 251-8496
FL	Punta Gorda	Coston, Shawn	17596 Fallen Branch Way	33982	(647) 535-1112
FL	Saint Johns	DInnocenti, Kelly	351 Stone Creek Circle	32259	(954) 707-9644
FL	St. Petersburg	Martoni, Nick	1560 Central Ave Unit 422	33705	(303) 378-5360
FL	St. Petersburg	Curry, Eric	1560 Central Ave Unit 422	33705	(303) 378-5360
FL	Wesley Chapel	Taylor, Chris	8714 Drummer Plank Dr.	33545	(813) 613-1533
FL	WESTON	Betancur, Juan	607 CASCADE FALLS DR	33327	(305) 842-0371
FL	WESTON	De La Salas Gonzalez, Maria	607 CASCADE FALLS DR	33327	(305) 842-0371
FL	Weston	Weiss, Javier	4192 Pinewood Ln	33331	(754) 226-5967
FL	Weston	Weiss, Bettiana	4192 Pinewood Ln	33331	(754) 226-5967
FL	Weston	Benavides, Eduardo	201 Mallory Ct, Weston	33326	#ERROR!
FL	Wimauma	Santiago, Sergio	10941 Rainbow Pyrite Dr	33598	(813) 812-6111
FL	Winter Garden	Ortiz, Javier Hernando Correa	16209 Wind view Ln	34787	(407) 777-1639
FL	Winter Garden	Fussell, Larry	15498 Sandfield Loop	34787	(863) 450-8614
FL	Winter Garden	Gomez, Cardoso	16209 Wind View Lane	34787	(407) 777-1639
FL	Winter Garden	Fussell, Svetlana	15498 Sandfield Loop	34787	(863) 450-8614

FL	Winter Garden	Del Pilar, Claudia	16209 Wind view Ln	34787	(407) 777-1639
GA	Acworth	Gitonga, Eric	3357 mcever park circle	30101	(404) 988-8020
GA	Atlanta	Green, David	332 Springdale Dr NE	30305	(404) 975-3514
GA	Atlanta	Switzer, Hampton	944 Persimmon Point	30328	(404) 918-1662
GA	Atlanta	Lyons, Richard	332 Springdale Dr. N.E.	30305	(404) 975-3514
GA	Dacula	Marriott, Shannon	2123 Trinity Grove Ct	30019	(404) 834-8109
GA	Dacula	Marriott, William	2123 Trinity Grove Ct	30019	(404) 834-8109
GA	NE Brookhaven	Cameron, Michael	1295 Dresden Dr Unit 240	30319	(404) 723-5131
GA	Pooler	Luszcz, Dan	27 Westbourne Way	31322	(912) 777-9289
GA	Pooler	Luszcz, Melissa	27 Westbourne Way	31322	(912) 777-9289
IA	Sioux City	Layman, Nicole	5705 Old Lakeport Rd	51106	(712) 490-4787
ID	Star	Schorzman, Sandra	2169 N Penny Lake Ave	83669	(208) 964-8773
ID	Star	Heilman, Tanya	2169 N Penny Lake Ave	83669	(208) 964-8773
IL	Chicago	Toor, Jivesh	1016 N Kingsbury St	60610	(872) 801-8888
IL	Volo	Cacioppo, Adam	697 Seneca St	60073	(847) 276-0270
KY	Louisville	Smith, Charles	13502 POINTVIEW COURT	40299	(847) 732-6299
KY	Louisville	Smith, Lindsay	13502 POINTVIEW COURT	40299	(847) 732-6299
LA	Lafayette	Schmidt, Wende	1203 Westgate Rd	70506	(337) 988-6044
LA	Lafayette	Schmidt, Paul	1203 Westgate Rd	70506	(337) 988-6044
LA	Ponchatoula	Roper, Heather	22104 Arthur Lane	70454	(985) 969-6431
MA	Haverhill	Dekeon, Christopher	57 Woodland Dr	1830	(978) 230-7177
MD	Huntingtown	Watson, Jacob	3267 Huntsman Dr	20639	(972) 757-9520
MD	Huntingtown	Watson, Brittany	3267 Huntsman Dr	20639	(972) 757-9520
MD	Lutherville	Smith, David	7 Wandsworth Bridge Way	21093	(410) 830-0237
MD	Lutherville	Smith, Donna	7 Wandsworth Bridge Way	21093	(410) 830-0237

MI	Chesterfield	Allor, Nicole	30850 Hickey Road	48051	(586) 484-7860
MI	Chesterfield	Albrant, Louis	30850 Hickey Road	48051	(586) 484-7860
MI	Farmington	Shaffer, Adam	34011 Schulte Dr	48335	(608) 449-6063
MI	Grand Rapids	Cisler, Judy	6161 28th St SE Suite 7	49546	(616) 304-2657
MN	Andover	Raph, Kathleen	14227 Olive St NW	55304	(612) 910-8215
MN	Edina	Stojmenovic, Erin	3817 W 55th St.	55410	(850) 865-7353
MN	Edina	Stojmenovic, Alex	3817 W 55th St.	55410	(850) 865-7353
MN	Minneapolis	Manthei, Nathan	3019 Bryant Ave South #206	55408	(612) 394-4355
MN	Prior Lake	Kartschoke, Christopher	3326 Fox Tail Trail NW	55372	(612) 839-2124
MN	Saint Louis Park	Sixel, Julianne	4205 Utica Avenue South	55416	(952) 836-5274
MN	Saint Louis Park	Sixel, Michael	4205 Utica Avenue South	55416	(952) 836-5274
MN	St. Paul	Sogin, Daniel	574 Mount Curve Blvd	55116	(651) 387-0997
MN	Woodbury	Schroeder, Gressa	8804 Springwood Alcove	55125	(651) 571-0525
MO	Lake St Louis	Hull, Michael	18 Belfort Court	63367	(847) 682-5807
MT	Bigfork	Oberg, Clifford	1181 Mill Creek Drive	59911	(406) 885-7310
MT	Columbia Falls	Berube, Dulcinea	1615 Riparian Dr.	59912	(406) 461-1195
NC	Charlotte	Mehta, Dhvani	7318 Timberneck Court	2.83E+04	(551) 998-3385
NC	Charlotte	Patel, Alpesh	7318 Timberneck Court	28277	(551) 998-3385
NC	Charlotte	Istanbullu, Zeynep	125 Remount Rd Ste. C1 PMB 1555	28203	(512) 466-1388
NC	Concord	Mills, Kenneth	9628 Ashley Green Court, N.W.	28027	(321) 663-6051
NC	Denver	Mullen, Thomas	7767 Live Oaks Drive	28037	(980) 306-4200
NC	Denver	Mullen, Christina	7767 Live Oaks Drive	28037	(980) 306-4200
NC	Hampstead	Gundermann, Donald	219 Turner Way	28443	(910) 406-1256
NC	Hampstead	Fusaro, Frances	219 Turner Way	28443	(910) 398-3708
NC	Hampstead	Fusaro, Christopher	219 Turner Way	28443	(910) 398-3708

NC	Raleigh	Browne, Ted	3658 Capital Blvd.	27604	(919) 954-7005
ND	Gardner	Von Rueden, DeAnn	260 6th St	58036	(701) 238-6171
NE	Gretna	Highley, Kendra	19630 Chandler St	68028	(402) 305-2426
NE	Gretna	Highley, Michael	19630 Chandler St	68028	(402) 305-2426
NE	Omaha	Cheek, Bobbi	1605 South 190 PLZ	68130	(360) 270-0578
NJ	Englewood	Bulgar, Stephanie	200 Van Nostrand Avenue	7631	(732) 991-6697
NJ	Lumberton	Page, Ana	18 Cayenne Ct	8048	(609) 732-0070
NJ	Lumberton	Page, Zachary	18 Cayenne Ct	8048	(609) 732-0070
NJ	Teaneck	Zenon, Angela	1835 Palisade Avenue	7666	(917) 756-9939
NM	Farmington	Sorensen, Linda	4002 N Dustin Ave	87401	(503) 804-4305
NM	rio rancho	Lhorca, Vitor	5304 Mayhill pl ne	87144	(505) 907-8679
NS	Timberlea	Cook, Carrie	85 Maple Grove Avenue	B3T 0E2	(902) 478-1478
NS	Timberlea	Cook, Michael	85 Maple Grove Avenue	B3T 0E2	(902) 478-1478
NV	Las Vegas	Jopp, Alec	3450 Cactus Shadow St Unit 202	89129	(702) 370-2809
NV	Las Vegas	Jopp, Jackie	3450 Cactus Shadow St Unit 202	89129	(702) 370-2809
NY	Brooklyn	Alcide, James	899 Euclid Avenue	11208	(718) 496-3435
NY	Brooklyn	Henry-Alcide, Bethann	899 Euclid Avenue	11208	(646) 286-6687
NY	Derby	Vrenna, Shannon	6915 Wellington Drive	14047	(716) 946-6306
NY	Glens Falls	Schultz, Timothy	539 Glen St.	12801	(518) 867-2012
NY	Mount Vernon	Ard, Neil	150 Cedar St	10552	(866) 468-4241
NY	Port Washington	Byers, Graham	73 Bayview Avenue	11050	(516) 701-0141
OH	Avon	Benedict, Thomas	4235 Saint Annes Ct.	44011	(440) 654-3888
OH	Avon	Benedict, Matthew	4235 Saint Annes Ct.	44011	(440) 654-3888
OH	Blacklick	Thatcher, Brian	8036 Bowfin Road	43004	(614) 802-1955
OH	Delaware	O'Meara, Jon	4563 Hyatts Road	43015	(614) 403-3704
OH	Delaware	O'Meara, Becky	4563 Hyatts Road	43015	(614) 403-3704
OH	Medina	Tama, Jennifer	1163 Chapman Ln	44254	(330) 592-2398

OH	Ravenna	Maglott, Emily	2212 Lake Rockwell Road	44266	(330) 954-3078
ON	Kitchener	Prendergast, Georgia	C14-6 Upper Mercer Street	N2A 0E4	(519) 781-3448
ON	Kitchener	Prendergast, Lawrence	C14-6 Upper Mercer Street	N2A 0E4	(519) 781-3448
ON	Oakville	Baker, Michael	2135 Devonshire Crescent	L6M 0G2	(905) 484-1761
ON	Oakville	Baker, Sandra	2135 Devonshire Crescent	L6M 0G2	(905) 484-1761
ON	Oakville	Brzezinski, Sandra	2135 Devonshire Crescent	L6M 0G2	(905) 484-1761
Other	San Pedro Sula - Honduras	Bermudez, Victoria Palomo	Res El Potosi	21102	(720) 758-0422
Other	San Pedro Sula - Honduras	Cardona, Carlos	Res El Potosi	21102	(720) 758-0422
PA	Latrobe	Lynch, Sean	318 N Shenandoah Dr	15650	(724) 493-6652
PA	Latrobe	Lynch, Lynn	318 N Shenandoah Dr	15650	(724) 493-6652
PA	Philadelphia	Robinson, Andrew Kaighn	520 S. Juniper St	19147	(908) 268-0690
PA	Pittsburgh	Kish, Joshua	305 Bellcrest Pl	15237	(412) 443-7831
PA	West Grove	McKendry, Gina	72 Remington Way	19390	(484) 999-4653
PA	York	Billet, Michael	629 Harvest Dr	17404	(717) 779-2909
QC	Chelsea	Van der Westhuizen, Cathleen	27 Chemin Ferguson	J9B IX8	(613) 406-0508
QC	Chelsea	Van der Westhuizen, Jan	27 Chemin Ferguson	J9B IX8	(613) 406-0508
RI	Portsmouth	Re, Kristin	390 Glen Farm Rd	2871	(503) 260-3265
SC	Charleston	Koster, Matthew	465 MINIM ST	29414	(440) 887-9000
SC	Columbia	Bouyea, Bob	910 Kingsbridge Rd	29210	(803) 530-6527
SC	Myrtle Beach	Ocnas, John M.	9281 Marina Parkway	29572	(570) 780-9460
SC	Myrtle Beach	Ocnas, John P.	9281 Marina Parkway	29572	(570) 780-9460

SC	Rock Hill	Luley, Robert	2651 Aspen Terrace	29732	(704) 363-3870
SC	Summerville	Munyan, Heather	565 Water Lily Trail	29485	(843) 547-2977
SD	Mitchell	Tjarks, Susan	1507 Pebble Beach Road	57301	(605) 630-3422
SD	Rapid City	Meister, Dawn	5940 Springfield Rd	57703	(605) 430-5115
SD	Rapid City	Meister, David	5940 Springfield Rd	57703	(605) 430-5115
SK	Regina	Pike, Corey	2435 Gordon RD	S4S 4M4	(587) 336-8777
TN	Brentwood	Grossman, Daniel	1104 Holly Tree Farms Rd	37027	(615) 467-3640
TN	Chattanooga	Miller, Gary	627 Ashley Mill Drive	37421	(423) 356-0253
TN	Chattanooga	Miller, Rachel	627 Ashley Mill Drive	37421	(423) 356-0253
TN	Knoxville	Brynda, John	5428 Oak Harbor Lane	37921	(865) 567-3600
TN	Lebanon	Myatt, Courtney	1344 Whispering Oaks Drive	37090	(615) 498-7325
TN	Lebanon	Myatt, Dennison	1344 Whispering Oaks Drive	37090	(615) 498-7325
TX	Austin	Segovia, Rafael	1217 Winnie Dr.	78748	(512) 998-0520
TX	Austin	Carrillo, Claudia	1217 Winnie Dr.	78748	(512) 998-0520
TX	Channelview	Garcia, Cesar	1201 Fairlane Square	77530	(346) 426-5616
TX	El Paso	Murga, Yasser	3827 Hillcrest Dr	79902	(915) 201-2192
TX	El Paso	Soudaiha, Sophie	3827 Hillcrest Dr	79902	(915) 201-2192
TX	El Paso	Soudaiha, Yass	3827 Hillcrest Dr	79902	(915) 201-2192
TX	Georgetown	Igleheart, Michael	723 W. University Ave Ste #110-301	78626	(512) 393-9478
TX	Georgetown	Igleheart, Rita	723 W. University Ave Ste #110-301	78626	(512) 393-9478
TX	Highland Village	Pettetier, Chris	205 Tharp Dr	75077	(972) 624-9370
TX	Houston	Bascon, Dennis	2429 Bissonnet St #103	77005	(713) 331-9427
TX	Houston	Robin, Bernard	1707 Davon Ln	77058	(832) 603-0263
TX	Houston	Robin, Rosa	1707 Davon Ln	77058	(832) 603-0263
TX	Houston	Bascon, Shona	2429 Bissonnet St #103	77005	(713) 331-9427

TX	Katy	Garzon, Rafael	26218 Upland Ridge Lane	77494	(305) 343-1349
TX	Lewisville	Kohlschein, John	1333 Wentworth Drive	75067	(412) 443-7831
TX	McKinney	McGregor, Rick	6305 Crator	75070	(972) 757-8247
TX	McKinney	McGregor, Heather	6305 Crator	75070	(972) 757-8247
TX	Orange	McClure, Mary	2506 Gregory Cir	77630	(409) 221-8660
TX	Orange	Kaley, Mary	2506 Gregory	77630	(409) 221-8660
TX	Orange	McClure, Daniel	2506 Gregory Cir	77630	(409) 221-8660
TX	Quinlan	Rook, Mark J	9796 County Road 2304	75474	(908) 507-3782
TX	San Antonio	Raza, Fatima	9614 Torrington	78251	No Number Yet
TX	San Antonio	Lemire, Michelle	3027 Swandale DR	78130	(817) 675-4123
TX	San Antonio	Salt, Simon	3027 Swandale DR	78130	(817) 675-4123
TX	San Antonio	Essman, Shon	26919 Rustic Brk	78261	(210) 765-6979
TX	Seguin	Geipel, Dennis	2129 Mill valley	78155	(641) 640-0562
TX	Shady Shores	Eldridge, Kelly	809 Tennington Ln	76208	(972) 345-3277
TX	Shady Shores	Leuck, Matt	809 Tennington Ln	76208	(214) 676-3141
TX	Shady Shores	Leuck, Rachel	809 Tennington Ln	76208	(214) 676-3141
TX	Spring	Ernest, Robert John	27902 EMORY COVE DRIVE	77386	(910) 431-4882
TX	Spring	Ogunjumo, Shawn	5506 S Denham Ridge Ln	77389	(770) 715-3218
TX	The Colony	Gomez, Abel	5640 Overland Dr	75056	(214) 395-0426
TX	The Woodlands	Elmore, Wayne	70 Slatestone Circle	77382	(281) 292-7599
TX	Tomball	Leenheer, Jennifer	11919 Paint Canyon Dr	77377	(717) 490-4787
TX	Tomball	Webster, Chuck	21615 Cypress Rosehill Rd	77377	(281) 766-0086
TX	Tomball	Webster, Tracy	21615 Cypress Rosehill Rd	77377	(281) 766-0086
TX	Waco	Civa, Laura	4118 GREEN OAK DR	76710	(254) 262-6160
TX	Waco	Civa, Jackson	4118 GREEN OAK DR	76710	(254) 262-6160

VA	Charlottesville	Culp, Deborah	330 Swift Fox Lane	22901	(434) 973-1300
VA	Christianburg	Carroll, Shan	1880 Palmer St	24073	(540) 250-3502
VA	Christianburg	Carroll, Ross	1880 Palmer St	24073	(540) 250-3502
VA	Fairfax	Thorne, Linda	10480 Malone Court	22032	(706) 358-1225
VA	Falls Church	Park, Hyun	2096 Hutchison Grove Ct	22043	(703) 798-1363
VA	Falls Church	Park, Chi	2096 Hutchison Grove Ct	22043	(703) 798-1363
VA	Herndon	Gainer, Linda	12315 Exbury Street	20170	(571) 334-4255
VA	Mechanicsville	Shook, Deborah	8440 Britteewood Circle	23116	(804) 752-0011
VA	Mechanicsville	Shook, Jeffery	8440 Britteewood Circle	23116	(804) 752-0011
VA	Round Hill	Cammarota, Lisa	44 Main St	20141	(540) 751-0061
VA	Spotsylvania	Penafiel, Karen W.	10504 Turning Leaf Lane	22551	(703) 966-0321
VA	Virginia Beach	Farmer, Heath	809 Bloomfield Dr.	23453	(757) 805-3797
WA	Issaquah	Martas, Andrew	13426 207th CT SE	98027	(206) 719-5240
WA	Lakeby	Wallace, Chad	1817 188th Ave NW	98349	(253) 740-7958
WA	Lakeby	Wallace, Sarah	1817 188th Ave NW	98349	(253) 740-7958
WI	Appleton	Schloesser, Jonathan	W7001 Sunrise Trail	54914	(920) 840-0742
WI	Madison	Miskelly, Mark	7446 Old Sauk Rd	53717	(608) 358-4383
WI	Watertown	Schmocker, Richard	209 Oak Hill Ct	53094	(920) 941-9421
AB	Calgary	Morris, Terri	145 Cramond Circle S.E.	T3M-IE5	(403) 921-0100
CO	Glenwood Springs	Veillette, Mark	1001 Grand Avenue Box 30	81601	(970) 270-2966

*These franchisees operate two franchise locations.

Franchisees with Unopened Outlets as of December 31, 2023:

Last Name	First Name	Address	City	State	Zip Code	Phone
-----------	------------	---------	------	-------	----------	-------

Former Franchisees*



The name and last known address of every franchisee who had a Gotcha Covered Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period January 1, 2023 to December 31, 2023, or who has not communicated with us within ten (10) weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

State	City	Name	Address	Zip Code	Phone Number
CO	Morrison	Lammers, Michael	5425 Desert Fox Trail	80465	(303) 588-4353
CT	Shelton	Nespola, Joseph	839 Long Hill Avenue	6484	(203) 225-0825
OK	Oklahoma City	Ward, Michael Chad	3216 Willow Brook Rd	73120	(405) 249-0562
OK	Oklahoma City	Ward, Rebecca	3216 Willow Brook Rd	73120	(405) 249-0562
ON	Mississauga	Metwally, Alunad Ibrahim	6449 Glen Erin Drive, Unit #1	L5N 2T2	(416) 276-4460
TX	Amarillo	Boyd, Larry	1723th La Salle Street	79106	(806) 678-0980
TX	Georgetown	Parks, Penny	2903 Cedar Hollow Rd	78628	(512) 695-4519
AB	Edmonton	Shariatmadari, Toofan	707 Hendra Crescent NW	T6R 1S1	(780) 268-3748
AB	Edmonton	Shariatmadari, Mahshahr	707 Hendra Crescent NW	T6R 1S1	(780) 268-3748
CA	Oakley	Mahop, Xaverie Nadia	236 Caputo Cir	94561	(202) 650-8821
FL	Naples	Pronovost, Larry	2071 Vermont Lane	34120	(904) 705-5226
FL	Naples	Pronovost, Sharon	2071 Vermont Lane	34120	(904) 705-5226
FL	Ocala	Kelley, Nancy	9975 SW 558th Ave	34476	(352) 209-8227
FL	Ocala	Galor, David	9975 SW 558th Ave	34476	(352) 209-8227
FL	Parkland	Douge, Theresa	10845 NW 72nd Pl	33076	(954) 371-8332
FL	St. Johns	Suto, Eric	2156 Forest Hollow Way	32259	(904) 982-4401
FL	St. Petersburg	Goldberger, Roy	7901 4th Street N Suite 300 St	33702	(416) 707-5104
IN	Indianapolis	Kupper, Michael	2493 Hideaway N Dr	46268	(317) 446-9679
NE	Utica	Richters, Michael	4020 Superior Rd.	68456	(402) 646-5685
TX	Georgetown	Parks, Michael	2903 Cedar Hollow Rd	78628	(512) 695-4519

VA	Leesburg	Compton, Laura	1103 Akan Street SE	20175	(703) 201-0512
WA	Clyde Hill	Paul, Jocelyn	1720 95th Ave NE	98004	(425) 559-7758

EXHIBIT F

**STATE ADDENDA
AND AGREEMENT RIDERS**

STATE ADDENDA AND AGREEMENT RIDERS

ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR GOTCHA COVERED FRANCHISING, LLC

The following modifications are made to the Gotcha Covered Franchising, LLC (“**Franchisor**,” “**us**,” “**we**,” or “**our**”) Franchise Disclosure Document (“**FDD**”) given to franchisee (“**Franchisee**,” “**you**,” or “**your**”) and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated _____, 20__ (“**Franchise Agreement**”). When the term “**Franchisor’s Choice of Law State**” is used, it means Colorado. When the term “**Supplemental Agreements**” is used, it means none.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State-Specific Addendum (“**State Addendum**”) will modify these agreements to comply with the state’s laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

CALIFORNIA

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD.

California Corporations Code Section 31125 requires us to give to you an FDD approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement.

The Franchise Agreement contains provisions requiring binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in Colorado. 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. The Franchise Agreement may contain a mediation provision. If so, the parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator’s fees.

The Franchise Agreement requires the application of the law of Colorado. This provision may not be enforceable under California law.

Neither Franchisor nor any other person listed in Item 2 of the FDD 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.

California Business and Professions Code Sections 20000 through 20043 provide rights to you



concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

The Franchise Agreement may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC. 101 et seq.).

The Franchise Agreement contains a covenant not to compete provision which extends beyond the termination of the Franchise. Such provisions may not be enforceable under California law.

You must sign a general release of claims 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).

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 Financial Protection and Innovation at www.dfpi.ca.gov.

Item 6 of the FDD is amended to state the highest interest rate allowed by law in California is 10% annually.

If your GC Business is located in California you will be required to obtain a Class C-61/D-52 Window Coverings Limited Specialty Contractor License.

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 commencement of the franchise relationship.

In connection with the foregoing, Exhibit H, the Franchise Disclosure Questionnaire, is deleted for all Franchise Agreements entered into relating to a California franchisee.

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

HAWAII

The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS 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 IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO

YOU OR SUBFRANCHISOR AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE 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 US AND YOU.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed in Exhibit I of the FDD on the page entitled, "State Effective Dates".
2. States which have refused, by order or otherwise, to register these Franchises are:
None
3. States which have revoked or suspended the right to offer the Franchises are:
None
4. States in which the proposed registration of these Franchises has been withdrawn are:
None

ILLINOIS

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement and Supplemental Agreements are amended accordingly.

The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void.” The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act.”

Item 17.w, Choice of Law, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act”.

The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

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

INDIANA

Item 8 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of

claims subject to the Indiana Deceptive Franchise Practices Act.

The “Summary” column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

No competing business for two (2) years within the Area of Primary Responsibility.

The “Summary” column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The “Summary” column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement in Indiana; other litigation in Franchisor’s Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice of law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The “Summary” column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor’s Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor’s Choice of Law State 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 under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.
3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.
4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).
5. The following provision will be added to the Franchise Agreement:

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for

breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

IOWA

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three (3) business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten (10) business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be cancelled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty (20) days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Gotcha Covered Franchising, LLC, 6251 Greenwood Plaza Boulevard, Suite 170, Greenwood Village, CO 80111, or send a fax to Gotcha Covered Franchising, LLC at (303) 202-5201 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: _____

By: _____

Print Name: _____

Its: _____

Date: _____



MARYLAND

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

Item 17 of the FDD and the Franchise Agreement are amended to state: “The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

Representations in the Franchise Agreement are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the FDD and sections of the Franchise Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.

The Franchise Agreement and Franchise Disclosure Questionnaire are amended to state that all representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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.).

MICHIGAN

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

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

- (a) A prohibition on your right to join an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this Act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure 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 us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us 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 five (5) years; and (ii) you are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service

mark, trade name, logotype, marketing, or other commercial symbol in the same area subsequent to the expiration of the Franchise or you do not receive at least six (6) months' advance notice of our intent not to renew the Franchise.

(e) A provision that permits us 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 the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits us to refuse to permit a transfer of ownership of a Franchise, except for good cause. This subdivision does not prevent us 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 our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.

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

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us 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 us the right to acquire the assets of a Franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you unless provision has been made for providing the required contractual services.

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
525 W. Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117



MINNESOTA

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.
 2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.
 3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.
- ~~29-23.~~ With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.
- ~~30-24.~~ Item 6 of the FDD and Section 4.k. of the Franchise Agreement is hereby amended to limit the Insufficient Funds Charge to \$30 per occurrence pursuant to Minnesota Statute 604.113.
- ~~31-25.~~ Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System Standards.
7. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.
 7. The following language will appear as a new paragraph of the Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three (3) years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.
9. Item 6 of the FDD and Section 4k of the Franchise Agreement is hereby amended to limit the Insufficient Funds Fee to \$30 per occurrence pursuant to Minnesota Statute 604.113.

NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

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 added at the end of Item 3:

Except as provided above, with regard to 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 ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for Franchisee to renew or extend,**” and Item 17(m), entitled “**Conditions for Franchisor approval of transfer:**”

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by Franchisee.**”

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of Forum,**” and Item 17(w), titled “**Choice of Law:**”

The foregoing choice of law should not be considered a waiver of any right conferred upon the Franchisor or upon the Franchisee by Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD and Section 7 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that

covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

OHIO

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials _____ Date _____

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five (5) business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten (10) business days following the seller’s receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller’s expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Gotcha Covered Franchising, LLC, 6251 Greenwood Plaza Boulevard, Suite 170, Greenwood Village, CO 80111, or send a fax to Gotcha Covered Franchising, LLC at (303) 202-5201 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date: _____

By: _____

Print Name: _____

Its: _____

RHODE ISLAND

§ 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.” The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the



Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including but not limited to, all venue, choice of law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

SOUTH DAKOTA

Intentionally left blank.

VIRGINIA

Item 17(h). The following is added to Item 17(h):

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable.”

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for Gotcha Covered Franchising, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON

Washington Addendum to the Franchise Disclosure Document, Franchise Agreement, Franchise Disclosure Questionnaire, and related agreements.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington

Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Exhibit G-1:

Exhibit G-1 (the Waiver and Release of Claims) is hereby amended, to clarify that it does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

(Signatures on following page)

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

- | | | | | | |
|--------------------------|------------|--------------------------|--------------|--------------------------|--------------|
| <input type="checkbox"/> | California | <input type="checkbox"/> | Michigan | <input type="checkbox"/> | Rhode Island |
| <input type="checkbox"/> | Hawaii | <input type="checkbox"/> | Minnesota | <input type="checkbox"/> | South Dakota |
| <input type="checkbox"/> | Illinois | <input type="checkbox"/> | New York | <input type="checkbox"/> | Virginia |
| <input type="checkbox"/> | Iowa | <input type="checkbox"/> | North Dakota | <input type="checkbox"/> | Washington |
| <input type="checkbox"/> | Indiana | <input type="checkbox"/> | Ohio | <input type="checkbox"/> | Wisconsin |
| <input type="checkbox"/> | Maryland | | | | |

Dated: _____, 20__

FRANCHISOR:

GOTCHA COVERED FRANCHISING, LLC

By: _____

Title: _____

FRANCHISEE:

By: _____

Title: _____

Rev. 051918

EXHIBIT G

CONTRACTS FOR USE WITH THE GOTCHA COVERED FRANCHISE

The following contracts contained in Exhibit G are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the Gotcha Covered Business. The following are the forms of contracts that Gotcha Covered Franchising, LLC uses as of the Issuance Date of this Franchise Disclosure Document. If they are marked “Sample,” they are subject to change at any time.

EXHIBIT G-1

GOTCHA COVERED FRANCHISE

SAMPLE GENERAL RELEASE AGREEMENT

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (“Release”) is made as of _____, 20__ by _____, a(n) _____ (“Franchisee”), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, “Releasor”) in favor of Gotcha Covered Franchising, LLC, a Colorado limited liability company (“Franchisor,” and together with Releasor, the “Parties”).

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement (“Agreement”) pursuant to which Franchisee was granted the right to own and operate a Gotcha Covered business;

WHEREAS, (Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/amend the Agreement) or (the Agreement is being terminated/or indicate other reason for the requirement of this waiver and release), and Franchisor has consented to such [transfer/successor franchise agreement/amendment/termination/other reason]; and

WHEREAS, as a condition to Franchisor’s consent to (transfer the Agreement/enter into a successor franchise agreement/amend the Agreement/terminate the Agreement/other reason), Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor’s consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. **Representations and Warranties**. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. **Release**. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the “Released Parties”), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third-party claim.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Release to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Colorado.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

(Signatures on following page)

IN WITNESS WHEREOF, Releasor has executed this Release as of the date first written above.

FRANCHISEE:

_____, a

By: _____

Printed Name: _____

Title: _____

FRANCHISEE'S OWNERS:

Date _____

Signature

Typed or Printed Name

Signature

Typed or Printed Name

Rev. 012021

EXHIBIT G-2

GOTCHA COVERED FRANCHISE

SAMPLE SYSTEM PROTECTION AGREEMENT

This System Protection Agreement (“Agreement”) is entered into by the undersigned (“you” or “your”) in favor of Gotcha Covered Franchising, LLC, a Colorado limited liability company, and its successors and assigns (“us”, “we” or “our”), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

“*Competitive Business*” means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by you in and/or from the Franchisee Territory (including, but not limited to, the products we authorize); or (ii) provides or offers to provide services the same as or similar to the type of services sold by you in and/or from the Franchisee Territory (including, but not limited to, the services we authorize), but excludes a Gotcha Covered business operating pursuant to a franchise agreement with us.

“*Copyrights*” means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell, or display in connection with the marketing and/or operation of a Gotcha Covered business or the solicitation or offer of a Gotcha Covered franchise, whether now in existence or created in the future.

“*Franchisee*” means the Gotcha Covered franchisee for which you are a manager or officer.

“*Franchisee Territory*” means the territory granted to you pursuant to a franchise agreement with us.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Gotcha Covered business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual for the operation of a Gotcha Covered business, which may be periodically modified by us.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Gotcha Covered business, including “GOTCHA COVERED,” and any other trademarks, service marks, or trade names that we designate for use by a Gotcha Covered business. The term “Marks” also includes any distinctive trade dress used to identify a Gotcha Covered business, whether now in existence or hereafter created.

“*Prohibited Activities*” means any or all of the following: (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly-traded company that is a Competitive Business); and/or (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees) and/or (iii) inducing or attempting to induce any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee or ours.

“*Restricted Period*” means the two (2)-year period after you cease to be a manager or officer of Franchisee’s Gotcha Covered business; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the “*Restricted Period*” means the nine (9) month period after you cease to be a manager or officer of Franchisee’s Gotcha Covered business.

“*Restricted Territory*” means the geographic area within: (i) a 25-mile radius from Franchisee’s Gotcha Covered business (and including the premises of the approved location of Franchisee); and (ii) a 25-mile radius from all other Gotcha Covered businesses that are operating or under construction as of the beginning of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the “*Restricted Territory*” means the geographic area within a 13-mile radius from Franchisee’s Gotcha Covered business (and including the premises of the approved location of Franchisee).

“*System*” means our system for the establishment, development, operation, and management of a Gotcha Covered business, including Know-how, proprietary programs and products, Manual, and operating system.

2. Background. You are a manager or officer of Franchisee. As a result of this relationship, you may gain knowledge of our System. You understand that protecting the Intellectual Property and our System are vital to our success and that of our franchisees and that you could seriously jeopardize our entire System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Know-How and Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the Gotcha Covered business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a manager or officer of Franchisee’s Gotcha Covered business. You further agree that you will not use all or part of the Intellectual Property or all or part of the System for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. These restrictions on Know-how, Intellectual Property and the System shall not apply to any information which is information publicly known or becomes lawfully known in the public domain other than through a breach of this Agreement or is required or compelled by law to be disclosed, provided that you will give reasonable notice to us to allow us to seek protective or other court orders.

4. Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are a manager or officer of Franchisee’s Gotcha Covered business by engaging in any Prohibited Activities.

5. Unfair Competition After Relationship. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.

6. Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, grandparent or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have

violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities; or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

7. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

8. Breach. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Gotcha Covered franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you may have against us, our owners or our affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

9. Miscellaneous.

a. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

b. This Agreement will be governed by, construed, and enforced under the laws of Colorado, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

c. Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration, and geographic area.

d. You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration, and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory, and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

(Signatures on following page)



EXECUTED on the date stated below.

Date _____

Signature _____

Typed or Printed Name _____

Rev. 120619



EXHIBIT G-3

GOTCHA COVERED FRANCHISE

SAMPLE CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (“Agreement”) is entered into by the undersigned (“you”) in favor of Gotcha Covered Franchising, LLC, a Colorado limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

“*Copyrights*” means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow Gotcha Covered franchisees to use, sell, or display in connection with the marketing and/or operation of a Gotcha Covered Business, whether now in existence or created in the future.

“*Franchisee*” means the Gotcha Covered franchisee for which you are an employee, independent contractor, agent, representative, or supplier.

“*Gotcha Covered Business*” means a business that sells and installs window treatments, including draperies, fabrics, drapery hardware, bedroom ensembles, blinds, shades, and other related products and services using our Intellectual Property.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, Manual, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Gotcha Covered Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual for the operation of a Gotcha Covered Business.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Gotcha Covered Business, including “GOTCHA COVERED” and any other trademarks, service marks, or trade names that we designate for use by a Gotcha Covered Business. The term “Marks” also includes any distinctive trade dress used to identify a Gotcha Covered Business, whether now in existence or hereafter created.

“*System*” means our system for the establishment, development, operation, and management of a Gotcha Covered Business, including Know-how, proprietary programs and products, confidential operations manuals, and operating system.

2. Background. You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees, and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Agreement. In order to avoid such damage, you agree to comply with this Agreement.

3. Know-How and Intellectual Property: Nondisclosure and Ownership. You agree: (i) you will not use the Intellectual Property in any business or capacity other than for the benefit of the Gotcha Covered Business operated by Franchisee or in any way detrimental to us or to the Franchisee; (ii) you will maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized copies of documents containing any Intellectual Property; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Intellectual Property; and (v) you will stop using the Intellectual Property immediately if you are no longer an employee, independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

The Intellectual Property is and shall continue to be the sole property of Gotcha Covered Franchising, LLC. You hereby assign and agree to assign to us any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.

4. Immediate Family Members. You acknowledge you could circumvent the purpose of this Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

5. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

6. Breach. You agree that failure to comply with this Agreement will cause substantial and irreparable damage to us and/or other Gotcha Covered franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

7. Miscellaneous.

a. Although this Agreement is entered into in favor of Gotcha Covered Franchising, LLC, you understand and acknowledge that your employer/employee, independent contractor, agent, representative, or supplier relationship

is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.

b. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

c. This Agreement will be governed by, construed, and enforced under the laws of Utah, and the courts in that state irrevocably shall have exclusive venue and jurisdiction over any legal proceedings arising out of this Agreement.

d. Each section of this Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

EXECUTED on the date stated below.

Date _____

Signature _____

Typed or Printed Name _____

Rev. 032916



EXHIBIT G-4

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee Email Address

Bank Account Information:

Bank Name		
Bank Mailing Address (street, city, state, zip)		
<input type="checkbox"/> Checking <input type="checkbox"/> Savings		
Bank Account No.	(check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)	Bank Phone No.	

Authorization:

Franchisee hereby authorizes Gotcha Covered Franchising, LLC (“Franchisor”) to initiate debit entries to Franchisee’s account with the Bank listed above, and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee’s account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: _____ Date: _____
Name: _____
Its: _____

Federal Tax ID Number: _____

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.

EXHIBIT G-5

GOTCHA COVERED FRANCHISE

SAMPLE APPROVAL OF REQUESTED ASSIGNMENT

This Approval of Requested Assignment (“**Agreement**”) is entered into this ____ day of _____, 20____, between Gotcha Covered Franchising, LLC, (“**Franchisor**”), a Colorado limited liability company, _____ (“**Former Franchisee**”), the undersigned owners of Former Franchisee (“**Owners**”) and _____, a [State] [corporation/limited liability company] (“**New Franchisee**”).

RECITALS

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated _____, 20____ (“**Former Franchise Agreement**”), in which Franchisor granted Former Franchisee the right to operate a Gotcha Covered franchise located at _____ (“**Franchised Business**”); and

WHEREAS, Former Franchisee desires to assign (“**Requested Assignment**”) the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement, including that New Franchisee sign Franchisor’s current form of franchise agreement together with all exhibits and attachments thereto (“**New Franchise Agreement**”), contemporaneously herewith.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. Payment of Fees. In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement (“**Franchisor’s Assignment Fee**”).
2. Assignment and Assumption. Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Former Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Agreement, and conditioned upon New Franchisee’s signing the New Franchise Agreement pursuant to Section 5 of this Agreement.
3. Consent to Requested Assignment of Franchised Business. Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor’s Assignment Fee from Former Franchisee and the mutual execution of this Agreement by all parties. Franchisor waives its right of first refusal set forth in the Former Franchise Agreement.
4. Termination of Rights to the Franchised Business. The parties acknowledge and agree that effective upon the date of this Agreement, the Former Franchise Agreement shall terminate and all of Former Franchisee’s rights to operate the Franchised Business are terminated and that from the date of this Agreement only New Franchisee shall have the sole right to operate the Franchised Business under the New

Franchise Agreement. Former Franchisee and the undersigned Owners agree to comply with all of the covenants in the Former Franchise Agreement that expressly or by implication survive the termination, expiration, or transfer of the Former Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement.

5. New Franchise Agreement. New Franchisee shall execute the New Franchise Agreement for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of a Gotcha Covered franchise as stated in Franchisor's Franchise Disclosure Document.

6. Former Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three-year period following the execution of this Agreement.

7. Acknowledgement by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("**Transaction**") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the approval of Requested Assignment and any required actions regarding New Franchisee's signing of the New Franchise Agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Former Franchisee, and shall not involve Franchisor.

8. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Former Franchise Agreement or Franchised Business. New Franchisee hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the New Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

9. Notices. Any notices given under this Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

10. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Former Franchise Agreement.

11. Affiliates. When used in this Agreement, the term "**Affiliates**" has the meaning as given in Rule 144 under the Securities Act of 1933.

12. Miscellaneous. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Utah.

IN WITNESS WHEREOF, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

FRANCHISOR:

GOTCHA COVERED FRANCHISING, LLC

By: _____

Printed Name: _____

Title: _____

FORMER FRANCHISEE:

By: _____

Printed Name: _____

Title: _____

NEW FRANCHISEE:

By: _____

Printed Name: _____

Title: _____

Rev. 031821

EXHIBIT G-6

GOTCHA COVERED FRANCHISE

**ADDENDUM TO FRANCHISE AGREEMENT
FOR ADDITIONAL AREA(S) OF PRIMARY RESPONSIBILITY**

(PURCHASED BY FRANCHISEE AFTER FRANCHISE AGREEMENT IS SIGNED)

THIS ADDENDUM TO FRANCHISE AGREEMENT (“**Addendum**”) is made and entered into this ____ day of _____, 20__ between GOTCHA COVERED FRANCHISING, LLC, a Colorado limited liability company located at 6251 Greenwood Plaza Boulevard, Suite 170, Greenwood Village, CO 80111 (“**GCF**”); and _____ a _____ located at _____ (“**Franchisee**”).

RECITALS

A. GCF and Franchisee entered into that certain Gotcha Covered Franchising, LLC Franchise Agreement, dated _____, 20__ (“**Agreement**”).

B. Under the terms of the Agreement, GCF granted to Franchisee an option to purchase one or more additional Areas of Primary Responsibility, provided that Franchisee met certain qualifications and the additional Areas of Primary Responsibility were available.

C. Franchisee desires to exercise its option, and the additional Area(s) of Primary Responsibility Franchisee desires is/are available.

D. GCF is willing to grant the Area(s) of Primary Responsibility to Franchisee under the terms of this Addendum.

AGREEMENT

1. Prior to, or contemporaneously with, the signing of this Addendum, Franchisee will pay to GCF a fee of \$ _____ for the additional Area(s) of Primary Responsibility described below.

2. GCF grants to Franchisee the following additional Area(s) of Primary Responsibility:

_____ (“**Additional Area(s)**”).

3. Provided that Franchisee has not lost its rights in the Additional Area(s) by virtue of Franchisee not paying its royalty fees, neither GCF nor any other GCF franchisee is entitled to Actively Promote their GC Businesses in the Additional Area(s) during the term of the Agreement.

4. The royalty chart in Section 4(c)(1) is amended and restated as follows:

Time Period	Monthly Royalty Payment
1 st month of first Franchise Year	
2 nd through 4 th months of first Franchise Year	
5 th through 7 th months of first Franchise Year	
8 th through 12 th months of first Franchise Year	
13 th month through remainder of initial term	

5. Franchisee understands and agrees that this Addendum does not provide any rights to Franchisee other than the right to Actively Promote its Franchise in the Additional Area(s) during the period in which Franchisee has rights to the Additional Areas.

6. All capitalized terms not defined in this Addendum have the same definition as in the Agreement.

7. Except as expressly amended by this Addendum, the Agreement remains in its original form.

GOTCHA COVERED FRANCHISING, LLC

By: _____

Print Name: _____

Title: _____

FRANCHISEE:

By: _____

Print Name: _____

Title: _____

EXHIBIT G-7

GOTCHA COVERED FRANCHISE

SAMPLE SECURED PROMISSORY NOTE

\$ _____, 20__

FOR VALUE RECEIVED, the undersigned _____ (“**Debtor**”), hereby promises to pay to the order of GOTCHA COVERED FRANCHISING, LLC, a Colorado limited liability company (“**Holder**”), the principal sum of _____ and no/100 Dollars (\$ _____), as set forth herein. Such principal shall be payable pursuant to Section 1 at such address as Holder may designate from time to time in writing.

3. Interest, Maturity and Payment.

a. Interest and Maturity: This Promissory Note shall be subject to the following terms (select one):

_____ This Secured Promissory Note will bear interest at 8% per annum, computed monthly on the last day of each month on the outstanding balance, and shall be paid out in equal monthly installments of principal plus interest together until paid in full on the date that is three years following the date first set forth above.

_____ This Secured Promissory Note will bear interest at 9% per annum, computed monthly on the last day of each month on the outstanding balance, and shall be paid out in equal monthly installments of principal plus interest together until paid in full on the date that is four years following the date first set forth above.

_____ This Secured Promissory Note will bear interest at 10% per annum, computed monthly on the last day of each month on the outstanding balance, and shall be paid out in equal monthly installments of principal plus interest together until paid in full on the date that is five years following the date first set forth above.

Payment in full of this Secured Promissory Note shall be due on or before _____, 20__.

b. Interest. All payments on this Note shall be applied first to the payment of any costs, fees, late charges or other charges incurred in connection with the indebtedness evidenced hereby, next to the payment of accrued interest and then to the reduction of the outstanding principal amount balance.

4. Prepayment. Debtor may prepay any portion of this Secured Promissory Note at any time without penalty. Any prepayments shall be first applied as described in Section 1(b) above.

5. Acceleration and Defaulting Interest. At the option of Holder, the entire outstanding principal balance of this Secured Promissory Note shall become immediately due and payable, without notice or demand, upon the occurrence of any one or more of the following events of default: (a) the failure

of Debtor to make any required payment on or before the date such payment is due; (b) the filing of a petition by or against Debtor under the provisions of any state insolvency law or the Federal Bankruptcy Act; (c) any assignment by Debtor for the benefit of creditors; (d) any default by Debtor under the terms of that Franchise Agreement with Holder of even date herewith; (e) any default by Debtor of any other agreement entered into by Debtor with Holder; (f) any expiration, termination or attempt to terminate the Franchise Agreement or any other agreement entered into by Debtor with Holder. In this event, interest and principal shall, from and after the date of such default, bear interest at the rate of either (i) eighteen percent (18%) per annum or (ii) the highest rate permitted by applicable law, whichever is less.

6. Attorney Fees. Debtor agrees to promptly reimburse Holder for all reasonable costs and expenses, including attorney fees and court costs, incurred to collect this Secured Promissory Note or any installment hereunder, if not paid when due.

7. No Waiver. No failure on the part of Holder to exercise, and no delay in exercising any right hereunder, shall operate as a waiver of such right; nor shall any single or partial exercise by Holder of any right hereunder preclude the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

8. Waiver. Debtor hereby waives presentment, demand for payment, protest for nonpayment, notice of dishonor, diligence in collection, and all other demands, notices and indulgences, in connection with the delivery, acceptance, performance or other enforcement of this Secured Promissory Note.

9. Governing Law. This Secured Promissory Note shall be governed by and interpreted in accordance with the laws of the State in which Debtor's franchised business is located, without reference to the choice of law principles thereof.

10. Security. This Secured Promissory Note and the indebtedness evidenced hereby are secured by the Security Agreement attached hereto as Attachment A.

11. Assignment. Debtor may not assign its obligation hereunder without the prior written consent of the Holder. This Secured Promissory Note may be assigned by Holder by providing notice to the Debtor.

12. Final Agreement. This Secured Promissory Note, together with the documents and agreements referred to herein or therein, represents the entire agreement among the parties hereto with respect to the subject matter specified herein, and is intended to be the full, complete and exclusive contract governing those matters, superseding all other discussions, promises, representations, warranties, agreements and understandings among the parties with respect thereto. There are no oral agreements among the parties hereto that are inconsistent with the terms of this Secured Promissory Note. Any signature hereto sent or delivered by email or other electronic transmission shall be as legally binding and enforceable as a signed original for all purposes.

13. Representations and Warranties of Debtor. Debtor hereby represents and warrants to the Holder, which representations and warranties shall survive the execution and delivery hereof, that (a) this Secured Promissory Note is the legally valid and binding obligation of Debtor, enforceable against Debtor in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting enforcement of creditors' rights generally and by general principles of equity (whether applied in a proceeding at law or in equity) and (b) the Debtor is not restricted or prohibited in any way by the terms, provisions or conditions of any material credit or security agreement to which Debtor is a party in connection with Debtor's execution, delivery and performance of this Secured Promissory Note.

14. General Provisions. This Secured Promissory Note may not be amended, modified, or changed, nor shall any waiver of any provision hereof be effective, except by an instrument in writing and signed by the party against whom enforcement of any waiver, amendment, change, modification, or discharge is sought.

Whenever used herein, the words “**Debtor**” and “**Holder**” shall be deemed to include their respective heirs, legal representatives, successors, and assigns.

IN WITNESS WHEREOF, the undersigned has duly executed this Secured Promissory Note on the day and year first above written.

DEBTOR:

EXHIBIT G-7 ATTACHMENT A

SAMPLE SECURITY AGREEMENT

This Security Agreement (this “Agreement”), effective as of the ____ day of _____ 20____, is hereby entered into by and between _____ (“Debtor”), with a mailing address at _____ hereby grants to GOTCHA COVERED FRANCHISING, LLC, a Colorado limited liability company (“Secured Party”), with an address at _____, and its successors and assigns. All capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Uniform Commercial Code for the State (the “Uniform Commercial Code”) set forth below as the governing law for this Agreement.

1. Grant of a Security Interest. Debtor hereby grants to the Secured Party for the benefit of the Secured Party, to secure the full, punctual and unconditional payment and performance of the Note (as defined below) a first priority lien and security interest in the following assets, together with all replacements, proceeds, products, accessories, parts, additions, and accessions thereof or related thereto, now or hereafter affixed or used in connection therewith, and whether now owned or hereafter acquired, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof (the “Collateral”):

All assets (including personal and fixture property of every kind and nature) used by or in connection with the business of the Debtor for that certain franchised business pursuant to which a Franchise Agreement has been entered into with Secured Party, dated as of _____ (the “Franchise Agreement”), including all Instruments (including promissory notes), Documents, Accounts, Chattel Paper (whether Tangible Chattel Paper or Electronic Chattel Paper), Deposit Accounts (other than payroll accounts), Letter of Credit Rights (whether or not the letter of credit is evidenced by a writing), Commercial Tort Claims, Securities and all other Investment Property, Supporting Obligations, any other contract rights or rights to the payment of money, all sums payable under any policy of insurance (including without limitation, any return for premiums), tort claims, all General Intangibles (including all Payment Intangibles), personal assets, any other contract rights (including all executory contracts pertaining to or arising from the operation of the Debtor’s business), franchise lease and rights thereto, customer lists, customer profiles, promotional brochures, mailing lists, and goodwill.

Debtor agrees that the security interest herein granted has attached and shall continue until (i) the Note has been paid, performed and indefeasibly discharged in full and (ii) the Secured Party is no longer committed to extend any credit to the Debtor under the Franchise Agreement, any credit agreement or any other loan document. The security interest is granted as security only and shall not subject the Secured Party to transfer to the Secured Party, or in any way affect or modify, any obligation or liability of the Debtor with respect to any of the Collateral or any transaction in connection therewith.

Debtor agrees to execute such other documentation as may be necessary under applicable law to allow Secured Party continuously to hold and perfect a security interest in the Collateral.

2. Authorization to File Financing Statements and Take Other Action. Debtor hereby irrevocably authorizes Secured Party at any time and from time to time to sign (if required) and file in any appropriate Filing Office, wherever located, any Financing Statement that (a) describes the Collateral (i) as all assets of Debtor or words of similar effect, regardless of whether any particular assets comprised in the Collateral falls within the scope of Article 9 of the Uniform Commercial Code of such jurisdiction, or (ii) as being of any equal or lesser scope or with greater detail and (b) contains any other information required

by Part 5 of Article 9 of the Uniform Commercial Code of the applicable jurisdiction for the sufficiency or Filing Office acceptance of any Financing Statement, including (i) whether Debtor is an organization, the type of organization and any organization identification number issued to Debtor and, (ii) in the case of a Financing Statement filed as a Fixture Filing, a sufficient description of real property to which the Collateral relates. Debtor also authorizes Secured Party to file a copy of this Agreement in lieu of a Financing Statement, and to take any and all actions required by any earlier versions of the Uniform Commercial Code or by any other applicable law. Debtor shall provide Secured Party with any information Secured Party shall reasonably request in connection with any of the foregoing.

3. The Obligation. The security interest granted hereby is to secure payment and performance of all of the liabilities and obligations of Debtor to Secured Party pursuant to that certain Secured Promissory Note of even date herewith (the "Note").

4. Representations And Warranties Respecting The Collateral. Debtor hereby represents and warrants to Secured Party as follows, each such representation and warranty to continue in full force so long as this Agreement remains in effect:

a. Debtor is, and in the case of property acquired after the date hereof, will be, the sole legal and equitable owner of the Collateral purported to be owned by it, holding good and marketable title to the same free and clear of all Encumbrances, and has good right and legal authority to pledge, sell, assign, deliver, and create this security interest in such Collateral in the manner herein contemplated.

b. This Agreement creates a valid and continuing lien on and security interest in the Collateral, and will be enforceable as such against creditors of Debtor, any owner of the real property where any of the Collateral is located, any purchaser of such real property and any present or future creditor obtaining a lien on such real property.

c. Neither Debtor nor any of its predecessors has performed any act or is bound by any agreement which might prevent Secured Party from enforcing any of the terms of this Agreement, or which would limit Secured Party in any such enforcement.

d. Each Account constituting Collateral (i) is and will be a true and correct statement of the actual Indebtedness incurred by each Account Debtor with respect thereto, (ii) arises and will arise out of or in connection with the sale or lease of Goods or for the rendering of services by Debtor to each Account Debtor, and (iii) is and shall be a valid, legal and binding obligation of the party purported to be obligated thereon, enforceable in accordance with its terms and free of material setoffs, defenses or counterclaims.

e. All Inventory constituting Collateral at any time are and will be genuine and salable in the ordinary course of Debtor's business.

f. Pursuant to the terms of this Agreement, Debtor has endorsed, assigned and delivered to Secured Party all promissory notes and other Instruments pledged hereunder. Regardless of the form of such endorsement, the Debtor hereby waives presentment, demand, notice of dishonor, protest, notice of protest and all other notices with respect thereto.

g. No authorization, approval or other action by, and no notice to or filing with, any domestic or foreign governmental authority or regulatory body or consent of any other Person is required for (i) the grant of the security interest contemplated hereby, (ii) the execution, delivery or performance of this Agreement by Debtor or (iii) the perfection of the security interest contemplated hereby or the exercise

by Secured Party of its rights and remedies hereunder, other than the filing of Financing Statements under the Uniform Commercial Code.

h. Debtor has no knowledge of any fact that would impair the validity or make uncollectible any material amount of the Collateral that is Accounts, Chattel Paper, Payment Intangibles, General Intangibles, contract rights, Documents or Instruments, and to the best of Debtor's knowledge, each obligor liable on such Collateral has and will have the capacity to contract.

5. Default. Time is of the essence under this Security Agreement, and Debtor shall be in default (“**Default**”) under this Security Agreement upon the happening of any of the following events or conditions: (1) the occurrence of a default under the Note; or (2) Debtor’s failure to use the Collateral as provided herein; (3) Debtor’s failure to prevent liens from attaching to the Collateral, except as provided herein; and (4) a breach of any provision of this Agreement. Waiver of any Default by Secured Party shall not constitute a waiver of any subsequent Default.

6. Remedies. Upon the occurrence of and during the continuance of any Default pursuant to Section 4 above, in addition to the rights and remedies of a secured party under the Uniform Commercial Code, Secured Party may, by written notice to Debtor, declare the commitments of Secured Party under the Franchise Agreement to be terminated, whereupon such commitments shall forthwith terminate regardless of when such event occurs. Secured Party, by written notice to Debtor, may terminate the Franchise Agreement, whereupon all amounts due to Secured Party shall become and be forthwith due and payable, without presentment, demand, protest, or further notice of any kind, all of which are hereby expressly waived by Debtor. Secured Party may, at its option, without notice or demand, cause all of the obligations under the Note to become immediately due and payable. With respect to any Collateral consisting of Accounts, Secured Party may (i) demand, collect, and receive any amounts relating thereto, as Secured Party may determine; (ii) commence and prosecute any actions in any court for the purposes of collecting any such Accounts and enforcing any other rights in respect thereof, (iii) defend, settle or compromise any action brought and, in connection therewith, give such discharges or releases as Secured Party may deem appropriate; (iv) receive, open and dispose of mail addressed to any of Debtor and endorse checks, notes, drafts, acceptances, money orders, bills of lading, warehouse receipts or other instruments or documents evidencing payment, shipment or storage of the goods giving rise to such Accounts or securing or relating to such Accounts, on behalf of and in the name of any of Debtor; and (v) sell, assign, transfer, make any agreement in respect of, or otherwise deal with or exercise rights in respect of, any such Accounts or the goods or services which have given rise thereto, as fully and completely as though Secured Party were the absolute owner thereof for all purposes. With respect to any Collateral consisting of Equipment or Inventory, Secured Party may (i) make, adjust and settle claims under any insurance policy related thereto and place and pay for appropriate insurance thereon; (ii) discharge taxes and other Encumbrances at any time levied or placed thereon; (iii) make repairs or provide maintenance with respect thereto; and (iv) pay any necessary filing fees and any taxes arising as a consequence of any such filing. Secured Party shall have no obligation to make any such expenditures nor shall the making thereof relieve Debtor of its obligation to make such expenditures.

Without limiting the foregoing, upon the occurrence of a Default, Secured Party shall have all the rights of a secured party under the Uniform Commercial Code, including the right to take possession of and to sell all, or any part of, the Collateral at public or private sale. Upon the request of Secured Party, Debtor shall assemble and deliver the Collateral to such location as Secured Party shall request. If any notification of intended disposition of any of the Collateral is required by law, such notification shall be deemed to have occurred if mailed, in accordance with Section 12 of this Agreement, at least seven (7) days before such disposition. Any proceeds of a disposition of the Collateral or any part thereof may be applied by Secured Party to the payment of expenses in connection with the Collateral (including, without limitation, the storage and/or disposition thereof), including reasonable attorney fees and legal expenses, and any balance

of such proceeds may be applied by Secured Party toward the payment of the any obligation of Debtor arising under this Agreement or the Franchise Agreement in such order of application as Secured Party may from time to time deem appropriate.

7. Debtor's Right To Possession. Unless and until the occurrence of a Default as defined herein or in the Agreement, and unless possession is required to perfect a security interest, Debtor shall have possession of the Collateral and may use the same in any lawful manner not inconsistent with or contrary to this Agreement.

8. Termination. Upon payment to Secured Party of all obligations of Debtor pursuant to the Franchise Agreement and the Note, this Agreement shall terminate and Secured Party hereby agrees to execute and deliver any and all necessary documents to effectuate a release of the Collateral and termination of any security interest granted pursuant hereto.

9. Complete Agreement; Amendments. This Agreement, along with the Franchise Agreement and the Note, is the entire agreement, and supersedes any prior agreements and contemporaneous oral agreements of the parties concerning its subject matter. No amendment of, or waiver of, a right under this Agreement will be binding unless it is in writing and signed by the party to be charged.

10. Governing Law. This Security Agreement will be governed by and interpreted in accordance with the laws of the State in which Debtor's franchised business is located, without reference to the choice of law principles thereof.

11. Severability; Successors And Assigns. To the extent a provision of this Security Agreement is unenforceable, this Security Agreement will be construed as if the unenforceable provision were omitted. A successor to or assignee of Secured Party's rights and obligations under this Agreement will succeed to Secured Party's rights and obligations under this Agreement.

12. Notices. A notice or other communication to a party under this Agreement will be in writing (except that entitlement orders may be given orally), will be sent to the party's address set forth above, or to such other address as the party may notify the other parties of, and will be effective on receipt.

13. JURY WAIVER. EACH OF THE PARTIES WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT, ANY RIGHTS, REMEDIES, OBLIGATIONS, OR DUTIES HEREUNDER, OR THE PERFORMANCE OR ENFORCEMENT HEREOF OR THEREOF.

14. Counterparts; Time. This Agreement may be executed and acknowledged in counterparts, all of which executed and acknowledged counterparts shall together constitute a single document. Facsimile signature pages will be acceptable and shall be conclusive evidence of execution. Time is of the essence with regard to each provision of this Agreement as to which time is a factor.

15. Attorney Fees. If any legal action or any arbitration or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default, or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorney fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

DEBTOR:

SECURED PARTY:

EXHIBIT I

STATE EFFECTIVE DATES

State Effective Dates

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

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

State	Effective Date
California	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
Rhode Island	Pending
Virginia	Pending
Washington	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 J

RECEIPT

RECEIPT
(Retain This Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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

Under Iowa law, if applicable, Gotcha Covered Franchising, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires Gotcha Covered Franchising, LLC to give you this disclosure document at least ten (10) business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Gotcha Covered Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
Paul Linenberg, 6251 Greenwood Plaza Boulevard, Suite 170, Greenwood Village, CO 80111, (303) 202-1120

Issuance Date: April 10, 2024

I received a disclosure document issued April 10, 2024, which included the following exhibits:

- Exhibit A List of State Administrators/Agents for Service of Process
- Exhibit B Franchise Agreement
- Exhibit C Financial Statements
- Exhibit D Brand Standards Manual Tables of Contents
- Exhibit E List of Current and Former Franchisees
- Exhibit F State Addenda and Agreement Riders
- Exhibit G Contracts for use with the Gotcha Covered Franchise
- Exhibit H Franchise Disclosure Questionnaire
- Exhibit I State Effective Dates
- Exhibit J Receipt

_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name

Rev. 012417

PLEASE RETAIN THIS COPY FOR YOUR RECORDS.

**RECEIPT
(Our Copy)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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

Under Iowa law, if applicable, Gotcha Covered Franchising, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires Gotcha Covered Franchising, LLC to give you this disclosure document at least ten (10) business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Gotcha Covered Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
Paul Linenberg, 6251 Greenwood Plaza Boulevard, Suite 170, Greenwood Village, CO 80111, (303) 202-1120

Issuance Date: April 10, 2024

I received a disclosure document issued April 10, 2024, which included the following exhibits:

- Exhibit A List of State Administrators/Agents for Service of Process
- Exhibit B Franchise Agreement
- Exhibit C Financial Statements
- Exhibit D Brand Standards Manual Tables of Contents
- Exhibit E List of Current and Former Franchisees
- Exhibit F State Addenda and Agreement Riders
- Exhibit G Contracts for use with the Gotcha Covered Franchise
- Exhibit H Franchise Disclosure Questionnaire
- Exhibit I State Effective Dates
- Exhibit J Receipt

_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name

Rev. 012417

Please sign this copy of the receipt, date your signature, and return it to Gotcha Covered Franchising, LLC, 6251 Greenwood Plaza Boulevard, Suite 170, Greenwood Village, CO 80111.