

FRANCHISE DISCLOSURE DOCUMENT



Painter Bros Franchising, LLC
a Utah limited liability company
880 North 100 East
Lehi, Utah 84043
(801) 995-2513
info@painterbros.com
www.painterbros.com

As a Painter Bros franchisee, you will operate a painting business that provides professional residential and commercial painting services to the public, businesses, and to government agencies using our proprietary methods and system. We train and support franchisees in providing the highest level of customer services using top-of-the-line products and attention to detail, leading to an industry-recognized level of service. Additionally, our franchisees have access to our proprietary bidding software, and, when available, pre-negotiated government and commercial services contracts. In addition to painting services, Painter Bros franchisees have access to multiple revenue streams through ancillary services such as facility maintenance, paint or graffiti removal, and handyman-type repairs.

The total investment necessary to begin operation of a 1-territory Painter Bros franchise business is \$87,300 to \$264,700; and \$143,100 to \$337,400 for a 2-territory franchise; and \$204,900 to \$424,100 for a 3-territory franchise. These amounts include the \$67,800 to \$68,700 that must be paid to the franchisor or its affiliates for a 1-territory franchise; \$117,600 to \$119,400 that must be paid to the franchisor or its affiliates for a 2-territory franchise; and \$163,400 to \$166,100 that must be paid to the franchisor or its affiliates for a 3-territory franchise.

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 to you. To discuss the availability of disclosures in different formats, contact Zach Tanner at info@painterbros.com and (801) 995-2513.

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

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

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

Issuance Date: April 29, 2023

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit "C."
How much will I need to invest?	Items 5 and 6 list fees that 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 "B" 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 Painter Bros 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 Painter Bros franchisee?	Item 20 or Exhibit "C" lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

Your state may also 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 Utah. 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 Utah than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement, even if your spouse has no ownership interest in the franchise. This Guarantee will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
4. **Unregistered Trademark.** Although we have a registered trademark for the name "Painter Bros," we do not have a federal registration for our principal trademark logo. Therefore, our trademark logo does not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark logo, which may increase your expenses.
5. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
6. **Mandatory Minimum Payments.** You must make minimum advertising fund payments, regardless of your sales levels. Your inability to make the payments, may result in termination of your franchise and loss of your investment."
7. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history."

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.

**STATE REGULATIONS
FOR THE STATE OF MICHIGAN**

**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

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 under a franchise:

1. A prohibition on the right of a franchisee to join an association of franchisees.
2. A requirement that a franchisee assent to a release, assignment notation, 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.
3. A provision that permits a franchisor to terminate a franchise before the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure failure after being given written notice thereof and a reasonable opportunity, which in no event need to be more than 30 days, to cure failure.
4. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area after to the expiration of the franchise or the franchisee does not receive at least 6 months' advance notice of franchisor's intent not to renew the franchise.
5. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
6. 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.
7. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - a. The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - b. The fact that the proposed transferee is a competitor of the franchisor or sub franchisor.
 - c. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

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

8. 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 franchisor 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).

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

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

Any questions regarding this notice may be directed to the following address:

Michigan Attorney General's Office
Consumer Protection Division
525 W. Ottawa Street
Lansing, MI 48909
Telephone: (517) 373-7117

TABLE OF CONTENTS

Item No.		Page No.
1.	The Franchisor and any Parents, Predecessors, and Affiliates.....	8
2.	Business Experience.....	10
3.	Litigation.....	11
4.	Bankruptcy.....	11
5.	Initial Fees.....	11
6.	Other Fees.....	12
7.	Estimated Initial Investment.....	16
8.	Restrictions on Sources of Products and Services.....	23
9.	Franchisee's Obligations.....	26
10.	Financing.....	27
11.	Franchisor's Assistance, Advertising, Computer Systems, and Training.....	27
12.	Territory.....	33
13.	Trademarks.....	35
14.	Patents, Copyrights and Proprietary Information.....	37
15.	Obligation to Participate in the Actual Operation of the Franchise Business.....	38
16.	Restrictions on What the Franchisee May Sell.....	39
17.	Renewal, Termination, Transfer and Dispute Resolution.....	40
18.	Public Figures.....	42
19.	Financial Performance Representations.....	43
20.	Outlets and Franchisee Information.....	47
21.	Financial Statements.....	49
22.	Contracts.....	49
23.	Receipts.....	49
	State Addenda (CA, IL, IN, MD, MN, NY, VA, WA, and WI).....	Schedule A-1

EXHIBITS

- A. Franchise Agreement and its Exhibits
- B. Financial Statements
- C. Schedule of Franchisees
- D. List of Agents for Service of Process
- E. List of State Agencies Responsible for Franchise Disclosure and Registration Law
- F. Table of Contents for Operations Manual
- G. Release Agreement
- H. Signing Checklist

RECEIPTS

FRANCHISE DISCLOSURE DOCUMENT

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor

The name of the franchisor is Painter Bros Franchising, LLC. In this disclosure document Painter Bros Franchising, LLC is referred to as “we” or “us” or “our” or “Painter Bros”; “franchisee,” “you” or “yours” means the person or persons, individually and collectively, who buys the franchise from us and includes the current and future owners of a franchisee that is a corporation, partnership, or other entity.

Painter Bros Franchising, LLC was organized on January 4, 2017, in the state of Utah. Our principal place of business is 880 North 100 East, Lehi, Utah 84043. Our agents for service of process in various states are disclosed in Exhibit “D.”

We started offering Painter Bros franchises in January 2017. We do not have any other business activities other than franchising, and we do not do business under any name other than “Painter Bros” or Painter Bros Franchising, LLC. We do not operate a business similar to the business our franchisees operate, and we have not offered franchises in any other line of business.

Parents, Predecessors and Affiliates

Our affiliate Colors Are Us of Nevada, LLC was formed on May 14, 2018, in the state of Nevada. Its principal place of business is 880 North 100 East, Lehi, Utah 84043. It contracts with commercial businesses and governmental agencies to fulfill painting and contracting needs. It either fulfills these contracts or subcontracts the work to an affiliate or to franchisees. It has operated this business since 2020. Colors Are Us of Nevada, LLC has not offered franchises in this or any other line of business.

We have no parent or predecessors, and we do not have any other affiliates required to be disclosed in this Item 1.

Franchise Offered

As a Painter Bros franchisee, you will operate a painting business that provides professional residential and commercial painting services to the public, businesses, and to government agencies using our proprietary methods and system. We train and support franchisees in providing the highest level of customer services using top-of-the-line products and attention to detail, leading to an industry-recognized level of service. Additionally, our franchisees have access to our proprietary bidding software, and, when available, pre-negotiated government and commercial services contracts. In addition to painting services, Painter Bros franchisees have access to multiple revenue streams through ancillary services such as facility maintenance, paint or graffiti removal, and handyman-type repairs.

Only painting services and other authorized general contracting, facility maintenance, and other construction business can be offered through your franchise business. You are not required to provide general contracting or construction work, but if you do, all such work must be billed through the franchise entity, and “gross sales,” as defined in the franchise agreement, will include the gross sales generated through general contracting or construction work and are subject to reporting, royalties, advertising fees, and any other applicable contractual obligations.

You will be required to purchase specific materials, supplies and equipment and to strictly follow our standards, methods, policies, and procedures in the operation of your franchise business that are described in more detail in our franchise agreement attached as Exhibit “A” to this disclosure document.

Commercial and Government Contracts

As part of the franchise, you may be able to perform work on commercial or government contracts. Our affiliate Colors Are Us of Nevada, LLC currently contracts with commercial businesses and governmental agencies to fulfill painting and contracting needs. Some of these commercial contracts currently include national brands such as Home Depot, Walmart, Target, Lowes, Sam's Club, etc. Additionally, Painter Bros is registered with the federal government to participate in all contracts exceeding \$25,000. Through this, Painter Bros is granted a daily list of new procurement opportunities.

If our affiliate receives a job opportunity in your territory, our affiliate may share that opportunity with you, another franchisee, or our affiliate can perform that job, at its discretion. Franchisees must remain in good standing under the franchise agreement and must properly perform the given commercial and government jobs to remain eligible to receive notifications of such jobs. Additionally, many government contracts put stipulations to perform certain jobs, and a franchisee may only bid on those jobs it can perform if its bid is accepted. You cannot bid on or pursue commercial or government contracts that are more than 50 miles outside your territory.

A franchisee that receives notice from our affiliate of a commercial or government job opportunity would be required to submit a bid to our affiliate for that job. Our affiliate would then submit that bid to the company or government agency after adding an administration fee to the bid. If the bid is accepted, and the franchisee completes the job, our affiliate would pay the franchisee the original bid amount (the bid amount prior to the addition of the administration fee) and deduct and pay to us all applicable royalties, advertising fees, etc., on the amount paid to the franchisee for that job. Commercial and government contracts are generally paid net 30 to net 45, and our affiliate would remit a franchisee's portion of the payment within 10 days after receiving payment.

Additionally, because of our ability to obtain contracts in various states and regions, all national or regional commercial contracts (contracts with businesses or operations located in more than one state) and federal government contracts must be contracted through us or our affiliates unless otherwise approved in writing by us.

Area Representatives

Although we do not currently offer area representative agreements, in the past we have offered (and we may again offer) area representative agreements to qualified buyers. We currently only have one area representative in the area of Houston, Texas. If your franchise is located in one of our area representative's territories, that area representative may be responsible for providing certain services to you. We are not required to maintain the area representative program.

General Description of Market and Competition

The general market for professional residential and commercial painting services is well-developed and competitive. You will typically compete with other established residential and commercial painting businesses. There are many of these competitors from large national chains to small independent operators. You may also encounter competition from other Painter Bros franchises operated by us or other franchisees outside your territory. This business may be operated year-round but may have increased sales in the warmer months due to the nature of the product or services.

Laws and Regulations Regarding the Painting Industry

Because this franchise is in the painting industry, specific regulations regarding painting and contractor licenses will apply to the operation of your franchise. These regulations pertain to contractor licensing, lead paint removal and disposal, paint and solvent, hazardous waste handling and disposal, as well as laws and regulations pertaining to worker safety and health in the workplace. See the following link for more details www.epa.gov/lead/renovation-repair-and-painting-program.

There are also many state and local codes, ordinances, or statues regarding contractor licensing requirements, as well as statues and regulations detailing how to define independent contractors, all of which could affect the operation of your franchise. In order to operate our franchise in your jurisdiction, you, or an employee of yours may be required to obtain a general painter contractor's license and/or a general contractor's license.

You should investigate whether there are any state or local laws, regulations or requirements that may apply in the geographic areas in which you intend to conduct business. One source of information regarding laws and regulations is Painting and Decorating Contractors Association at www.pdca.org.

General Business Laws

You are required to follow all laws and regulations that apply to business generally. The details of state, county and local laws and regulations vary from place to place. You must research these matters. Please be aware that the changes in these laws may increase the cost to operate your business. You are solely responsible to determine what local or state regulations, permits and licenses you will need to comply with and/or obtain to conduct the franchise business in a particular state, city, or town. You should consider both the effect of any such laws and regulations on your business and the cost of legal compliance. Therefore, we recommend that before signing the franchise agreement, you engage an attorney or other professional advisor to assist you both in determining what laws, ordinances and regulations may affect your establishment or operation of a Painter Bros business, and in complying with them.

ITEM 2 BUSINESS EXPERIENCE

Zach Tanner – Founder

Mr. Tanner has served as our Founder since our inception in January of 2017. Since May 2013, Mr. Tanner has been an owner and principal officer of various Painter Bros affiliated companies in Arizona, Nevada, Oregon, and Utah. Additionally, Mr. Tanner has held the title of Owner for ZT Investments, LLC in Lindon, Utah since January 2015.

Bailey Rayner – VP of Franchise Development

Ms. Rayner has served as our VP of Franchise Development since February 2023. From January 2022 until February 2023, Ms. Rayner was our Brand Manager. Since January 2022, Ms. Rayner has also worked in development with FM Flow, a software company in Utah. Ms. Rayner has also been a Board Member for iWIT, LLC in Boise, Idaho since December 2021, and since June 2019, Ms. Rayner has been an owner of Bailey Media, LLC in Bountiful, Utah. Previously, Ms. Rayner served as a Sales Manager for Paymentstars, Inc. in Boise, Idaho from September 2020 until January 2022, and a Data Analyst & Software Developer for Juggernautgroup, LLC from February 2018 until January 2022.

Yeny Palama – Director of Operations

Ms. Palama has been our Director of Operations since February 2023. From July 2022 to the present, Ms. Palama has been the owner of Palm House Services, in St. Petersburg, Florida. From March 2021 to July 2022, she was the District Manager for Brixton Employment Services in Kansas City, Missouri. Additionally, from February 2019 to March 2021, Ms. Palama was the District Director of Business Development for Paychex in Overland Park, Kansas. From September 2018 to January 2019, Ms. Palama was the Executive Director for Brookdale Senior Living in Overland Park, Kansas. And from January 2016 to August 2018, she was the VP of Business Development for Castle Construction in Denver, Colorado.

Luis Pineiro –Director of National Painting Projects

Mr. Pineiro has served as our Director of National Projects since February of 2021. Since May of 2021, Mr. Pineiro has also been an owner of two affiliate companies operating Painter Bros businesses in Utah and Oregon, and

since May of 2021, he has been the manager of our affiliate's Nevada Painter Bros business. Previously, Mr. Pineiro was a franchisee of ours and owner of Pineiro's Professional Painting, LLC in South Jordan, Utah from February 2017 until May 2021.

Nick Ridd – Commercial Construction Project Manager

Mr. Ridd has served as our Commercial Construction Project Manager since January of 2022. Since January 2022, Mr. Ridd has also served as the Project Manager for our affiliate Colors Are Us, LLC in Utah. Previously, Mr. Ridd served as a Facility & Property Manager for Target, Inc. in Minneapolis, Minnesota from September 2009 until January 2022.

Nick Schneider – Commercial Sales and Products Manager

Mr. Schneider has served as our Commercial Sales & Products Manager since October 2021. He has also been an operations supervisor and part owner of our affiliate Colors are Us of Arizona, LLC in Phoenix, Arizona, since August 2020 and Estimator for our affiliate Colors are Us, LLC in Salt Lake City, Utah since June of 2019. Previously, Mr. Schneider served as a Manager for Dillard's, Inc. in Provo, Utah from August 2015 until February 2020.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Initial Franchise Fee

The initial franchise fee for a 1-territory franchise is \$65,000; the initial franchise fee for a 2-territory franchise is \$112,000; and the initial franchise fee for a 3-territory franchise is \$155,000. Each territory will have a minimum of 250,000 people. For example, a 3-territory franchise would have a minimum population of 750,000 people. The initial franchise fee is paid in a lump sum in full upon signing the franchise agreement.

Veteran Discount

To honor those men and women who have served our country in the U.S. Armed Forces, we offer a 15% discount off the initial franchise fee, contingent upon verification of honorable separation.

Required Purchases from the Franchisor or an Affiliate

All franchisees must purchase a startup package from us that includes a technology package, logoed pens, estimate folders, door hangers, business cards, logoed polos and t-shirts, brochures, job folders and a laser measurer at a cost of between \$2,800 and \$3,700 per territory. This amount is due at the time of ordering.

Initial Training

After you sign the franchise agreement, you must send your operating principal and up to 2 management and/or executive level persons to attend the initial training. There is no training fee for this training unless you request additional persons to be trained. Additional trainees may attend the initial training for a fee of \$250 per person, per day. You may also elect to attend training for assistance in obtaining a painter contractor's license, which is an optional one-day training and is \$500. If you require or request additional

days of training, there will be an additional fee of \$250 per person, per day, and we have the right in our sole discretion to limit additional training to 3 workdays (one representative for one day equals one work day, so 3 representatives assisting for one day would be 3 total work days). You must bear the cost of all travel, lodging, meals and all other living costs and expenses and compensation for all of your attendees to attend the initial training. The cost of additional trainees or additional days at training must be paid half upfront and half due within 10 days of completing the training. The fee for rescheduling your initial training within 10 days of the scheduled date is \$500.

Uniformity and Refunds

In 2022, we waived the initial franchise fee for a franchisee in return for royalty on all revenue from that franchisee's current construction business and its Painter Bros franchise. Unless otherwise described above, these costs and fees are uniform and are non-refundable for all franchisees as described above.

ITEM 6 OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Relocation Fee ^{1,4}	Our costs to approve the new territory at approximately \$50 per work hour, plus our legal fees	Upon approval by us of the relocation of your territory	
Successor Franchise Agreement Fee ¹	50% of the then-current initial franchise fee	Prior to your entering into a successor franchise agreement	A successor franchise agreement is available to you only if you meet each of the requirements described in the franchise agreement at the time of your timely election to enter into a successor franchise agreement. This fee must be paid upfront at the time of entering into a successor franchise agreement.
Royalty ¹	5% of gross sales	Payable weekly to be received by Thursday of the following week (a sales week runs Thursday through Wednesday).	Gross sales include all revenue from the franchise business, but does not include sales tax or bona fide credits, if applicable. We require royalties to be paid by check or in accordance with our electronic funds transfer or automatic withdrawal program as developed. You cannot pay royalties with a credit card or any unauthorized form of payment.
Advertising Fee ^{1,2}	The greater of \$250 (per territory) per month or 2% of monthly gross sales	Same as royalty payments	See Note 2 below.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Lead Generation / Local Google Ads ^{1,2,4}	\$1,000 per month, per territory	Same as royalty payments	You must pay this to our designated marketing company to run Google Ads or similar online ads or lead generation in your territory or territories. The fee is \$2,000 per month, per territory for your first 3 months.
Late Charges ^{1,4}	\$25 per late fee	Payable with royalty or on demand	Charges begin to accrue after the due date of any required payment or report. You will be charged \$25 per day for each late fee or late report (up to \$500 per late fee).
Interest on Late Fees and Reports ^{1,4}	18% interest or maximum rate permitted by state law, whichever is less	Payable with royalty or on demand	Interest begins to accrue on the total amount (fee plus any late charge) after the due date of any required payment or report.
Non-Sufficient Fund Fees ^{1,4}	\$50 per bounced check or insufficient or disputed draft	Payable with royalty or on demand	Or maximum allowed by state law (see state specific addendum).
Sales or Use Tax ¹	Sum equal to tax imposed	Upon demand	If a sales, use, or value added tax is assessed on fees you pay to us, you must also pay us the applicable tax when invoiced.
Audit Charge ¹	Cost of audit	On billing	Payable only if an audit shows an understatement of 2% or more of gross sales for the time period audited, or records are unorganized or unavailable
Technology Fee ^{1,4}	\$250 per month	Same as royalty payments	This fee includes basic website presence and up to 3 corporate domain email addresses. In our discretion, we may provide you additional email or web addresses, and such additional costs will be borne by you.
New Operating Principal or New Manager Training ^{1,4}	\$350 per day for additional training	In advance of training	Any new operating principal must complete the initial training program prior to taking over as the operating principal. New managers may be trained by your operating principal, but we can also require your managers to be trained by us if we reasonably believe such training would be in the best interest of your franchise. You will be required to pay all associated travel, food, and lodging associating with such training.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Additional In-Person Training ^{1,4}	\$250 per person, per day	Upon billing	Depending on advanced notice and our availability, you may request additional in-person training. In such case, you will also be required to pay all travel, lodging, food and other expenses for your representatives or our representatives depending on where the training takes place. We reserve the right to limit additional in-person training.
Rescheduling Fee ¹	\$500	Upon demand	Payable if you reschedule one of our trainings or don't comply with any pre-training requisites
Insurance Reimbursement Fee ^{1,4}	Reimbursement of premium amount, plus an administration fee of \$50 per work hour	Upon demand	You are required to hold and maintain your own insurance, but in the event you fail to do so, we have the right to obtain insurance on your behalf, and you are required to reimburse us the premium payments.
PCI and DSS Audit Reimbursement Fee ¹	Costs of the audit	Upon demand	You must reimburse us all costs related to an audit for your non-compliance with PCI and DSS requirements.
Conference and Seminar Fees ^{1,4}	\$800 to \$1,500 per attendee	At time of registering for the conference or seminar	You will also be responsible for your travel, food, and lodging cost.
Interim Management Fee ^{1,4}	\$500 per day, per representative	Time of service	Payable if we elect to operate your business during your unapproved closing, unapproved absence, incapacity, death, or after you have been given a notice of default and failed to cure. You must also pay all travel, lodging, food and other expenses for our representative(s) and other expenses that may be incurred by us to perform such services, plus royalties, advertising fees and other applicable fees. The interim management period will not last more than 6 months unless otherwise agreed by you.
Contractor License Assistance ^{1,4} (Optional)	\$500	Upon billing	We provide an optional one-day training to assist you in obtaining your contractor's license.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Supplier Evaluation Fee ^{1,4}	\$500, plus reimbursement for all our actual costs and expenses of testing	The fee is due before we evaluate potential suppliers.	Payable if you want to have unapproved suppliers evaluated for our approval and is due regardless of whether we approve of the supplier.
Additional Copies of Marketing Materials ^{1,4}	Our actual costs, plus 10%, plus shipping and handling	Time of delivery	We may develop and provide you samples of marketing and promotional materials.
Fees on Default ¹	Our costs associated with your default	On demand, as incurred	Paid in addition to other payments to us
Post-Termination Fees ¹	Varies	As incurred	You will be responsible to pay us any post-termination expenses, including attorney's fees and costs to enforce your post-term obligations.
Early Termination Liquidated Damages	Average royalty from the previous 12 months multiplied by the lesser of 24 months or the remaining term of your franchise agreement	Upon termination	Payable if your franchise agreement is terminated prior to the expiration of the term. This is only to compensate for lost royalties and is not our only remedy.
Franchise Agreement Transfer Fee ¹	\$5,000, per territory	At time of approved transfer	Payable when you sell your franchise and prior to our signing any approval or new agreement. Subject to state law.
Minority Interest Transfer Fee ¹	Our legal fees and administrative costs related to the transfer	On demand	This fee applies to transfers of up to 40% of your franchisee entity—cumulative during the term of the franchise agreement. Subject to state law. No fee will be imposed for a transfer from individuals to a company or other entity 100% owned by those individuals.
Transfer Training Fee ¹	\$5,000	At time of approved transfer	This fee is paid by the transferee and is for us to provide the initial training for up to 3 people for 5 to 7 days of initial training. The transferee is required to pay for the trainees' expenses.
Indemnification ³	Varies	As incurred or on demand	You must indemnify us from and against any and all claims or damages regarding the conduct and operation of your franchise business.
Dispute Resolution Fees ¹	Varies	As incurred or on demand	You are required to pay half of the mediation and/or arbitration fees. We have the right to pay these amounts on your behalf and invoice you. Additionally, the prevailing party will be entitled to its legal fees and expenses.

NOTES

¹ Uniformity of Fees and Refunds. Except as shown in the remarks column, all fees are uniformly imposed and payable to us. All fees payable to us or an affiliate are non-refundable. You should verify with any third-party payee whether such payments, deposits, or fees are refundable or not. We require you to establish a bank sweep, draft or other similar type of electronic funds transfer (“EFT”) account in which you must deposit the gross sales of your territory (not including local sales & use taxes) which account we may automatically access for any payment due us. We may also allow you to pay by check, but you are not allowed to make any payment to us by credit card. You cannot close or terminate any EFT account without receiving our prior written consent. If you fail to timely report gross sales, we may sweep an estimated amount of royalties and marketing fees and other fees due to us. You will be responsible to pay us any amount owing if we underestimate your payment to us, and we will credit you with any overage that we charge.

² Advertising Fee. This amount is to cover the cost for our approved digital marketing company to run a local SEO (Search Engine Optimization) campaign in your territory or territories. Currently, this amount is approximately \$250 per month, per territory. If there are excess funds from the amount you paid to cover the local SEO campaign, any excess will be allocated to the advertising fund. If the amount you paid does not cover the cost for our digital marketing company to run a local SEO campaign in your territory or territories, then you will be responsible to pay any shortfall.

³ Indemnification. You must defend, indemnify, and hold us harmless from any and against any and all losses, liabilities, damages, costs and expenses, including reasonable attorney’s fees arising out of or related to, or in any way connected with you or your acts, errors or omissions in the operation of your franchise business or your franchise business generally, and including any allegation that you are our employee, or that we are a joint employer or otherwise responsible for the acts or omissions relating to your employees. You are not required to indemnify us for liability caused by our willful misconduct or gross negligence.

⁴ Fee Increases. We may increase these fees by up to 10% per year during the term of the franchise agreement based on increased costs to us (including increases to our administrative costs) and other inflation related matters. Costs charged by third parties are subject to change at any time and do not have an annual cap.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT (1-Territory Franchise)

TYPE OF EXPENDITURE	LOW AMOUNT	HIGH AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial franchise fee ¹	\$65,000	\$65,000	Lump sum	At the time of signing the franchise agreement	Us
Initial training fees and travel, lodging, food, and other expenses while training ²	\$500	\$7,500	As incurred	Prior to and during training	Us, airlines, hotels and restaurants
Painter contractor license ³	\$0	\$1,000	As incurred	As incurred	Us (for optional contractor license assistance training) and suppliers
Rent (3 months of rent, plus a security deposit) ⁴	\$0	\$7,000	As incurred	As incurred	Suppliers

TYPE OF EXPENDITURE	LOW AMOUNT	HIGH AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Management/Admin costs ⁵	\$0	\$24,000	As incurred	As incurred	Management, employees, and contractors
Office supplies ⁶	\$0	\$1,000	As incurred	As incurred	Suppliers
Computers, hardware and software ⁶	\$1,500	\$2,500	As incurred	As incurred	Us and suppliers
Painting equipment and supplies ⁷	\$0	\$5,000	As incurred	As incurred	Suppliers
Estimator's vehicle ⁸	\$0	\$15,000	As incurred	As incurred	Suppliers
Service vehicle ⁸	\$0	\$15,000	As incurred	As incurred	Suppliers
Vehicle decal/wrap ⁹	\$1,500	\$5,000	As incurred	As incurred	Suppliers
Misc. opening costs ¹⁰	\$5,000	\$10,000	As incurred	As incurred	Suppliers, government departments, utilities, etc.
Startup package ¹¹	\$2,800	\$3,700	Lump sum	As incurred	Us
Initial marketing campaign ¹²	\$6,000	\$30,000	As incurred	As incurred	Suppliers
Additional Funds ¹³ (3-months)	\$5,000	\$73,000	As incurred	As incurred	Hired suppliers, accountants, employees, etc.
TOTAL¹⁴	\$87,300	\$264,700			

NOTES

¹ **Franchise Fee.** This amount must be paid upfront in full at the time of signing the franchise agreement. We offer a 15% discount off the initial franchise fee for franchisees that have been honorably discharged from a branch of the US Armed Forces, contingent upon proof of honorable discharge status.

² **Initial Training.** This estimates the cost of sending trainees to the initial training. You are responsible to pay all travel, lodging, food and other expenses for your attendees during training directly to the supplier (hotels, airlines, restaurants, rental car companies, etc.). These costs will vary widely as a function of the distance traveled and the choice of accommodations, lodging, and transportation. There is also a per day fee for additional trainees.

³ **Painter Contractor's License.** In order to operate our franchise in your jurisdiction, you or an employee of yours may be required to obtain a general painter contractor's license and/or a general contractor's license. The cost to obtain a general painter contractor's license vary by state. You may also elect to attend our optional contractor licensing assistance training for assistance in obtaining a contractor's license. This is a one-day training and is \$500.

⁴ **Office Space and Rent.** It is anticipated that you will operate the franchise business from your home rather than lease office space, at least initially. Your space will vary depending on your needs, but we estimate you will need between 250 and 350 square feet. If you lease an office space, we estimate your lease to be \$12 to \$20 per square foot per annum. You are encouraged to negotiate a "free rent" period for the time it takes to build out your business. You may be able to negotiate additional free rent or reduced rent periods after opening as well. You may be able to negotiate additional free rent or reduced rent periods after opening as well. Additionally, if your vehicles cannot store all your equipment, you may be required to lease a storage unit, which will increase your expenses by approximately \$50 to \$150 per month.

⁵ **Management/Admin Costs.** These costs include the ongoing expenses of hiring an estimator, a receptionist, and a foreman to assist in managing and operating your business. If you are an owner operator, you can assume one or more of these roles yourself, and your costs for management and administration will decrease accordingly based on the roles you assume yourself.

⁶ Office Supplies, Computers, Hardware and Software. Depending on your current situation, you may need to purchase such things as a desk, a chair, and other office supplies. This estimate also includes the cost of all computers, hardware and software required to open and operate your Painter Bros franchise, which must include at least one 64G iPad per painting crew. These items may be leased by you.

⁷ Painting Equipment and Supplies. If you do not already have the equipment and supplies from operating a business similar to your franchise business, then you must purchase or lease the equipment and supplies to provide professional residential and commercial painting services. We anticipate you will only need one crew to begin operating your franchise business. Should you elect to begin operations with more than one crew, your investment may exceed the disclosed investment range.

⁸ Vehicles. You must have a vehicle for your estimator and at least one service vehicle for per painting crew. The vehicle for your painting crew must be a full-sized truck or van and must accommodate all the equipment needed to provide professional residential and commercial painting services. Your estimator's vehicle does not need to be a truck or van. Each of your vehicles must be maintained in good condition and repair with no external damage or unreasonable wear and tear, must maintain a professional appearance, cannot be more than 10 years old, and must be approved by us prior to being wrapped or used in the franchise business. You may also purchase an enclosed trailer, which must be approved by us, to carry and store your equipment. You are solely responsible for providing the required licenses, insurance, maintenance, and upkeep for all vehicles.

⁹ Vehicle Wrap. You are required to wrap each vehicle used in your franchise business with a high-quality wrap as detailed in our manuals. We estimate the cost of a vehicle wrap to be \$1,500 to \$2,500 per vehicle. You must keep your vehicle wraps in good condition, free from unsightly or unprofessional wear and tear.

¹⁰ Miscellaneous Costs. These miscellaneous costs include legal fees, utility set up fees, business entity organization expenses, deposits, and insurance. The cost of insurance may vary depending on the insurer, the location of your franchise business, and your claims history. We strongly recommended that you hire a lawyer, accountant, and other professionals to advise you on this franchise offering. Rates for professionals can vary significantly based on locale, area of expertise and experience.

¹¹ Startup Package. Our standard startup package includes logoed pens, estimate folders, door hangers, business cards, logoed polos and t-shirts, brochures, job folders and a laser measurer.

¹² Initial Marketing Campaign. This consists primarily of Google Ads. You are required to spend a minimum of \$2,000 each month for the first 3 months. The range in initial marketing depends on your anticipated overhead. For example, if you hired management and administrative personnel, you would need to spend more on your initial advertising campaign, so that you can increase your revenue and cover the additional overhead.

¹³ Additional Funds. This estimates other initial startup costs incurred prior to opening and operating expenses that you may incur during the first 3 months of operating your franchise business, including payroll. You are required at all times to maintain a minimum amount in your operating account sufficient to cover at least 3 months of operations, but in no event less than \$10,000. You are required to provide us with view-only access to your operating account, and you cannot have more than one operating account. In addition, you may need to include an amount payable to you. We have relied upon the experience of our principals opening various Painter Bros territories starting in 2017 and that of our operating franchisees to compile these estimates.

¹⁴ Total. This is the total amount estimated you will spend as an initial investment into your franchise business. The total amount is the sum of each item identified in the table above. The total of all the items in each column are estimates for the development of a 1-territory franchise. We cannot guarantee that you will not have additional expenses starting your franchise business. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. All purchase agreements or leases must be negotiated with suppliers. For any items identified in the table purchased from us, we require immediate payment. We do not offer direct or indirect financing for any item. All fees and amounts payable

to us or an affiliate are non-refundable. You should verify with any third-party payee whether such payments, deposits, or fees are refundable or not.

**YOUR ESTIMATED INITIAL INVESTMENT
(2-Territory Franchise)**

TYPE OF EXPENDITURE	LOW AMOUNT	HIGH AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial franchise fee ¹	\$112,000	\$112,000	Lump sum	At the time of signing the franchise agreement	Us
Initial training fees and travel, lodging, food, and other expenses while training ²	\$500	\$7,500	As incurred	Prior to and during training	Us, airlines, hotels and restaurants
Painter contractor license ³	\$0	\$1,000	As incurred	As incurred	Us and suppliers
Rent (3 months of rent, plus a security deposit) ⁴	\$0	\$7,000	As incurred	As incurred	Suppliers
Management/Admin costs ⁵	\$0	\$24,000	As incurred	As incurred	Management, employees, and contractors
Office supplies ⁶	\$0	\$1,000	As incurred	As incurred	Suppliers
Computers, hardware and software ⁶	\$1,500	\$2,500	As incurred	As incurred	Us and suppliers
Painting equipment and supplies ⁷	\$0	\$15,000	As incurred	As incurred	Suppliers
Estimator's vehicle ⁸	\$0	\$15,000	As incurred	As incurred	Suppliers
Service vehicle ⁸	\$0	\$15,000	As incurred	As incurred	Suppliers
Vehicle decal/wrap ⁹	\$1,500	\$5,000	As incurred	As incurred	Suppliers
Misc. opening costs ¹⁰	\$5,000	\$10,000	As incurred	As incurred	Suppliers, government departments, utilities, etc.
Startup package ¹¹	\$5,600	\$7,400	Lump sum	As incurred	Us
Initial marketing campaign ¹²	\$12,000	\$35,000	As incurred	As incurred	Suppliers
Additional funds ¹³ (3-months)	\$5,000	\$80,000	As incurred	As incurred	Hired suppliers, accountants, employees, etc.
TOTAL¹⁴	\$143,100	\$337,400			

NOTES

¹ **Franchise Fee.** This amount must be paid upfront in full at the time of signing the franchise agreement. We offer a 15% discount off the initial franchise fee for franchisees that have been honorably discharged from a branch of the US Armed Forces, contingent upon proof of honorable discharge status.

² **Initial Training.** This estimates the cost to send trainees to the initial training. You are responsible to pay all travel, lodging, food and other expenses for your attendees during training directly to the supplier (hotels, airlines, restaurants, rental car companies, etc.). These costs will vary widely as a function of the distance traveled and the choice of accommodations, lodging and transportation. There is also a per day fee for additional trainees.

³ **Painter Contractor's License.** In order to operate our franchise in your jurisdiction, you or an employee of yours may be required to obtain a general painter contractor's license and/or a general contractor's license.

The cost to obtain a general painter contractor's license vary by state. You may also elect to attend our optional contractor licensing assistance training for assistance in obtaining a contractor's license. This is a one-day training and is \$500.

⁴ Office Space and Rent. It is anticipated that you will operate the franchise business from your home rather than lease office space, at least initially. Your space will vary depending on your needs, but we estimate you will need between 250 and 350 square feet. If you lease an office space, we estimate your lease to be \$12 to \$20 per square foot per annum. You are encouraged to negotiate a "free rent" period for the time it takes to build out your business. You may be able to negotiate additional free rent or reduced rent periods after opening as well. You may be able to negotiate additional free rent or reduced rent periods after opening as well. Additionally, if your vehicles cannot store all your equipment, you may be required to lease a storage unit, which will increase your expenses by approximately \$50 to \$150 per month.

⁵ Management/Admin Costs. These costs include the ongoing expenses of hiring an estimator, a receptionist, and a foreman to assist in managing and operating your business. If you are an owner operator, you can assume one or more of these roles yourself, and your costs for management and administration will decrease accordingly based on the roles you assume yourself.

⁶ Office Supplies, Computers, Hardware and Software. Depending on your current situation, you may need to purchase such things as a desk, a chair, and other office supplies. This estimate also includes the cost of all computers, hardware and software required to open and operate your Painter Bros franchise, which must include at least one 64G iPad per painting crew. These items may be leased by you.

⁷ Painting Equipment and Supplies. If you do not already have the equipment and supplies from operating a business similar to your franchise business, then you must purchase or lease the equipment and supplies to provide professional residential and commercial painting services. We anticipate you will only need one crew to begin operating your franchise business. Should you elect to begin operations with more than one crew, your investment may exceed the disclosed investment range.

⁸ Vehicles. You must have a vehicle for your estimator and at least one service vehicle for per painting crew. The vehicle for your painting crew must be a full-sized truck or van and must accommodate all the equipment needed to provide professional residential and commercial painting services. Your estimator's vehicle does not need to be a truck or van. Each of your vehicles must be maintained in good condition and repair with no external damage or unreasonable wear and tear, must maintain a professional appearance, cannot be more than 10 years old, and must be approved by us prior to being wrapped or used in the franchise business. You may also purchase an enclosed trailer, which must be approved by us, to carry and store your equipment. You are solely responsible to provide the required licenses, insurance, maintenance, and upkeep for all vehicles.

⁹ Vehicle Wrap. You are required to wrap each vehicle used in your franchise business with a high-quality wrap as detailed in our manuals. We estimate the cost of a vehicle wrap to be \$1,500 to \$2,500 per vehicle. You must keep your vehicle wraps in good condition, free from unsightly or unprofessional wear and tear.

¹⁰ Miscellaneous Costs. These miscellaneous costs include legal fees, utility costs, business entity organization expenses, deposits, and insurance. The cost of insurance may vary depending on the insurer, the location of your franchise business, and your claims history. We strongly recommend that you hire a lawyer, accountant, and other professionals to advise you on this franchise offering. Rates for professionals can vary significantly based on locale, area of expertise and experience.

¹¹ Startup Package. Our standard startup package includes logoed pens, estimate folders, door hangers, business cards, logoed polos and t-shirts, brochures, job folders and a laser measurer.

¹² Initial Marketing Campaign. This consists primarily of Google Ads. You are required to spend a minimum of \$2,000, per month, per territory for the first 3 months. The range in initial marketing depends on your anticipated overhead. For example, if you hired management and administrative personnel, you would need to spend more on your initial advertising campaign, so that you can increase your revenue and cover the additional overhead.

¹³ Additional Funds. This estimates other initial startup costs incurred prior to opening and operating expenses that you may incur during the first 3 months of operating your franchise business, including payroll. You are required at all times to maintain a minimum amount in your operating account sufficient to cover at least 3 months of operations, but in no event less than \$10,000. You are required to provide us with view-only access to your operating account, and you cannot have more than one operating account. In addition, you may need to include an amount payable to you. We have relied upon the experience of our principals opening various Painter Bros territories starting in 2017 and that of our operating franchisees to compile these estimates.

¹⁴ Total. This is the total amount estimated you will spend as an initial investment into your franchise business. The total amount is the sum of each item identified in the table above. The total of all the items in each column are estimates for the development of a 2-territory franchise. We cannot guarantee that you will not have additional expenses starting your franchise business. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. All purchase agreements or leases must be negotiated with suppliers. For any items identified in the table purchased from us, we require immediate payment. We do not offer direct or indirect financing for any item. All fees and amounts payable to us or an affiliate are non-refundable. You should verify with any third-party payee whether such payments, deposits, or fees are refundable or not.

**YOUR ESTIMATED INITIAL INVESTMENT
(3-Territory Franchise)**

TYPE OF EXPENDITURE	LOW AMOUNT	HIGH AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial franchise fee ¹	\$155,000	\$155,000	Lump sum	At the time of signing the franchise agreement	Us
Initial training fees and travel, lodging, food, and other expenses while training ²	\$500	\$7,500	As incurred	Prior to and during training	Us, airlines, hotels and restaurants
Painter contractor license ³	\$0	\$1,000	As incurred	As incurred	Us and suppliers
Rent (3 months of rent, plus a security deposit) ⁴	\$0	\$7,000	As incurred	As incurred	Suppliers
Management/Admin costs ⁵	\$0	\$24,000	As incurred	As incurred	Management, employees, and contractors
Office supplies ⁶	\$0	\$1,000	As incurred	As incurred	Suppliers
Computers, hardware and software ⁶	\$1,500	\$2,500	As incurred	As incurred	Us and suppliers
Painting equipment and supplies ⁷	\$0	\$15,000	As incurred	As incurred	Suppliers
Estimator's vehicle ⁸	\$0	\$30,000	As incurred	As incurred	Suppliers
Service vehicle ⁸	\$0	\$15,000	As incurred	As incurred	Suppliers
Vehicle decal/wrap ⁹	\$1,500	\$5,000	As incurred	As incurred	Suppliers
Misc. opening costs ¹⁰	\$5,000	\$10,000	As incurred	As incurred	Suppliers, government departments, utilities, etc.
Startup package ¹¹	\$8,400	\$11,100	Lump sum	As incurred	Us
Initial marketing campaign ¹²	\$18,000	\$40,000	As incurred	As incurred	Suppliers

TYPE OF EXPENDITURE	LOW AMOUNT	HIGH AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Additional funds ¹³ (3-months)	\$15,000	\$100,000	As incurred	As incurred	Hired suppliers, accountants, employees, etc.
TOTAL ¹⁴	\$204,900	\$424,100			

NOTES

¹ Franchise Fee. This amount must be paid upfront in full at the time of signing the franchise agreement. We offer a 15% discount off the initial franchise fee for franchisees that have been honorably discharged from a branch of the US Armed Forces, contingent upon proof of honorable discharge status.

² Initial Training. This estimates the cost of sending trainees to the initial training. You are responsible to pay all travel, lodging, food and other expenses for your attendees during training directly to the supplier (hotels, airlines, restaurants, rental car companies, etc.). These costs will vary widely as a function of the distance traveled and the choice of accommodations, lodging, and transportation. There is also a per day fee for additional trainees.

³ Painter Contractor's License. In order to operate our franchise in your jurisdiction, you or an employee of yours may be required to obtain a general painter contractor's license and/or a general contractor's license. The cost to obtain a general painter contractor's license vary by state. You may also elect to attend our optional contractor licensing assistance training for assistance in obtaining a contractor's license. This is a one-day training and is \$500.

⁴ Office Space and Rent. It is anticipated that you will operate the franchise business from your home rather than lease office space, at least initially. Your space will vary depending on your needs, but we estimate you will need between 250 and 350 square feet. If you lease an office space, we estimate your lease to be \$12 to \$20 per square foot per annum. You are encouraged to negotiate a "free rent" period for the time it takes to build out your business. You may be able to negotiate additional free rent or reduced rent periods after opening as well. You may be able to negotiate additional free rent or reduced rent periods after opening as well. Additionally, if your vehicles cannot store all your equipment, you may be required to lease a storage unit, which will increase your expenses by approximately \$50 to \$150 per month.

⁵ Management/Admin Costs. These costs include the ongoing expenses of hiring an estimator, a receptionist, and a foreman to assist in managing and operating your business. If you are an owner operator, you can assume one or more of these roles yourself, and your costs for management and administration will decrease accordingly based on the roles you assume yourself.

⁶ Office Supplies, Computers, Hardware and Software. Depending on your current situation, you may need to purchase such things as a desk, a chair, and other office supplies. This estimate also includes the cost of all computers, hardware and software required to open and operate your Painter Bros franchise, which must include at least one 64G iPad per painting crew. These items may be leased by you.

⁷ Painting Equipment and Supplies. If you do not already have the equipment and supplies from operating a business similar to your franchise business, then you must purchase or lease the equipment and supplies to provide professional residential and commercial painting services. We anticipate you will only need one crew to begin operating your franchise business. Should you elect to begin operations with more than one crew, your investment may exceed the disclosed investment range.

⁸ Vehicles. You must have a vehicle for your estimator and at least one service vehicle for per painting crew. The vehicle for your painting crew must be a full-sized truck or van and must accommodate all the equipment needed to provide professional residential and commercial painting services. Your estimator's vehicle does not need to be a truck or van. Each of your vehicles must be maintained in good condition and repair with no external damage or unreasonable wear and tear, must maintain a professional appearance, cannot be

more than 10 years old, and must be approved by us prior to being wrapped or used in the franchise business. You may also purchase an enclosed trailer, which must be approved by us, to carry and store your equipment. You are solely responsible for providing the required licenses, insurance, maintenance, and upkeep for all vehicles.

⁹ Vehicle Wrap. You are required to wrap each vehicle used in your franchise business with a high-quality wrap as detailed in our manuals. We estimate the cost of a vehicle wrap to be \$1,500 to \$2,500 per vehicle. You must keep your vehicle wraps in good condition, free from unsightly or unprofessional wear and tear.

¹⁰ Miscellaneous Costs. These miscellaneous costs include legal fees, utility costs, business entity organization expenses, deposits, and insurance. The cost of insurance may vary depending on the insurer, the location of your franchise business, and your claims history. We strongly recommended that you hire a lawyer, accountant, and other professionals to advise you on this franchise offering. Rates for professionals can vary significantly based on locale, area of expertise and experience.

¹¹ Startup Package. Our standard startup package includes logoed pens, estimate folders, door hangers, business cards, logoed polos and t-shirts, brochures, job folders and a laser measurer.

¹² Initial Marketing Campaign. This consists primarily of Google Ads. You are required to spend a minimum of \$2,000, per month, per territory for the first 3 months. The range in initial marketing depends on your anticipated overhead. For example, if you hired management and administrative personnel, you would need to spend more on your initial advertising campaign, so that you can increase your revenue and cover the additional overhead.

¹³ Additional Funds. This estimates other initial startup costs incurred prior to opening and operating expenses that you may incur during the first 3 months of operating your franchise business, including payroll. You are required at all times to maintain a minimum amount in your operating account sufficient to cover at least 3 months of operations, but in no event less than \$10,000. You are required to provide us with view-only access to your operating account, and you cannot have more than one operating account. In addition, you may need to include an amount payable to you. We have relied upon the experience of our principals opening various Painter Bros territories starting in 2017 and that of our operating franchisees to compile these estimates.

¹⁴ Total. This is the total amount estimated you will spend as an initial investment into your franchise business. The total amount is the sum of each item identified in the table above. The total of all the items in each column are estimates for the development of a 3-territory franchise. We cannot guarantee that you will not have additional expenses starting your franchise business. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. All purchase agreements or leases must be negotiated with suppliers. For any items identified in the table purchased from us, we require immediate payment. We do not offer direct or indirect financing for any item. All fees and amounts payable to us or an affiliate are non-refundable. You should verify with any third-party payee whether such payments, deposits, or fees are refundable or not.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved Suppliers, Proprietary Products and Required Purchases

You must operate your franchise business according to our system and specifications, including purchasing or leasing certain items or services according to our specifications, and or purchasing or leasing such items from approved suppliers. You must not deviate from these methods, standards and specifications without our prior written consent.

You must purchase or lease the following products and services from us, other sources designated or approved by us, or according to our specifications as set forth in the manuals:

Item or Service	Is the franchisor or an affiliate an approved supplier of this item?	Is the franchisor or an affiliate the only approved supplier of this item?
Estimating software	Yes	Yes
Tracking and reporting templates	Yes	Yes
Marketing	Yes	Yes
Paint (currently Sherwin Williams)	No	No
Painting equipment	Yes	Yes
Credit card processing	Yes	Yes
Brochures	Yes	Yes
Vehicles	No	No
Vehicle wraps	No	No
Uniforms	Yes	Yes
Startup package	Yes	Yes
Job and quote folders	Yes	Yes
Insurance	No	No
POS / Computer System	No	No
Tablets	No	No
CRM	Yes	Yes
Merchant provider (through the CRM)	Yes	Yes
Accounting Software	No	No

We reserve the right for us or an affiliate to be an approved supplier or the only approved supplier of any of the items listed in the above table or other item or service for your franchise business.

Insurance

You must at all times during the entire term of the franchise agreement and at your own expense keep in full force, by advance payment(s), the following minimum insurance policies, obtained from a company rated "A-" or better by A.M. Best & Company, Inc., which minimums may be adjusted from time to time in our sole discretion: commercial general liability insurance, commercial automobile insurance, umbrella insurance, license bond, surety, letter of credit or similar protection, and government required insurances.

These policies (excluding worker's compensation) will insure you, us, and our officers, directors, and nominees as additional insureds against any liability that may accrue by reason of your ownership, maintenance or operation of the franchise business. These policies will stipulate that we will receive a 30-day written notice prior to cancellation or termination, and we must receive a 30-day notice of any modification. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance acceptable to us must be furnished to us together with proof of payment prior to you beginning operations. Our insurance coverage requirements are only minimums. You must also procure and pay for all other insurance required by state or federal law. You need to make an independent determination as to whether increased amounts or additional types of insurance are appropriate.

If you fail to obtain or maintain insurance, we may obtain insurance for you, and you will pay us the premium costs upon our demand, plus an administration fee of \$50 per work hour for our time. You must also procure and pay for all other insurance required by state or federal law. We may periodically increase the amounts of coverage required and/or require different or additional coverage.

Approved Suppliers

We may enter into contracts with suppliers for items or services purchased by our franchisees. Pursuant to these contracts, you will be required to purchase items or services from approved suppliers. All currently approved suppliers and specifications are made available to you before the beginning of operations. We consider our approved suppliers and specifications to be of critical importance to the success of the system. You must receive our prior written approval to deviate in any manner from our specifications.

None of our officers have an ownership interest in any of our approved suppliers.

Proportion of Required Purchases and Leases

We estimate that the proportion of required purchases will represent approximately 80% to 90% of your overall purchases in opening your franchise business and 85% to 95% of your overall purchases in operating your franchise business.

Revenue to Us and Our Affiliates from Suppliers

We or our affiliates may derive income from required purchases or leases of goods or services made by our franchisees from approved sources. We have negotiated to receive a rebate of approximately 5% from certain paint and equipment suppliers. However, in the last fiscal year ending on December 31, 2022, neither we nor our affiliates collected any money or obtained any revenues from the sale of these products and services to franchisees.

Non-Approved Suppliers

Except for certain trademark and private label items and designated source items described above, if you desire to use a particular supplier and if that supplier meets the specifications and requirements of our system, at our discretion, we may approve that supplier to become an approved supplier.

You may establish suppliers on the approved list by making appropriate application to us. The following general criteria is used in considering whether a supplier will be designated as an approved source: the ability of the supplier to make the product to our standards and specifications; price and quality of the product; reputation of the supplier; quality assurance systems; a willingness by the supplier to cooperate and work with you and other franchisees; the supplier's production and delivery capabilities; the financial condition of the supplier; the ability and willingness of the supplier to train you and us on the effective and safe use of the product; and the supplier's professional competence and performance abilities. We will use our best judgment in setting and modifying specifications to maintain the quality and integrity of the franchise system.

If you desire to purchase any of the items listed in this Item 8 from an unapproved supplier, you will submit to us a written request for this approval or request the supplier itself to do so. We may require you to submit sufficient information and data to permit us to ascertain whether a supplier meets our specifications. Before beginning our evaluation, you will be required to pay an evaluation fee of \$500. You will also be required to reimburse us for all our reasonable expenses incurred in our evaluation. The evaluation fee is not refundable regardless of whether or not we approve of a supplier. We will notify you in writing within 30 days after completing our evaluation as to whether the supplier has been approved or disapproved. We may make changes or alterations in the standards and specifications for approving suppliers. At our discretion, we may revoke our approval from an approved supplier upon 30 days' written notice to you.

Standards and Specifications

We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our manuals and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to do so) issue new or revised specifications only after thorough testing in our headquarters, in company-owned territories, and/or a limited market test in multiple territories.

Other than as stated above, there is no obligation for you, under the terms of the franchise agreement, to purchase or lease any goods or services regarding the establishment or operation of the franchise business from approved sources.

Negotiated Arrangements

At this time, there are no purchasing or distribution cooperatives, but we currently do negotiate purchase arrangements with suppliers, including price and terms for the benefit of franchisees.

We have negotiated favorable pricing on paint with Sherwin Williams for our franchisees, regardless of the franchisee's territory location. Additionally, because Painter Bros Franchising, LLC is a franchise company rather than a painting company, we have been able to negotiate a favorable status as a reseller with certain suppliers that allows us to sell equipment and supplies to you at a discounted rate.

Benefits Provided to You for Purchases

We do not provide material benefits to franchisees based on the franchisee's purchase of particular products or services or use of particular suppliers (e.g., grant renewals or additional franchises to franchisee's based on purchases).

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	Section 4.1	Item 11
b.	Pre-opening purchases/leases	Sections 8.1 and 8.4 and paragraphs 6.1.9, and 6.1.11	Item 8
c.	Site development and other pre-opening requirements	Article IV	Items 7 and 11
d.	Initial and ongoing training	Paragraph 6.1.4 and section 7.3	Item 11
e.	Opening	Section 4.2 and paragraph 7.3.1	Item 11
f.	Fees	Article V	Items 5, 6 and 7
g.	Compliance with standards and policies/operating manual	Section 6.2 and Article IX	Items 8 and 11
h.	Trademarks and proprietary information	Article III	Items 13 and 14
i.	Restrictions on products/services offered	Article VIII	Item 8 and 16
j.	Warranty and customer service requirements	Paragraph 6.1.2 and section 8.5	Item 11
k.	Territorial development and sales quotas	Not Applicable	Item 12
l.	Ongoing product/service purchases	Article VIII	Item 8
m.	Maintenance, appearance, and remodeling requirements	Paragraphs 2.2.5, and 6.1.2	Item 11
n.	Insurance	Paragraph 6.1.9	Item 8
o.	Advertising	Article X	Items 6 and 11
p.	Indemnification	Section 15.2	Item 6
q.	Owner's participation/management/staffing	Paragraphs 6.1.6, 6.1.8, and 6.2.3	Items 11 and 15
r.	Records and reports	Sections 5.4, 5.5 and 7.4	Item 6
s.	Inspections and audits	Paragraphs 5.5.2 and 6.2.2(ii)	Items 6 and 11

	Obligation	Section in Agreement	Disclosure Document Item
t.	Transfer	Article XIV	Item 17
u.	Renewal	Section 2.2	Item 17
v.	Post-termination obligations	Section 12.1	Item 17
w.	Non-competition covenants	Article XVI	Items 14, 15 and 17
x.	Dispute resolution	Article XVII	Item 17
y.	Compliance with government regulations	Sections 4.1 and 16.1 and paragraphs 6.1.1, 6.1.8, 6.1.9	Items 1 and 12
z.	Guarantee of franchisee obligations	Section 6.3	Item 15

ITEM 10 FINANCING

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

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

Except as listed below, Painter Bros Franchising, LLC is not required to provide you with any assistance.

Pre-Opening Assistance

We anticipate your business will be operated from a home office though you may choose to operate from a commercial location. We do not offer assistance or guidance in locating, remodeling or decorating any office space. Your office location must still comply with local, state, and federal laws, rules, and ordinances for operating a business [franchise agreement section 4.1].

Before you open your franchise business, we will:

- 1) Designate your territory or territories [franchise agreement section 1.1].
- 2) Make available general written specifications for those items listed in Item 8. We provide you with a list of specifications for approved products, equipment, supplies and materials, but other than shipping items that you order from us, we do not offer assistance in delivery or installation of any of these items [franchise agreement section 7.1].
- 3) Provide you with the names of approved suppliers [franchise agreement section 7.1].
- 4) Loan you a copy or provide electronic access to our confidential manuals containing mandatory policies, operating procedures, and other information. The manuals are confidential, will remain our property, and may be used by you only in association with your Painter Bros franchise business and only during the term of the franchise agreement. You must keep the contents of all manuals confidential. The master copy of the manuals maintained by us will be controlling in the event of a dispute relative to the contents of the manuals. You may not copy any part of the manuals either physically or electronically. The table of contents of the operations manual is included as Exhibit "F" to this disclosure document. Our operations manual is approximately 131 pages [franchise agreement article IX].
- 5) We provide an initial training program described at the end of this Item 11 [franchise agreement paragraph 6.1.4].

Site Selection and Commencing Operations

If you do not have access to a home office or similar location from which to operate your franchise business, you are required to either purchase or lease an office from which to operate your franchise business within 3 months of signing the franchise agreement. We do not typically own properties that we lease to you. You are required to begin operations no later than 6 months after you sign the franchise agreement. You must give us not less than 30 days' prior written notice of commencing operations. Failure to meet these deadlines may result in a termination of the franchise agreement without a refund [franchise agreement article IV].

Estimated Length of Time Before Operation

It is estimated that the length of time between the signing of the franchise agreement and the opening of your franchise business is 1 to 6 months. Factors affecting this length of time usually include financing arrangements, hiring painters, local ordinance compliance, obtaining a painter contractor's license, completing training, and delivery of equipment, marketing materials, and paint supplies.

Assistance During Operation

During the operation of your franchise business, we will:

1) Provide SEO and Google Ads marketing services in your territory or territories (upon receiving payment from you) through our approved suppliers. We will control all landing pages for local marketing campaigns through our designated supplier [franchise agreement sections 5.3 and 10.2].

2) Provide Customer Relation Management software with capabilities for reporting, customer payments, customer data, and a customizable estimating software that you are required to use to estimate jobs [franchise agreement section 7.4].

3) Provide you with updates to the manuals, which updates may be in the form of emails, newsletters, announcements, technical bulletins, or other written directives through means determined by us. We have the right to modify the manuals to reflect changes to the system, including the development of or change in products and services [franchise agreement section 9.1]. The modifications may obligate you to invest additional capital in your franchise business and to incur higher operating costs. You must incorporate all such modifications within the time periods that we specify. Other than modifications due to health or governmental mandates or guidelines, or public concerns, we will not obligate you to invest additional capital at a time when the investment cannot in our reasonable judgment be amortized during the remaining term of the franchise agreement [franchise agreement paragraph 6.2.2(i)]. The most current version of the manuals will be controlling in the event of a dispute relative to the contents of the manuals [franchise agreement article IX].

4) At your reasonable request or at our discretion, provide assistance either remotely or in person. For additional in-person training, you may be charged a fee and be required to cover all travel, lodging, food, and other expenses of your attendees of our representatives [franchise agreement paragraph 6.1.4 and section 7.2].

5) Provide you with one email address that must be used in all correspondence and communications involving your franchise business. If we provide you with an email account/address, we have the right to access your email account. You are not allowed to use a non-approved email for business purposes involving the franchise business [franchise agreement paragraph 6.1.11(i)]. You may purchase additional email addresses from us for a fee (currently, \$10 per month).

During the operation of your franchise business, we may:

6) Hold conferences to discuss improvements, new developments, mutual concerns and business issues. Either your operating principal or your manager must attend the annual conferences. There will be a conference fee, and you must pay all your attendees' travel, lodging, food and other expenses. These conferences will be held at various locations chosen by us [franchise agreement paragraph 6.1.13].

7) Make periodic inspections of your franchise business and job sites, which may be done in person or through remote access such as video or live video conferencing and may be performed through a third-party provider [franchise agreement paragraph 6.2.2(ii)].

8) Conduct additional seminars, which may be through online webinars, videos, live video conferencing or other electronic media, phone conferences or in person, to discuss improvements, new developments, mutual concerns and business issues, sales, marketing, personnel training, bookkeeping, accounting, inventory control and performance standards. Attendance for these additional seminars is optional. If you choose to attend, there may be a seminar fee, and you must pay all your travel, lodging, food, and other expenses. In-person seminars are normally held at our headquarters or as available at regional facilities [franchise agreement paragraph 6.1.13].

9) Provide you with such continuing assistance in the operation of the franchise business as we deem advisable [franchise agreement section 7.2].

10) Refine and develop products or services that you will offer to your customers [franchise agreement paragraph 6.2.2(i)].

11) To the degree permitted by law, we may suggest retail price, specify maximum and minimum pricing above and below which you will not sell any goods or services. You must honor all coupons, price reductions and other programs established by us [franchise agreement paragraph 6.1.10].

Employment Matters

We do not assist you with the hiring, firing, managing or compensation of your employees. That is your responsibility. It is your responsibility to comply with state and federal employment laws [franchise agreement paragraph 6.1.8].

Advertising and Promotion

We may provide you with samples of marketing materials developed by us and provide new marketing techniques as developed. You are not allowed to develop advertising and marketing materials for your use [franchise agreement sections 10.2, 10.3 and paragraph 3.11].

SEO and Google Ads

You must pay us an advertising fee of 2% or the cost for our approved digital marketing company to run a local SEO campaign in your territory or territories, whichever is greater. Currently, this amount is approximately \$250 per month, per territory. If there are excess funds from the advertising fee paid by you after the local SEO costs are covered, the remaining amount will be allocated to the advertising fund to be used as we determine. If the amount you pay does not cover the cost for our digital marketing company to run a local SEO campaign in your territory or territories, then you will be responsible to pay any shortfall. You must also pay \$1,000 per month, per territory to have our approved digital marketing company run Google Ads in your territory or territories. We will control all landing pages for your lead generation. With our pre-approval, we may allow you to advertise through other mediums such as Home Advisor and Yelp [franchise agreement sections 5.3, 10.1].

Advertising Fund

Although under the terms of the franchise agreement we are not obligated to conduct advertising for the franchise system or to spend any amount on advertising in your territory, we have the right to maintain and administer a national advertising, marketing, and development fund (referred to as the “advertising fund”) for marketing or public relations program as we, in our sole discretion, may deem necessary or appropriate to advertise and promote the franchise system. We may utilize the advertising fund to develop and test various

media and technologies for potential utilization and/or improvement of the system and marketing of the system [franchise agreement section 10.1].

Excess from your 2% advertising fee will be allocated to the advertising fund. Our affiliates contribute to this fund on the same basis as our franchisees, but we reserve the right to use our affiliates' contributions solely for the purpose of soliciting new franchisees, not to exceed 20% of the total contributions to the fund. We have no franchises that do not pay advertising fees [franchise agreement section 10.1].

We are responsible for administering the advertising fund, but we are not a fiduciary or trustee of the advertising fund. We will direct all uses of the fund, with sole discretion over: 1) the creative concepts, materials, endorsements and media used (which may include television, Internet, radio, print and other media and marketing formats as developed over time, as funds permit); 2) the source of the marketing or public relation efforts (which may be in-house or through an outside agency located locally, regionally or nationally); 3) the placement and allocation of these programs (which will be local or regional); and 4) the composition of all geographic territories and market areas for the development and implementation of these programs [franchise agreement section 10.1].

We may loan money to or receive payment for providing goods or services to the advertising fund. We are not required to spend any amount from the advertising fund on marketing directly in the area or territory where you are located. We make no representations that advertising expenditures from the advertising fund will benefit you or any other franchisee directly, on a pro rata basis, proportionally, or at all.

We may use the advertising fund to offset a portion of direct costs to manage and maintain the fund, including the payment of staff salaries and other expenses for those employees who may be involved in the advertising fund. Additionally, we may use the fund for professional photo shoots and site visits within a franchisee's territory to create material to better promote our franchisees [franchise agreement paragraph 10.1.2]

Advertising Expenditures in the Last Fiscal Year

During the 2022 fiscal year, we did not collect any advertising fund fees. When we do collect funds, any unused marketing funds in any calendar year will be applied to the following year's fund. The advertising fund is unaudited. You may send us a written request to receive an unaudited annual report of marketing expenditures within 90 days of the end of our fiscal year [franchise agreement paragraph 10.1.2].

Participation in Other Advertising Funds

At this time, you are not required to participate in any other marketing funds. No franchise council is anticipated at this time, and you are not required to participate in a local or regional advertising cooperative.

The Internet

You may not create a website for your franchise business. However, we may allow you to place pre-approved information concerning your franchise business on our website, as developed by us. You cannot engage in marketing on the Internet, including posting for re-sell, items on third party re-sell or auction-style websites such as eBay, Craigslist or Amazon without our prior written permission. We have the right to manage and control all online reviews for your franchise [franchise agreement section 10.4].

Social Media

We will own the social media accounts related to the brand, but we will provide you access to the social media account for your franchise. You cannot change any login/password information without our prior written approval, and you must supply us with all changed/updated login/password information. All social media must strictly comply with our policies and procedures. We can alter, remove, or require that you alter or remove a post. We reserve the right to restrict your use of social media in the future [franchise agreement section 10.4].

Customer Relation Management Software (CRM)

You are required to use and pay for our designated CRM in the operation of your franchise. At this time, the CRM currently provides reporting, customer payments, customer data, and customizable estimating software. If the CRM includes estimating software, you will be required to use the CRM for job estimates. All customer payments must be processed through the CRM, and you will be responsible for all merchant processing fees. Additionally, any marketing platform utilized by you must funnel leads through the CRM as we may instruct. We will have independent access to all information on the CRM [franchise agreement paragraph 6.1.11(ii)].

We reserve the right to require you to use and pay for specific accounting software. We can require that we have independent view-only access to your account. We also reserve the right to require you to follow our accounting procedures and line items, including standardized profit and loss statement templates, balance sheet templates, and charts of account as we may designate [franchise agreement paragraph 5.5.1].

Computer System

We require the use of our designated CRM for your point-of-sale system, and we reserve the right to designate a different POS system in the future. We have the right to withhold or instruct the applicable merchant processing company to deduct all the applicable fees that you owe to us prior to remitting processed payments to you [franchise agreement section 6.1.11].

We require that you have a tablet approved by us, and a computer at your office capable of running Excel and other Microsoft programs and sending and receiving emails. Additionally, you must have a printer to print out customer contracts and other forms designated by us. For defective equipment, products, software or other items purchased by you, you must deal directly with that manufacturer [franchise agreement sections 6.1.11 and 8.5].

The CRM will generate and store customer transactions, customer information, quotes, estimating reports, templates, and forms and other information customarily stored on a POS system. You must provide us independent access to the customer transactions, customer information quotes, estimating reports, templates, and forms generated on your computers and tablets (if not accessible through the CRM). There are no contractual limits on our rights to do so. You must keep these systems available for our access 24 hours a day, 7 days a week, and provide us with user IDs and passwords, if necessary. We may require updates and upgrades to your tablet, computer hardware, software and printer during the term of the franchise agreement, there are no contractual limits on our right to do so. The maintenance, repair and upgrade of these items are at your expense [franchise agreement section 6.1.11 and paragraph 6.1.12]. The estimated cost for the purchase of the tablet, computer and printer is \$1,000 to \$1,500, and we estimate the cost to maintain, upgrade and support your tablet, computer and printer to be less than \$500 per year.

Miscellaneous

We may approve exceptions to our changes in the uniform standards for you or any other franchise that we believe are necessary or desirable based on particular circumstances. You have no right to object to such variances [franchise agreement section 20.15].

Initial Training

We provide an initial training program in Utah County, Utah. The training is program currently held at our headquarters. The length of training depends on the prior experience of your attendees but should last approximately 5 to 8 days. The training program is held as needed. Your operating principal and your managers are required to attend and successfully complete the initial training program [franchise agreement paragraph 6.1.4].

Your "operating principal" is: a) if the franchisee is an individual, that individual; or b) if the franchisee is an entity, an individual that owns at least 25% of the ownership and voting interests in the franchisee entity (unless you obtain our written approval of a lower percentage), has authority over all business decisions

related to the franchise business, and has the power to bind the franchise business in all dealings with us. The operating principal must be involved with the business as described in Item 15 [franchise agreement article XXI].

Training must be successfully completed to the franchisor's satisfaction. Successful completion of the initial training will be determined by our trainers but includes demonstrating competence in several areas of running a franchise business. These areas include knowledge of basic policies and procedures, project management, marketing, estimating, job tracking and reporting, customer retention, contract management, employment matters, basic business skills, and paint store protocol. Failure to successfully complete training is a default of the franchise agreement. Successful completion of training must be completed at least 2 weeks before you may open your franchise business [franchise agreement paragraph 6.1.4].

There is no training fee for your operating principal and up to 2 management level personnel to attend training, but we charge a training fee of \$250 per day, per additional person trained (up to 5 people). You are responsible to pay all travel, food, living and other expenses for each attendee during training directly to the supplier (hotels, airlines, restaurants, rental car companies, etc.). The estimated cost of attending training is listed in Item 7.

All attendees to any training must sign a non-disclosure agreement acceptable to us before attending training [franchise agreement paragraph 6.1.4(iii)]. Below is a table listing the subjects taught and the amount of classroom and onsite training provided as part of the initial training.

TRAINING PROGRAM¹

Subject	Hours Of Classroom Training	Hours Of On – The - Job Training	Location
Project Estimating	3-5	10-15	Northern Utah
Project Management	7-10	10-15	Northern Utah
Marketing	2-5	0	Northern Utah
Job Tracking & Reporting	1-2	0	Northern Utah
Customer Retention	1-2	0	Northern Utah
Contracts	1-2	0	Northern Utah
Employment Matters	1-2	0	Northern Utah
Paint Store Protocol	1-2	1-2	Northern Utah
Business Skills	2-3	0	Northern Utah
TOTAL	19-33 Hours	21-32 Hours	

OPTIONAL CONTRACTOR LICENSE TRAINING PROGRAM¹

Subject	Hours Of Classroom Training	Hours Of On – The - Job Training	Location
Admin and how to navigate local laws and apply for licensure	3-4	0	Northern Utah
Trade Practices	0	3-4	Northern Utah
TOTAL	3-4	3-4	

¹The training program for franchisees may be changed due to updates in materials, methods, manuals, and personnel without notice to you. The subjects and time periods allocated to the subjects actually taught to

you and personnel may vary based on the experience of those people being trained. However, all trainers will have a minimum of 1 year of experience in the Painter Bros® system.

Training Materials and Instructors

Training will include instruction manuals in the form of our operations manual and other handouts developed to facilitate training. This initial training is provided by instructors whose experience is described below and in Item 2 if the trainer is part of management.

Trainers	Subject(s) Taught	Length of Experience in the Field	Length of Experience with the Franchisor	Experience Relevant to Subject(s) Taught and Franchisor's Operations
Zach Tanner	Sales, Finance & Business Management	11 years	8 years	8 years
Louis Pineiro	Project & General Management	12 years	5 years	12 years
Bailey Rayner	Local Market Sales and Management, Sales, Finance, Software	15 years	2 years	7 years

Opening Assistance

We will provide you with up to 10 hours of virtual opening assistance either by phone or video conferencing [franchise agreement paragraph 7.3.1].

Replacement Training

Any new operating principal must complete the initial training program prior to taking over as the operating principal. New managers may be trained by your operating principal, but we can also require your managers to be trained by us if we reasonably believe such training would be in the best interest of your franchise. Our fee for this training is \$350 per person, per day to be trained. You will also be responsible to cover the travel, food, and lodging for your attendees or our representatives [franchise agreement paragraph 6.1.4(i)].

Additional Training

Depending on availability and advanced written notice, if you would like additional in-person training, we may provide this training to you. We can limit additional training to a certain number of days, attendees, and/or representatives at a time. We can require your operating principal and/or other key personnel to attend additional trainings if you are in default, or if we reasonably believe such training would be in the best interest of your franchise. You will be responsible for the costs of travel, food, lodging and of your attendees or our representatives [franchise agreement paragraph 6.1.4(ii)].

At this time, other than listed above, no additional trainings or refresher courses are required.

**ITEM 12
TERRITORY**

Non-Exclusive Territory or Territories

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, from other channels of distribution or competitive brands that we control. However, we will not establish another traditional franchise or company owned Painter Bros unit using the trademark within your territory.

Grant of Territory or Territories

Under the franchise agreement, we will grant you the right to use the system and proprietary marks within an approved geographic area (rather than at a specific location), the boundaries of which will be negotiated prior to signing the franchise agreement and are described in the franchise agreement.

Size of Your Territory or Territories

You may purchase a 1-territory franchise, a 2-territory franchise, or a 3-territory franchise. Each territory will be comprised of ZIP codes and will have a minimum population of 250,000 people. For example, a 3-territory franchise would have a minimum population of 750,000 people. The written boundaries of your territory or territories will be included on Exhibit "A-1" of your franchise agreement. You must service all the territories from the beginning of operations. We have the right to adjust the boundaries of your territory or territories if the population of your territories (collectively) increases by 100,000 or more. However, any adjustment will not result in a territory having less than a population base of approximately 250,000 people.

Commercial and Government Contracts

If we or an affiliate receive a job opportunity in your territory, we or our affiliate may share that opportunity with you, another franchisee, or our affiliate can perform that job, at our discretion. You cannot bid on or pursue commercial or government contracts that are more than 50 miles outside your territory.

Additionally, because of our ability to obtain contracts in various states and regions, all national or regional commercial contracts (contracts with business located in more than one state) and federal government contracts must be contracted through us or our affiliates unless otherwise approved in writing by us.

Relocation

You are not allowed to relocate your territory(ies) without our prior written approval, and we have no obligation to approve any request for relocation. You must give us at least 120 days' prior written notice of your desire to relocate. Approval to relocate will be based upon the same criteria used in approving a new franchisee's proposed territory. You must demonstrate the financial ability to relocate as part of our approval process. If we approve your relocation, you will be required to reimburse us our costs to approve the new territory(ies) at approximately \$50 per work hour, plus our legal fees. We have the right to deny any relocation request.

Territory Restrictions

You cannot operate or service customers in another franchisee's territory unless it is based on a customer referral or a government or commercial contract awarded through us or our affiliate, and other franchisees can do the same within your territory or territories. Additionally, you cannot bid on or pursue commercial or government contracts more than 50 miles outside your territory(ies).

You may sell products and services outside of your territory if such territory has not been granted to another franchisee or is not a company owned territory, but you cannot bid on or pursue commercial or government contracts more than 50 miles outside your territory(ies). Additionally, you cannot advertise in another franchisee's territory, and you cannot advertise outside of your territory(ies) without our prior written permission.

Advertising Within and Outside Your Territory(ies)

You cannot advertise in another franchisee's territory and solicit for customers outside of your territory(ies), and you cannot advertise outside of your territory or territories not owned by another franchisee without our prior written permission. This includes channels of distribution including the internet, catalog sales, telemarketing, or other direct marketing, to make sales outside its territory.

Options to Acquire Additional Franchises

You do not receive the automatic right to purchase additional franchises. Additional franchise purchases are only available if there are franchise territories available, you meet our then-current criteria for new franchisees, you are current and not in default of your franchise agreement or another agreement with us or an affiliate, you sign the then-current franchise agreement, and, in our sole discretion, we determine to sell you another franchise.

Our Rights to Use Channels of Distribution in Your Territory or Territories

We and our affiliates reserve the right to market and sell both within and outside your territory(ies) using distribution channels, such as through the Internet, websites, apps, social media, direct marketing, telemarketing, and government and commercial contracts. We and our affiliates do not pay you for soliciting or accepting orders for any products or services and/or conducting business under the Painter Bros brand through these channels inside your territory(ies).

Competition by Us Under Different Trademarks

Neither we, nor an affiliate operates, franchises or has plans to operate or franchise a business that sells or will sell goods or services similar to those sold in your franchise using a different trademark, but we reserve the right to do so in the future. In addition, we retain, among other rights, the right, in our sole discretion: 1) to establish and license others to establish and operate Painter Bros businesses outside your territory(ies); and 2) to operate and license others to operate businesses anywhere that do not operate under the Painter Bros brand; and 3) to use the licensed marks in connection with the manufacture and sale of products at wholesale and at retail. We and our affiliates do not pay you for soliciting or accepting orders for any products or services and/or conducting business under other brands through these channels inside your territory(ies).

ITEM 13 TRADEMARKS

Non-Exclusive Grant of the Trademark

We grant you the non-exclusive right to use certain of our trademarks in the operation of your franchise business. You may also use future trademarks in the operation of your franchise business, as we designate. You will not at any time acquire any rights in the trademarks. By trademarks we mean our trade names, trademarks, commercial symbols, service marks and logos.



Agreements Regarding the Trademark

Under a license agreement entered into between Painter Bros IP, LLC and us in 2021, we were granted the right to use and sublicense the trademarks for 50 years. However, the license agreement specifies that if it is ever terminated, your franchise rights will remain unaffected. The terms and provisions of the license agreement cannot be modified without written authorization from both parties.

Registered Trademarks

The following trademarks, service marks, trade names, logotypes or other commercial symbols listed below are registered or have been filed for registration with the United States Patent and Trademark Office on the Principal Register. All required affidavits and renewals for the trademarks listed below have been filed.

Registration/ Serial Number	Mark	Registry	Registration/Filing Date	Status
5321085	PAINTER BROS (word mark)	Principal	October 31, 2017	Registered

97/324733	 (composite mark)	Principal	March 22, 2022	Published on the Official Gazette as of May 16, 2023
5383532	 (composite mark)	Principal	January 23, 2018	Registered

Although we do have a registered trademark for the name “Painter Bros,” we do not have a federal registration for one of our principal trademark logos. Therefore, our trademark logo does not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark logo, which may increase your expenses.

Registered Domain Names

We have registered, the Uniform Resource Locator (domain name) www.painterbros.com. You may not register or own a domain name using our trademark or any derivative of our trademark in a domain name, or social media, and you may not create or register any domain name or social media account in connection with your franchise business or the franchise system without our prior written permission.

Use of the Trademark

You must use all trademarks in strict compliance with our manuals and Painter Bros system. We have the right to require you to change, modify or discontinue our trademarks or to use one or more additional trademarks. You must promptly modify or discontinue the use of a trademark at your cost if we modify or discontinue it, and you have no rights to compensation or otherwise under the franchise agreement if we require you to modify or discontinue using a trademark. You cannot make application for registration for any of our marks, or any derivatives of our marks. You cannot use the name “Painter Bros” as part of your corporate name, but you must use the name Painter Bros as part of an assumed name or dba registered with the applicable governmental authority. This use is non-exclusive. You cannot make application for registration or other protection of the Painter Bros names, derivatives or any other trademark used by us.

You may only use the trademarks with the letters “TM” or “SM” or “®” as appropriate. You cannot use any trademark in the sale of any unauthorized product or service. You must follow all security procedures required by us for maintaining the secrecy of proprietary information.

Government Determinations Regarding the Trademarks

There are presently no effective determinations by the United States Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state or any court or pending interference, opposition or cancellation proceeding, or pending material litigation involving the trademarks. There are no agreements currently in effect that significantly limit our rights to use or license the use of the trademarks.

Superior Prior Rights and Infringing Uses

We are unaware of any superior rights in or infringing uses of the trademarks that could materially affect your use of the trademarks in your territory(ies).

Protection Against Infringement

You are obligated to notify us immediately when you learn about an infringement of or challenge to your use of our trademarks. We will have the discretion to take the action we deem appropriate. We are not obligated to protect any rights that you have to use the trademarks, or to protect you against claims of infringement or

unfair competition. You are given the right to protect yourself, at your sole cost, from any of these claims if we elect not to prosecute the claim of infringement or unfair competition; however, we have the right to control any administrative proceedings or litigation involving the trademarks, and you will proceed in strict coordination and oversight by us. You may not act contrary to our rights in the marks. We are not required to defend or indemnify you for expenses or damages if you are party to an administrative or judicial proceeding involving the licensed trademarks. You may not contest, directly or indirectly, our right and interest in our trademarks, names or marks, trade secrets, methods, and procedures that are part of our business. Any goodwill associated with the trademarks or system belongs to us.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents

You do not receive the right to use an item covered by a patent, and we do not have any pending patent applications with the United States Patent and Trademark Office. We do not own rights to, or licenses in, any patent that is material to the franchise system.

Copyrights

We have not registered our manuals with the United States Copyright Office, but we claim a copyright and consider the information proprietary, and we or our parent, or an affiliate claim protected trade secrets and copyrights in our franchise system.

We claim other copyrights in sales literature and marketing materials that we or our franchisees develop for our use and for use by our franchisees, and your use of these materials will be limited to the uses required or allowed by us.

We or an affiliate may develop software or apps. In such cases, we claim copyright protection on all such items.

Proprietary Information

You may only use the proprietary information in our manuals but only in connection with the system, including our estimating software, tracking reports, retention and marketing methods, forms, and protocols. The manuals may not be copied. The manuals must be returned to us or permanently deleted by you upon termination, transfer or non-renewal of your franchise agreement. Portions of the “system,” including certain processes, estimating techniques, our CRM and other proprietary software, marketing techniques, customer lists, etc., are a trade secret or confidential and proprietary to us.

With regards to our proprietary information, the franchise agreement also provides that you will: (a) strictly follow all confidential security procedures required by us, (b) disclose this information to your employees only as needed to market our products and services; (c) not use this information in any other business; (d) exercise the highest degree of diligence to maintain this information as confidential; and (e) promptly notify us if you learn of any unauthorized use of our trade name, trade secrets or proprietary information. Your use of our proprietary information is limited to the uses required or allowed by us. You must modify or discontinue the use of any patents or copyright, at your cost, if we modify or discontinue it, in our reasonable discretion.

Agreements Regarding Patents, Copyrights, and Other Intellectual Property

Under a license agreement entered into between Painter Bros IP, LLC and us in 2021, we were granted the right to use and sublicense the patents, copyrights, and other intellectual property for 50 years. However, the license agreement specifies that if it is ever terminated, your franchise rights will remain unaffected. The terms and provisions of the license agreement cannot be modified without written authorization from both parties.

Improvements to the System

Any improvements you make to the system will be owned by us and considered a “work-made-for-hire” as defined in Section 101 of Title 17 of the United States Code.

Protection Against Infringement

You must also promptly tell us when you learn about unauthorized use of copyrights, manuals and any other proprietary information. We are not obligated to take any action but will respond to this information as we believe appropriate. We have the right to control any administrative proceedings or litigation. We are not required to defend or indemnify you for any damages from any proceeding based on patents or copyright. You are given the right to protect yourself, at your sole cost, from any of these claims if we elect not to prosecute the claim of infringement or unfair competition; however, we have the right to control any administrative proceedings or litigation involving the patents or copyrights, and you will proceed in strict coordination and oversight by us. You may not act contrary to our rights in the patents or copyrights.

Superior Prior Rights and Infringing Uses

We are unaware of any superior rights in or infringing uses of the copyrights or patents that could materially affect your use of the copyrights or patents in your territory(ies).

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

“On-Premises” Supervision

We recommend but do not require on-premises supervision by your operating principal. However, we do require on-premises supervision at job sites by your designated manager who must be trained by us to manage your franchise business if your operating principal will not act as the full-time manager of the franchise business. Your onsite supervisor is not required to have an ownership interest in your franchise entity.

Participation by Your Operating Principal

Your operating principal must personally participate in the direct operation and supervision of the franchise business. However, unless your operating principal will act as the full-time manager of the franchise business, your operating principal is not required to work a certain or minimum number of hours; however, your operating principal must work sufficient hours to operate your franchise or supervise your managers and maintain sufficient supplies and materials and employ adequate personnel to operate the franchise business at maximum capacity and efficiency.

Although we do not require your operating principal to be involved in the day-to-day on-premises management, your operating principal is required to participate in your franchise business as follows: (i) be directly responsible for all accounting, reporting and bookkeeping and all financial components of the franchise business; (ii) attend and complete all training and retraining courses required by us; (iii) attend any annual or special meetings of franchisees called by us; (iv) be directly involved in all personnel decisions affecting the franchise business; and (v) conduct frequent inspections of job sites and operations to ensure the highest standards of professionalism and quality are being followed, and compliance with our approved methods.

Who Must Attend and Successfully Complete Initial Training

Your operating principal and at least one manager, if separate from your operating principal, must attend and successfully complete the initial training program.

Restrictions on the On-Premises Supervisor

We do not put a limitation on whom you can hire as your on-premises supervisor, but your manager and any subsequent manager must be trained before they can manage your franchise business.

No Competing Enterprises

Neither you, your operating principal, nor your management employees can have an interest in or business relationship with any competing business during the term of the franchise agreement and must keep free from activities that would be detrimental to or interfere with the operation of your franchise business or detrimental to the franchise system. You, your partners, directors, members, shareholders, and operating principal will be required to sign our standard principal brand protection agreement agreeing to protect and keep confidential our trade secrets and confidential information and to conform with the covenants not to compete described in Item 17 (franchise agreement Exhibit A-4). Your employees will also be required to sign a brand protection agreement, and that agreement also imposes certain non-competition restrictions on management employees. We provide you with this form, but it is your responsibility to conform the document to the laws and regulations of your state. Some states may impose certain restrictions on non-competition agreements [franchise agreement Exhibit A-5].

Required Operations

You must operate the franchise business at least 5 days per week (your operating principal or your managers must be available to our customers Monday-Friday, 8am to 5pm) throughout the year (unless waived in writing by us).

Interim Management

If we or our independent service provider find that you are not in compliance, we have the option, at our discretion, to manage your franchise business until you have found a suitable replacement to act as your manager. For this you will be charged \$500 per day, per representative, plus expenses.

Personal Guarantees

Any individual who owns a 10% or greater interest in the franchise business and their spouse, must personally guarantee the performance of all your obligations under the franchise agreement and agree to be personally bound by, and liable for, the breach of every provision of the franchise agreement.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must provide and sell only those products and services specified and approved by us in writing. Additionally, you cannot bid on or pursue commercial or government contracts over 50 miles from your territory without our prior written approval. No product or service may be added to, altered, or discontinued by your franchise business unless it is first approved by us in writing. You must offer all products and services required by us. We reserve the right to add, modify, or delete products and/or services that you will be required to offer. There are no limits on our right to do so. You must strictly follow our policies, procedures, specifications, methods and techniques concerning all of our products and services. You must offer a 2-year labor warranty to all your customers.

Additionally, because of our ability to obtain contracts in various states and regions, all national or regional commercial contracts (contracts with business located in more than one state) and federal government contracts must be contracted through us or our affiliates unless otherwise approved in writing by us.

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

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Franchise or other Agreement	Summary
a.	Length of the franchise term	Section 2.1	The term is 10 years. The franchise term will begin upon signing the franchise agreement.
b.	Renewal or extension of the term	Section 2.2	If you are in good standing at the end of the franchise term, you can enter into a successor franchise agreement for an additional term of 10 years. Your successor agreement will also provide an option to enter into a subsequent successor franchise agreement. You are required to give us notice of your intent to renew between 6 and 12 months prior to the expiration of your franchise agreement (subject to state law).
c.	Requirements for franchisee to renew or extend	Section 2.2	In order to renew, you must, among other things, not be in default, pay the successor franchise fee, modernize your franchise business to the then-current standards, and sign the then-current franchise agreement. When renewing, you may be required to sign a contract with materially different terms and conditions than your original contract.
d.	Termination by franchisee	Section 11.4	There are no provisions in the franchise agreement that permit you to terminate the franchise agreement. However, some states may allow you to terminate as permitted by state law.
e.	Termination by franchisor without cause	Section 11.1	We must have cause to terminate the franchise agreement.
f.	Termination by franchisor with cause	Section 11.1	We can terminate if you materially breach and fail to cure. There are certain breaches for which we can terminate without giving you an opportunity to cure (see (h) below).
g.	“Cause” defined – curable defaults	Paragraphs 11.1 K-O	You have 15 to 30 days to cure certain material defaults of the franchise agreement.
h.	“Cause” defined - non-curable defaults	Paragraphs 11.1 A-J	Non-curable defaults include conviction of a felony, fraud, repeated defaults even if cured, harm or threat of harm to the public, abandonment, trademark misuse, etc.
i.	Franchisee’s obligations on termination/non-renewal	Section 12.1	Obligations include complete de-identification, payment of amounts due, and compliance with the brand protection agreement etc. (See also (r) below).

	Provision	Section in Franchise or other Agreement	Summary
j.	Assignment of contract by franchisor	Section 14.1	There are no restrictions on our right to assign.
k.	“Transfer” by franchisee - defined	Section 14.2	The definition of transfer by you includes the assignment and transfer of contracts, security interests, transfer of ownership interest, the sale of substantially all of your assets, etc.
l.	Franchisor approval of transfer by franchisee	Section 14.2	We must approve all transfers, but we will not unreasonably withhold approval.
m.	Conditions for franchisor approval of transfer	Sections 14.3 – 14.8	Conditions to transfer include: you are not in default, all fees are current, new franchisee qualifies, transfer and training fees are paid, purchase agreement is approved, training for the new transferee arranged, new transferee signs the then-current franchise agreement, a release is signed by you, etc. You must also coordinate with the transferee to ensure coverage for the franchise business during the transferee’s initial training. These conditions are subject to state law (see state specific addenda).
n.	Franchisor’s right of first refusal to acquire franchisee’s business	Section 14.9	We can match any offer for your franchise business or business assets within 30 days of written notice to us of the offer.
o.	Franchisor’s option to purchase franchisee’s business	Sections 13.1 and 14.12	Upon termination or expiration of the franchise agreement, we can buy all or part of your business assets at fair market value. Additionally, if we receive an offer to acquire a majority of the franchises or an offer to purchase a majority of our assets or stock, or to merge or go public or similar transactions, we have the option to purchase all of your rights and interests in and under the franchise agreement and your franchise business at fair market value.
p.	Death or disability of franchisee	Section 14.10	Within 160 days of death or disability of your majority owner, your personal representative must be approved, and a new manager must be trained, if applicable, or franchise must be assigned to an approved buyer. We have the right to operate your franchise business until a trained manager is in place for which fees will apply.
q.	Non-competition covenants during the term of the franchise	Section 16.1	No involvement in competing business anywhere without our written consent. Non-competition provisions are subject to state law.

	Provision	Section in Franchise or other Agreement	Summary
r.	Non-competition covenants after the franchise is terminated, transferred or expires	Sections 16.3 – 16.4	<p>No competing business for 3 years within your former territory or within 30 miles of your territory or within 20 miles of any other Painter Bros franchise territory or company or affiliate owned territory (including after assignment). If you compete within the time period, then this non-compete time period will be tolled for the period of your competition. Non-competition provisions are subject to state law.</p> <p>For a period of 3 years from termination, transfer, or expiration of your franchise agreement, you may not solicit any former customer of your franchise business that you serviced as a Painter Bros franchisee, or customer of ours or an affiliate of ours with whom you interacted during the term of the franchise agreement.</p>
s.	Modification of the agreement	Section 20.11	Modifications must be made in writing and signed by both parties, but policies and procedures and the manuals are subject to change by us.
t.	Integration / merger clause	Section 20.10	Only the terms of the franchise agreement are binding (subject to state law). All representations and promises outside the disclosure document and franchise agreement may not be enforceable. No provision in any franchise agreement is intended to disclaim the express representations made in this franchise disclosure document. Any representations or promises made outside of the franchise disclosure document and other agreements may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 17.2	Except for certain claims, for all disputes, there must be a face-to-face meeting, mediation, and arbitration (see state specific addenda).
v.	Choice of forum	Sections 17.2 and 19.2	All dispute resolution must be held in Salt Lake City, Utah (subject to applicable state law).
w.	Choice of Law	Sections 19.1, and 19.5	Utah law, the Federal Arbitration Act, and the United States Trademark Act apply (subject to applicable state law).

**ITEM 18
PUBLIC FIGURES**

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

**ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

**Company Owned Units
(Gross Sales)**

The below tables represent an historic financial representation of our company owned outlets from January 1, 2019 to December 31, 2022. For each applicable year, we only include those outlets that operated during the full 12 months of the applicable year (if such closure was not Covid related). If a company owned territory opened part way through a given year, we did not include the gross sales of that territory in the year that it opened. Additionally, we did not include our Oregon territories in 2022 because they did not operate for a full 12 months in 2022 due to the lack of a sales manager for part of the year.

Year	Total Company Owned Outlets	Range in Territory Population	Gross Sales High	Gross Sales Low	Average Gross Sales	Median Gross Sales	Number of Territories that attained or surpassed the average	Percentage of Territories that attained or surpassed the average
2019	1	2,000,000	\$3,289,198	\$3,289,198	\$3,289,198	\$3,289,198	1	100%
2020	3	250,000 – 1,250,000	\$2,468,100	\$184,977	\$960,936.70	\$229,733	1	33%
2021	3	250,000 – 1,250,000	\$3,672,044	\$238,701	\$1599,870	\$1,201,882	1	33%
2022	3	250,000 – 1,250,000	\$2,030,450	\$444,753	\$1,205,684	\$1,131,848	1	33%

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

Notes for Company Owned Territories

Before we began franchising, our affiliate owned outlet operated throughout Northern Utah. When we began franchising, we sold parts of our affiliate’s territory to different franchisees. In 2019, two of those early franchises in Utah were terminated, and one franchisee purchased part of the franchisor company. Each of those franchised territories then reverted back to our affiliate’s original territory. However, in 2020, our affiliate stopped servicing some of those territories in Utah and concentrated its efforts on a smaller population base. In 2020, an affiliate opened a new outlet in Phoenix, Arizona, and another affiliate took over the Las Vegas, Nevada market that had been dormant due to a franchise reacquisition in 2019.

Franchise Territories (Gross Sales)

The below tables represent an historic financial representation of our franchised territories from January 1, 2019 to December 31, 2022. If a territory opened part way through a given year, we did not include the gross sales of that territory in the year that it opened.

Year	Total Franchised Outlets	Range in Territory Population	Gross Sales High	Gross Sales Low	Average Gross Sales	Median Gross Sales	Number of Territories That Attained or Surpassed the Average	Percentage of Territories That Attained or Surpassed the Average
2019	0	-	-	-	-	-	-	-
2020	2	250,000	\$220,139	\$104,197	\$162,168	\$162,168	1	50%
2021	1	250,000	\$536,985	\$536,985	\$536,985	\$536,985	1	100%
2022	1	250,000	\$174,712	\$174,712	\$174,712	\$174,712	1	100%

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

Notes for Franchised Territories

In 2019, there were a total of 4 franchises at the start of the year, but 2 franchises were terminated, 1 franchise was repurchased by an affiliate of the franchisor, and the other franchisee purchased a part ownership in the franchisor entity.

In 2020, we did not have any franchises operating at the beginning of the year, and we had 2 that opened part way through 2020.

In 2021, we had 2 franchise territories at the beginning of the year, but the franchised territory in Oregon was partly acquired by our affiliate, so it was not included in the numbers for 2021 as it became an affiliate owned territory. And prior to our affiliate purchasing part of the franchisee's business, the Oregon franchise was closed for several months in 2021 (non-COVID related), so it is not listed in the company-owned outlet's table above for 2021.

General Notes on the Gross Sales Tables

1. Gross Sales. Gross sales means the total revenue derived from the sale of goods or services less sales tax, discounts, and refunds. The figures were gathered from the financial records of each territory; however, the figures have not been audited. The figures do not list expenses. You must estimate your own costs and expenses including, but not limited to, inventory, marketing, insurance, royalties, wages, payroll taxes, etc.

2. Average. Average means the sum of all data points in a set, divided by the number of data points in that set.

3. Average Gross Sales. Average gross sales means the sum of the gross sales of the territories listed in an applicable group divided by the number of territories in that group.

4. Median. Median means the data point that is in the center of all data points used. That number is found

by examining the total number of data points and finding the middle number in that set. In the event the number of data points is an odd number, the median will be the center number. If the dataset contains an even number of data points, the median is reached by taking the 2 numbers in the middle, adding them together, and dividing by 2.

5. Median Gross Sales. Median gross sales means the center gross sales number of all gross sales included in an applicable group.

6. COVID-19. The COVID-19 pandemic limited business operations in 2020, and there were several months in which our territories could not operate at all. However, we have still included each franchisee from 2020 in the above table even if the franchise operated for less than 12 months in 2020. We have included our franchisee's numbers from before 2020 because our territory operations in 2021 are more reflective of pre-COVID operations, and most states have reduced or eliminated the restrictions that were enforced in 2020.

7. Territory Characteristics. Each company owned and franchise territory offers similar products and services to what our franchisees will offer, and each territory follows the same Painter Bros system. We do not anticipate there to be financial or operational characteristics of our affiliate owned territories that differ materially from future operational franchised territories. However, our Nevada affiliate owned territory at times subcontracts work obtained through commercial businesses and governmental agencies, and although our future operational franchised territories may receive commercial and/or government work from us or an affiliate, they cannot subcontract any work without our approval.

Company Owned Territories (Gross Profits)

The below tables represent an historic financial representation of our company owned Painter Bros territories from January 1, 2022 to December 31, 2022.

Territory	Population of Territory or Territories	Gross Sales ¹	COGS ²	Gross Profit ³	Gross Profit Margin ⁴	Franchisee Adjustments	
						Gross Profit ^{3,6}	Gross Profit Margin ^{4,6}
Las Vegas, NV	1,250,000	\$2,030,450	\$825,585	\$1,204,865	59.3%	\$1,103,343	54.3%
Phoenix, AZ ⁵	250,000	\$444,753	\$196,833	\$247,920	55.8%	\$225,682	50.8%
Salt Lake, UT	1,250,000	\$1,141,848	\$603,761	\$538,087	47.1%	\$480,995	42.1%

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

Notes for Company Owned Territories

Two of our affiliate owned territories have larger population bases, but the reason for the size of these territories is circumstantial and are exceptions to our model, and we do not anticipate having other large affiliate owned territories.

Franchise Territories (Gross Profits)

The below tables represent an historic financial representation of our franchised Painter Bros territories that operated for the full 12 months in 2022 from January 1, 2022 to December 31, 2022.

Territory	Population of Territory(ies)	Gross Sales ¹	COGS ²	Gross Profit ³	Gross Profit Margin ⁴
Houston, TX	250,000	\$174,712	\$83,811	\$90,901	52%

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

General Notes on the Gross Profit Tables

¹ Gross Sales. Gross sales means the total revenue derived from the sale of goods or services less sales tax, discounts, and refunds.

² COGS. Includes product costs and direct labor to complete the jobs performed.

³ Gross Profit. Gross profit means pre-taxed revenue less COGS. These figures do not list all expenses. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in this disclosure document, may be one source of this information.

⁴ Gross Profit Margin. Gross profit margin is calculated by dividing the gross profit by the gross sales.

⁵ Phoenix Territory. The Phoenix, Arizona territory a test market for an owner-absentee model. At this time, we do not intend to offer this option to franchisees.

⁶ Franchisee Adjustments. Adjusted to account for the 5% royalty fee paid by franchisees. Our company owned locations spend as much or more on advertising and technology, so no adjustment was made to account for advertising and technology cost differences.

The information in this Item 19 was taken from financial statements from our affiliates and from our franchisees. We have written substantiation, in our possession, to support the financial performance representation. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, Painter Bros 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 Zach Tanner at 880 North 100 East, Lehi, Utah 84043, (801) 995-2513 and zach@painterbros.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

[This space intentionally left blank]

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1
Systemwide Outlet Summary
For Years 2020 to 2022**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	0	2	+2
	2021	2	1	-1
	2022	1	3	+2
Company Owned	2020	2	3	+1
	2021	3	5	+2
	2022	5	5	+0
Total Outlets	2020	2	5	+3
	2021	5	6	+1
	2022	6	8	+2

**Table No. 2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For Years 2020 to 2022**

State	Year	Number of Transfers
Total	2020	0
	2021	0
	2022	0

**Table No. 3
Status of Franchised Outlets
For Years 2020 to 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Idaho	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
North Carolina	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
Oregon	2020	0	1	0	0	0	1
	2021	1	0	1	0	0	0
	2022	0	0	0	0	0	0
Texas	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Total	2020	0	2	0	0	0	2
	2021	2	0	1	0	0	1
	2022	1	2	0	0	0	3

¹ The reacquisition of this franchise territory was due to one of our affiliate's purchasing part of a franchisee's entity. Therefore, that territory became company owned.

**Table No. 4
Status of Company-Owned Outlets
For Years 2020 to 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Arizona	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Nevada	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Oregon	2020	0	0	1	0	0	1
	2021	1	1	0	0	0	2
	2022	2	0	0	0	0	2
Utah	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Total	2020	2	1	0	0	0	3
	2021	3	1	1	0	0	5
	2022	5	0	0	0	0	5

¹ The reacquisition of the Oregon franchisee in 2021 was due to one of our affiliate's purchasing part of a franchisee's entity.

**Table No. 5
Projected Openings as of December 31, 2022**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
Arizona	0	2-3	0
California	0	1-2	0
Colorado	0	1-2	0
Idaho	1	1-2	0
Florida	0	2-3	0
Georgia	0	1-2	0
Massachusetts	0	1-2	0
Michigan	0	1-2	0
Minnesota	0	1-2	0
Nevada	0	2-3	0
North Carolina	0	1-2	0
Oklahoma	0	1-2	0
Oregon	0	1-2	0
Tennessee	0	1-2	0
Texas	0	3-4	0
Utah	0	2-3	0
Washington	0	1-2	0
Total	0	23-40	0

List of Franchisees

Exhibit "C" contains a list of our current franchisees, and those franchisees who have had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the application date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Disclosure of Franchisee Information

If you invest in this franchise, your contact information and financial information may be disclosed in our disclosure document.

Confidentiality Agreements

No franchisees have signed confidentiality clauses during the last 3 fiscal years which would limit their ability to speak openly with you about their experience with us.

Franchisee Organizations

We do not know of any trademark specific franchisee organization associated with our system that is required to be disclosed in this item.

ITEM 21 FINANCIAL STATEMENTS

Our audited financial statements dated December 31, 2022, December 31, 2021, and December 31, 2020, and our unaudited interim financials dated April 7, 2023, are attached as Exhibit "B." Our fiscal year ends on December 31 of each year.

ITEM 22 CONTRACTS

We have attached the following contracts: as Exhibit "A," the Franchise Agreement and its Exhibits; and as Exhibit "G," the Form Release Agreement. All other contracts and agreements are to be entered into with persons of your choice and therefore cannot be attached.

ITEM 23 RECEIPT

The last 2 pages of this disclosure document contain a receipt, in duplicate. The receipt is a detachable acknowledgement that you have received this franchise disclosure document. Both receipts should be signed and dated by you. One copy should be returned to us. If you do not sign this receipt via our electronic signature platform, then you need to send us a signed and dated copy. You may return the signed and dated receipt to 880 North 100 East, Lehi, Utah 84043, or to info@painterbros.com.

**ADDENDUM TO THE PAINTER BROS FDD
STATE REGULATIONS**

**SCHEDULE "A-1"
TO THE FDD**

STATE REGULATIONS FOR THE STATE OF CALIFORNIA

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.

It is unlawful to sell any franchise in California that is subject to registration under this law without first providing to the prospective franchisee, at least 14 days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least 14 days prior to the receipt of any consideration, 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.

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner.

1. The California Franchise Investment law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the disclosure document.
2. The California Franchise Relations Act, Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with California law, California law controls.
3. 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.)
4. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be fully enforceable under California law.
5. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
6. The franchise agreement requires binding arbitration. The arbitration will occur at Salt Lake City, Utah with the costs being borne by you for travel to, and lodging in, Salt Lake City, Utah, and other costs associated with arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and Federal laws (this or these as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 128a, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
7. The franchise agreement requires application of the laws of Utah, but the California franchise laws may prevail in some instances. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California laws.
8. You must sign a general release if you transfer, renew or terminate your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).
9. Neither franchisor nor any person listed in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling this or these persons from membership in such association or exchange.
10. Section 31125 of the California Corporations Code requires the Franchisor to give the franchisee a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, before a solicitation of a proposed modification of an existing franchise.

11. Our website at www.painterbros.com has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of the website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

12. The franchise agreement provides for waiver of a jury trial. This may not be enforceable in California.

13. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

14. Item 6 under Late Fees is amended to include the following: "The highest interest rate allowed in California is 10% annually."

INFORMATION FOR RESIDENTS OF HAWAII

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process:

Department of Commerce and Consumer Affairs
Business Registration Division
Commissioner of Securities
335 Merchant St., 2nd Floor
Honolulu, HI 96813

SCHEDULE 2

ADDENDUM TO THE DISCLOSURE DOCUMENT FOR THE STATE OF HAWAII

1. The Hawaii franchise investment law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the disclosure document.
2. Hawaii Revised Statutes, Title 26, Chapter 482E, Section 482E-6 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with Hawaii law, the law will control.
3. 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.)
4. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under Hawaii law.
5. The franchise agreement requires application of the laws of the State of Utah. This provision may not be enforceable under Hawaii law.
6. The franchise agreement requires *you* to purchase certain goods from designated sources of supply. This provision may not be enforceable under Hawaii law unless such restrictive purchasing agreements are reasonably necessary for a lawful purpose justified on business grounds.
7. Upon termination or refusal to renew the franchise, Hawaii law requires that the franchisee be compensated for the fair market value of the franchisee's inventory, supplies, equipment and furnishings purchased from the franchisor or a supplier designated by the franchisor; provided that personalized materials which have no value to the franchisor need not be compensated for. If the franchisor refuses to renew a franchise for the purpose of converting the franchisee's business to one owned and operated by the franchisor, the franchisor, in addition to the remedies provided in this paragraph, shall compensate the franchisee for the loss of goodwill. The franchisor may deduct from such compensation reasonable costs incurred in removing, transporting and disposing of the franchisee's inventory, supplies, equipment, and furnishings pursuant to this requirement, and may offset from such compensation any monies due the franchisor.

Effective Date _____

**ADDENDUM TO THE FDD
FOR THE STATE OF FOR THE STATE OF ILLINOIS**

Illinois Law governs the franchise agreement(s).

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

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

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

No statement, questionnaire or 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.

FRANCHISEE:

FRANCHISOR:

By:

By:

(Signature)

(Signature)

Name:

Name:

Title:

Title:

STATE REGULATIONS FOR THE STATE OF INDIANA

Notwithstanding anything to the contrary set forth in the disclosure document, the following provisions shall apply to all franchises offered and sold in the State of Indiana:

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

2. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the disclosure document and franchise agreement are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

“Notwithstanding any such termination, and in addition to the obligations of the Franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the Franchisee nevertheless shall be, continue and remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Franchisee for the unexpired Term of the Franchise Agreement.

At the time of such termination of the Franchise Agreement, the Franchisee covenants to pay to Franchisor within 10 days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney’s fees) incurred by Franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the Franchisee’s right to a trial on any of the above matters.”

3. No release language set forth in the disclosure document or franchise agreement, shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

4. To the extent required by the franchise laws of the State of Indiana, the franchise agreement will be construed in accordance with the franchise laws of the State of Indiana.

5. The provisions of the franchise agreement pertaining to litigation jurisdiction and venue shall be amended to be within the scope of the requirements of the Indiana Franchise laws.

**STATE FDD ADDENDUM
FOR THE STATE OF MARYLAND**

ITEM 5 of the Disclosure Document is amended to add the following:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

ITEM 17 of the Disclosure Document is amended to add the following:

- 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.
 - A franchisee 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 3 years after the grant of the franchise.
 - Maryland law shall prevail.
- The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law.

**STATE REGULATIONS
FOR THE STATE OF MINNESOTA**

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

The disclosure document, franchise agreement, and other related agreements are amended to conform to the following:

1. Governing law, choice of forum, and jurisdiction and venue provisions of the disclosure document and franchise agreements are amended to include the following:

Minnesota statute ' 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or 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 or the jurisdiction.
2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. ' 80C.14, subdivisions 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.
3. As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), franchisor will reimburse the franchisee for any costs incurred by the franchisee in the defense of the franchisee's right to use the Marks, so long as the franchisee was using the Marks in the manner authorized by franchisor, and so long as franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.
4. Minnesota Rule Part 2860.4400D prohibits requiring 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 Minnesota, or consenting to liquidated damages, termination penalties or judgment notes.
5. The disclosure document and franchise agreements are hereby amended to exclude from any release requirements the release of claims under Minnesota Franchise Law.
6. Any limitation of claims must comply with Minn. Stat. ' 80C.17, subdivision 5.

7. Any fee regarding insufficient funds for a dishonored check must comply with Minn. Stat. § 604.113, subdiv. 2(a).

Franchisee (Signature)

STATE REGULATIONS FOR THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil, misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for 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(j), 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.

STATE REGULATIONS FOR THE STATE OF NORTH DAKOTA

The disclosure document, franchise agreement, and other related agreements are amended to conform to the following:

1. Item 17 of the Disclosure Document is amended as follows:
 - No general release shall be required as a condition of renewal and/ or transfer which is intended to exclude claims arising under North Dakota Franchise Investment Law Section 51-19-09.
 - In case of any enforcement action, the prevailing party is entitled to recover all costs and expenses including attorneys' fees.
 - The statute of limitations under North Dakota Law will apply.
 - Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.
 - A provision requiring litigation or arbitration to be conducted in a forum other than North Dakota is void with respect to claims under North Dakota Law.
 - In the event of a conflict of laws, North Dakota Law will control.
 - Franchisee may not assent to a waiver of rights to a jury trial, waiver of rights to exemplary or punitive damages, or waiving his rights to any procedure, forum, or remedies provided for by the laws of North Dakota, or consenting to liquidated damages, termination penalties or judgment notes.

**STATE REGULATIONS
FOR THE STATE OF RHODE ISLAND**

The following language applies to any franchise agreement issued in the State of Rhode Island:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act dictates 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.”

Section 19-28.1-15 of the Rhode Island Franchise Investment Act states that, “A condition, stipulation or provision requiring a franchisee to waive compliance with or relieving a person of a duty or liability imposed by a right provided by this Act or a rule or order under this Act is void. An acknowledgement provision, disclaimer or integration clause or a provision having a similar effect in a franchise agreement does not negate or act to remove from judicial review any statement, misrepresentations or action that would violate this Act or a rule or order under this Act. This section shall not affect the settlement of disputes, claims or civil lawsuits arising or brought under this Act.”

**STATE REGULATIONS
FOR THE STATE OF SOUTH DAKOTA**

ITEM 5 of the Disclosure Document is amended to add the following:

“Payment of all initial franchise fees owed to the franchisor, or its affiliate, by the franchisee shall be deferred until after all initial obligations owed to the franchisee under the franchise agreement or other agreements have been fulfilled by the franchisor.”

**STATE REGULATIONS
FOR THE COMMONWEALTH OF VIRGINIA**

By statute under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause or to use undue influence to induce a franchisee to surrender any right given to him by any provision contained in the franchise. Accordingly, the Division requests that the franchisor add a Virginia Addendum to the FDD containing the following statements:

No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

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

The following statements are added to Item 17.h:

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement and area developer 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.

Under 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 and area developer agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

**ADDENDUM TO THE FDD
FOR THE STATE OF WASHINGTON**

ITEM 5 is amended to add the following:

The franchisor has agreed to post a surety bond in the amount of \$100,000 pursuant to RCW 19.100.050.

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 the 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.

Article XIII of the franchise agreement will be interpreted in accordance with RCW 19.100.180.

Section 14.2 of the franchise agreement empowers the franchisor to purchase the franchise before the termination of the franchise agreement. This is inconsistent with RCW 19.100.180(2)(j) and does not apply to Washington franchisees.

The time limitations to initiate a claim as set forth in Section 17.2.3(iii) of the franchise agreement are hereby amended and extended to the time limits allowed under RCW 19.100.

Section 17.2.3(viii) of the franchise agreement is here by amended as follows:

Federal Arbitration Act. You and We mutually agree that all issues relating to arbitrability are governed exclusively by the Federal Arbitration Act and the federal common law of arbitration to the exclusion of any state statutes or common law and will be decided by the arbitrator. All provisions of this Agreement pertaining to venue, choice-of-laws, dispute avoidance and resolution will be strictly enforced (subject to state law).

Section 20.14 of the franchise agreement is not enforceable in Washington.

Section 2 of the Form General Release Agreement (Exhibit "G" to the franchise disclosure document) is hereby omitted and not applicable in the state of Washington.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20_____.

FRANCHISOR

FRANCHISEE

**ADDENDUM TO THE DISCLOSURE DOCUMENT
FOR THE STATE OF WISCONSIN**

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Wisconsin:

1. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES OF THE STATE OF WISCONSIN.
2. The following shall apply to Franchise Agreements in the State of Wisconsin:
 - a. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 (the "Act"), shall apply to and govern the provisions of Franchise Agreements issued in the State of Wisconsin.
 - b. The Act's requirements, including that in certain circumstances a Franchisee receive ninety (90) days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, shall supersede the provisions of Section VIII of the Franchise Agreement to the extent they may be inconsistent with the Act's requirements.

EXHIBIT "A"
TO THE FDD
FRANCHISE AGREEMENT



FRANCHISE AGREEMENT

By and Between

PAINTER BROS FRANCHISING, LLC

and

(Franchisee)

© 2023, The Franchise & Business Law Group, LLC

This Agreement and the Schedules and Exhibits attached hereto are subject to the copyright of The Franchise & Business Law Group, LLC

**PAINTER BROS®
FRANCHISE AGREEMENT**

TABLE OF CONTENTS

ARTICLE	PAGE
I. AWARD OF FRANCHISE	3
II. TERM AND SUCCESSOR FRANCHISE	4
III. INTELLECTUAL PROPERTY	5
IV. CONSTRUCTION, COMMENCING OPERATIONS AND LEASE	8
V. FEES AND REPORTS	8
VI. FRANCHISEE'S OPERATIONAL COVENANTS	11
VII. FRANCHISOR'S OPERATIONAL ASSISTANCE	17
VIII. PURCHASE OF PRODUCTS	19
IX. MANUALS	20
X. ADVERTISING	20
XI. BREACH AND TERMINATION	21
XII. TERMINATION AND EXPIRATION	24
XIII. PURCHASE OPTION	26
XIV. SALES OR TRANSFERS OF THE FRANCHISE	26
XV. RELATIONSHIP OF THE PARTIES	29
XVI. COVENANT NOT TO COMPETE	30
XVII. DISPUTE RESOLUTION	31
XVIII. NOTICES	33
XIX. CONSTRUCTION AND JURISDICTION	33
XX. MISCELLANEOUS	35
XXI. DEFINITIONS	37

Exhibits

A-1	Territory
A-2	Company Representations and Warranties
A-3	Fee Chart
A-4	Brand Protection Agreement for Principals
A-5	Management Employee Brand Protection Agreement
A-6	ACH Authorization
A-7	Personal Guaranty
A-8	Digital and Social Media Authorization for Assignment
A-9	State Addenda

**PAINTER BROS®
FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (“Agreement”) is entered into and made effective as of _____ by and between **PAINTER BROS FRANCHISING, LLC**, a Utah limited liability company (“Franchisor” or “We,” “Us” or “Our” as further defined in Article XXI below) and _____ (“Franchisee” or “You” or “Your” as further defined in Article XXI below).

WHEREAS, We have developed a system for the operation of a professional painting business known as Painter Bros®, utilizing the Marks and System, and offering to the public, commercial businesses, and government entities, professional residential and commercial painting services as well as facilities maintenance (“Franchise Business”); and

WHEREAS, You are desirous of entering into an agreement with Us so as to be able to obtain the rights to operate a Franchise Business using the System; and

WHEREAS, We may assign any of Our obligations to be performed by an area representative in Your Territory(ies), if applicable.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, recitals, obligations, terms and conditions herein contained, and the acts to be performed by the respective parties hereto, the parties hereto agree as follows:

**ARTICLE I
AWARD OF FRANCHISE**

1.1 Award of Franchise. We hereby grant to You, and You accept, subject to the terms, conditions and obligations herein, the non-exclusive, non-sublicensable, personal right to establish and conduct a Franchise Business as a franchisee and the right to use the System and the Marks only as specifically set forth herein.

1.1.1 Territory. Your Territory or Territories are set forth on Exhibit “A-1” (“Territory(ies)”). If You purchase more than one Territory, You must service all the Territories from the beginning of operations. During the term of this Agreement, We will not establish another traditional franchise or company owned Painter Bros unit using the trademark within Your Territory(ies).

1.1.2 Territory Restrictions. You cannot operate or service customers in another franchisee’s territory unless it is based on a customer referral or a government or commercial contract awarded through Us or Our affiliate, and other franchisees can do the same within Your Territory(ies). You may sell products and services outside of Your Territory if such territory has not been granted to another franchisee or is not a company owned territory, but You cannot bid on or pursue commercial or government contracts more than 50 miles outside Your Territory(ies). Additionally, You cannot Market in another franchisee’s territory, and You cannot Market outside of Your Territory(ies) without Our prior written permission.

1.1.3 Population Increase. We have the right to adjust the boundaries of Your Territory(ies) if the overall population of Your Territory(ies) (collectively) increases by 100,000 or more. However, any adjustment will not result in a Territory having less than a population base of approximately 250,000 people.

1.2 Scope of Franchise Operations. You must at all times comply with Your obligations hereunder and must continuously use Your best efforts to promote and operate Your Franchise Business.

1.3 Our Reservation of Rights. All rights not specifically granted to You in this Agreement are reserved to Us. You expressly acknowledge and agree that this license is non-exclusive, and that We retain, among other rights, the right, in Our sole discretion: 1) to establish and license others to establish and operate

Painter Bros® businesses outside Your Territory(ies); 2) to operate and license others to operate businesses anywhere that do not operate under the Painter Bros® brand, and 3) to use the Marks in connection with the manufacture and sale of products at wholesale and at retail.

1.4 Rights to Use Channels of Distribution. Except for the rights expressly given to You, there will be no limitation on Our rights to deal with potential or actual customers located anywhere. We and Our affiliates expressly reserve the right Market in Your Territory(ies) and elsewhere using Marketing strategies and distribution channels Including websites, the Internet, Social Media, smartphone apps, direct marketing, telemarketing, and government and commercial contracts. You may not sell Our products and/or services using such reserved Marketing strategies and distribution channels without Our prior written permission. We do not pay You for soliciting or accepting orders for any products or services We make inside Your Territory(ies).

1.5 Restriction of Territory Rights. Only painting services and general contracting/construction business can be offered through Your Franchise Business. You are not required to provide general contracting/construction work, but if You do, all such work must be billed through Your Franchise Business, and Gross Sales as defined herein Includes the Gross Sales generated through general contracting/construction work and are subject to reporting, record keeping, royalties, advertising fees, etc., as set forth herein. You must receive Our prior written permission to offer non-painting and non-construction/contractor services.

1.6 Relocation of a Territory. You are not allowed to relocate a Territory without Our prior written approval. Approval to relocate will be based upon the same criteria used in approving a new franchisee's proposed territory. You must demonstrate the financial ability to relocate as part of Our approval process. We have the right to deny a relocation request. If We approve Your relocation, You shall pay Us a relocation Fee as listed in Exhibit "A-3."

ARTICLE II TERM AND SUCCESSOR FRANCHISE

2.1 Term. This Agreement will be effective when executed by both You and Us. The franchise term will be for a period of 10 years unless terminated earlier pursuant to Article XI herein. If We are required by law or otherwise to give You notice before the Termination of this Agreement and fail to do so, this Agreement will remain in effect from month-to-month until We have given the required notice.

2.2 Successor Franchise. You have the right to be awarded a successor franchise ("Successor Franchise") upon the expiration of the original term for an additional term of 10 years if all the following conditions are met at the time You elect to renew: 1) You are not in default of this Agreement; 2) You have with and timely met material terms and conditions of this Agreement throughout the initial term; 3) You have complied with Our material operating and quality standards and procedures and any required modification to such standards and procedures; 4) You have timely paid all monetary obligations owed to Us during the term of this Agreement; and 5) You are not subject to any pending litigation or governmental proceeding which could have a material adverse effect upon You or Your Franchise Business; and 6) You give Us written notice of Your intent to renew at least six months and not more than 12 months prior to the expiration date of the term hereof. Your failure to give such notice will constitute an election not to enter into a Successor Franchise Agreement (defined below). Your Successor Franchise Agreement will also have similar rights of renewal. If You fail to enter into a Successor Franchise Agreement for any reason but continue to operate Your Franchise Business, at Our election, You will be deemed to have renewed on a month-to-month basis, requiring You to abide by Our then-current Fees. In addition to Our rights to terminate as set forth in Article XI, Your month-to-month Franchise Business may be Terminated only by Us upon 30 days' prior written notice to You for any reason whatsoever.

2.2.1 Commencement Date for Successor Franchise Term. Unless another date is specified in a Successor Franchise Agreement, which date will supersede, said Successor Franchise term Including,

any month-to-month term, will commence on the day following the expiration date of the initial or applicable Successor Franchise term.

2.2.2 Notice of Non-Approval. Upon receiving Your election to enter into a Successor Franchise, We will have 45 days to provide written notice in the event You do not qualify for a Successor Franchise or as otherwise required by law.

2.2.3 Successor Franchise Agreement. If approved as a Successor Franchise, You must execute Our then-current form of Our successor franchise agreement (“Successor Franchise Agreement”). The Successor Franchise Agreement Includes personal guarantees sign Our then-current form of general release of all claims against Us arising from this Agreement, the relationship created herein, and Your Franchise Business. If You fail to execute such a release, the signing of the Successor Franchise Agreement will be the equivalent of the granting of such a release. The Successor Franchise Agreement will supersede in all respects the terms and conditions of this Agreement, and You will be obligated to pay royalties and other continuing Fees at the then-existing levels required to be paid by new franchisees. You must sign and return to Us the Successor Franchise Agreement within 90 days prior to the expiration of this Agreement, or You will, at Our election, be deemed to have withdrawn Your request to enter into a Successor Franchise Agreement, and this Agreement will terminate at the expiration of the term then in effect. **You acknowledge that You that You will be bound by the form of the Successor Franchise Agreement in effect at the time which may contain Fees and charges, territorial, and other changes in material provisions different from those contained in this Agreement, Including terms affecting payments to Us or Our affiliates.**

2.2.4 Successor Franchise Fee. If approved for a Successor Franchise, You shall pay to Us a non-refundable Successor Franchise Fee as listed in Exhibit “A-3,” payable in full at the time of execution of the Successor Franchise Agreement.

2.2.5 Upgrading Your Franchise Business. As a condition to Us approving You entering into a Successor Franchise Agreement, at Your expense, You shall upgrade Your Franchise Business to the extent and in the manner specified by Us to conform with and bring it up to the standards, image and capabilities of new Painter Bros® businesses being opened at the time the Successor Franchise takes effect. Unless otherwise waived by Us, such upgrades must be made within six months of signing the Successor Franchise Agreement.

2.2.6 Successor Franchise Training. As a condition to Us approving You entering into a Successor Franchise Agreement, Your Operating Principal and other key personnel may also be required to attend and successfully complete trainings, certifications, and other programs at such times and locations as We specify. You may be required to cover the expense of travel, meals, lodging, and other related costs for such training and certifications.

ARTICLE III INTELLECTUAL PROPERTY

3.1 Intellectual Property and Confidential Information. You acknowledge that: 1) as between You and Us, We have the sole rights in and to the Intellectual Property and Confidential Information; 2) Your right to use the System is granted by Us solely pursuant to the terms of this Agreement; and 3) as between You and Us, We have the sole right to license and control Confidential Information, and Intellectual Property. Our Intellectual Property and Confidential Information provided to You by or through Us will remain Our sole property. You acknowledge that Our Confidential Information and Intellectual Property are unique and/or confidential and contain trade secrets and other material proprietary to Us.

3.2 Use of Confidential Information and Intellectual Property. You have a non-exclusive right to use the Confidential Information and Intellectual Property and only in connection with Your Franchise Business and in accordance with Our Manuals and this Agreement. You understand and agree that the use of Our Confidential Information and Intellectual Property, and goodwill are all temporary benefits and expire with

the Termination of this Agreement. You expressly covenant that during the term of this Agreement and after the Termination thereof, not to: 1) directly or indirectly contest or aid in contesting the validity of Our ownership of, or rights in, the Confidential Information or Intellectual Property; 2) in any manner interfere with or attempt to prohibit Our use of the Confidential Information or Intellectual Property and derivatives thereof or any other name, trademark or service mark that is or becomes a part of Our System; or 3) interfere with Our Confidential Information or use of the Intellectual Property by Our other franchisees or licensees at any time.

3.3 Our Marks. You acknowledge that as between You and Us, the Marks and derivatives thereof are valid trade names, trademarks and service marks owned by Us or licensed to Us.

3.4 Use of Marks and System. You have the non-exclusive right to use Our Marks and the System as directed by Us. You shall only use Our Marks licensed by this Agreement and only with the letters “TM,” “SM” or “®,” as appropriate, approved and as instructed by Us, whenever and wherever such Marks are used. You shall not use Your own name or any other name service or product in connection with any of Our Marks without Our prior written consent. You are prohibited from using any Mark in connection with the performance or sale of any unauthorized service or product. You cannot use the Marks or System in any manner, or otherwise take any action (or inaction) that would or may cause the Marks or the System to be subject to any ill repute or negative publicity. You cannot use the Marks on any intercompany documents (Including in or on employee manuals, handbooks, emails, letterhead) or on business checks or bank accounts. All communications with Your employees must be under Your entity name.

3.4.1 Cooperation. You shall execute any and all additional papers, documents and assurances in connection with the Marks as reasonably requested by Us and agree to cooperate fully with Us and any of Our other franchisees or licensees in securing all necessary and required consents of any state agency or legal authority for the use of the Marks or any other name, trademark, service mark, logo or slogan that is now or later becomes a part of Our System. You shall immediately notify Us as soon as You become aware of any infringement or apparent or alleged infringement of the Marks, Our Confidential Information, or any part of Our Intellectual Property.

3.4.2 Use in Advertising. The use of the Marks in advertising is set forth in Article X.

3.4.3 Modification of Marks. We have the right, in Our reasonable discretion, to require You to change, modify or discontinue the Marks or to use one or more additional trademarks, service marks, logos and/or other symbols in connection with the operation of the Franchise Business. In that event, You must bear the cost of using such additional or modified Marks or items in accordance with Our reasonable directives.

3.4.4 No Registration. You cannot make application for registration, domain name, or other protection of any of the Marks, or any other trademarks, service marks, symbols, names, slogans, logos, trade names or any items that are similar or derivatives therefrom in any jurisdiction without Our prior written consent and then only upon the terms and conditions specified by Us in connection therewith.

3.5 Copyrights. All right, title and interest in and to Copyright Materials are Our sole and exclusive property and cannot be reproduced or replicated either during or after this Agreement. You have no rights to make any direct or indirect use of the Copyrighted Materials except as allowed under this Agreement.

3.6 Sole Control. As between You and Us, We will have the sole control over any legal or administrative action concerning the Confidential Information or Intellectual Property. You must promptly notify Us in writing of any unauthorized use of Our Confidential Information and Intellectual Property, or of any claim, demand or suit by any person, corporation or other entity based upon or in connection with any of Our Confidential Information and Intellectual Property licensed hereunder in which We have an interest. We are not obligated to protect any rights that You have to use the Marks, or to protect You against claims of infringement or unfair competition. However, in the event We do undertake the defense or prosecution of any litigation pertaining to any Confidential Information or Intellectual Property, You must execute any and

all documents and do such acts and things as may, in the opinion of Our counsel, be necessary to carry out such defense or prosecution. If We fail to undertake action within a reasonable time after receipt of Your notice regarding any such claim, demand or suit, then You may, with Our prior written consent (but You will not have the obligation), undertake the defense of any such proceeding and will do so at Your sole cost and in strict coordination and oversight with Us. You may not do any act or make any claim which is contrary to or in conflict with Our rights in Our Confidential Information or Intellectual Property.

3.7 Goodwill. You acknowledge that valuable goodwill is attached to the Marks and System, and that We have invested and continue to invest time and capital into promoting the System and that such promotion creates goodwill and customer association which benefits Us, You, and all other franchisees in the System. Furthermore, even goodwill associated with the Marks and the System that might be deemed to have arisen through Your activities, is Our sole property and inures directly and exclusively to Our benefit, except as otherwise provided herein or by applicable law.

3.7.1 Customer Data. All Customer Data is Our sole property and inures directly and exclusively to Our benefit. You have a royalty-free, non-exclusive right to use the Customer Data during the term of this Agreement. You must gather, upload, and/or store all Customer Data as required by Us. To the extent that We do not otherwise have access, You must provide Us copies of all Customer Data upon request. You must abide by all applicable laws pertaining to the privacy of consumer, employee and transaction information, and do not contact laws. If We allow You to use the Customer Data to transmit advertisements to customers and potential customers, You are solely responsible to comply with the laws pertaining to calling or texting customers, the sending of emails, or any other transmission of information, including any anti-spam legislation.

3.8 Fictitious Business Name. You must not use Our Marks or any other name similar thereto in the name of any partnership or entity owned or formed by You, whether to own or operate Your Franchise Business or otherwise. However, within 30 days of signing this Agreement, You must file for a certificate of assumed or fictitious name or a “doing business as” name (“DBA”) using Our Marks as designated by Us, and in the manner required by state law so as to notify the public that You are operating Your Franchise Business as an independent business pursuant to this Agreement and must include Your assigned franchise designation in such filing. You shall provide Us with a copy of Your DBA registration and/or certificate upon receipt of the same, and upon Our request from time to time.

3.9 Maintaining Secrecy. You shall: 1) fully and strictly adhere to all security procedures prescribed by Us in Our sole discretion for maintaining the secrecy of Our Confidential Information; 2) disclose such information to Your employees only to the extent necessary to market Our products and services and for the operation of the Franchise Business in accordance with this Agreement; 3) not use any such information in any other business or in any manner not specifically authorized or approved in writing by Us; and 4) exercise the highest degree of diligence and make every effort to maintain the absolute confidentiality of all such information during and after the term of this Agreement.

3.10 Changes to the System. You shall fully disclose all Innovations to Us, without disclosing the Innovation to others and shall obtain Our written approval before using or implementing an Innovation. All Innovations are owned by Us and considered “work-made-for-hire.” If all or part of any Innovation that You create is for any reason deemed not to be a work-made-for-hire, then You hereby irrevocably transfer and assign to Us or Our affiliate all right, title, interest and ownership, including license rights, in the Innovation, and You agree to execute any document necessary to effectuate the transfer and assignment. To the extent You have any moral or similar rights in an Innovation or derivative thereof, You expressly waive those rights. Any Innovation may be used by Us and all other franchisees without any obligation to compensate You. We reserve the right to make application for and own Intellectual Property relating to any Innovation, and You shall cooperate with Us in securing these rights. We may also consider an Innovation as part of Our trade secret. At Our discretion, We may authorize You to utilize Innovations that may be developed by You, Us, or other franchisees.

3.11 Association with Causes; Co-Branding. You cannot, without first receiving Our written approval, in the name of the Franchise Business or in any manner associated with the Marks: (i) donate money, products, or services to any charitable, political, social, religious, or other for-profit or non-profit organization, cause, or position, or (ii) act in support of or against any such organization, cause or position. You cannot “co-brand” or use the Marks or Your Franchise Business to associate any other business activity with the Franchise Business in a manner which is likely to cause the public to perceive the activity to be related to or sponsored by the brand or System.

ARTICLE IV CONSTRUCTION, COMMENCING OPERATIONS AND LEASE

4.1 Office; Storage. You are required to have an office from which You will operate Your Franchise Business, which may be within Your residence. If You do not have access to a home office or similar location from which to operate Your Franchise Business, You are required to either purchase or lease suitable real property from which to operate Your Franchise Business within three months of signing this Agreement. You may also need to rent a storage space to store Your equipment and paint supplies. You must strictly comply with local zoning and, state and federal laws, rules and regulations.

4.1.1 Selection. It will be Your responsibility, at Your sole cost and expense, to select Your office site. You must provide Us with the street address of the proposed site and such other information as We request, and We must approve of Your office location and general characteristics of Your office and lease, if applicable. If You do not work from a home office, You must have a site purchased or leased within three months of signing this Agreement.

4.2 Commencing Operations. You are required to commence operations not later than six months from the date of Your Lease. We have the right to inspect Your equipment, storage unit, office, and other aspects of Your operations relating to Your compliance with this Agreement prior to opening.

4.2.1 Conditions to Opening. You will notify Us in writing at least 30 days before You intend to begin operations. Before opening, You must satisfy all of the following conditions: 1) You are in compliance with this Agreement; 2) You have obtained all applicable governmental permits, licenses, and authorizations; 3) the Franchise Business conforms to all applicable System standards; 4) You have hired sufficient employees and/or contractors; 5) Your Operating Principal and manager have completed all of Our required pre-opening trainings and certifications; and 6) We have given Your Our written approval to begin operations, which will not be unreasonably withheld.

4.2.2 Failure to Meet Deadlines. If You fail to meet a deadline and fail to cure, this Agreement is subject to Termination by Us, at Our option. However, You may be granted an extension at Our discretion if You demonstrate a good faith effort in complying with this Article.

ARTICLE V FEES AND REPORTS

5.1 Initial Franchise Fee. You shall pay Us the initial franchise fee listed on Exhibit “A-1” and Exhibit “A-3” in one lump sum at the time of signing this Agreement. The initial franchise fee is fully earned by Us and is non-refundable. No rights or privileges under this Agreement will exist until the initial franchise fee is paid in full.

5.1.1 Veteran Discount. For franchisees that have been honorably discharged from a branch of the US Armed Forces, We offer a 15% discount off the initial franchise fee. Veteran ID cards, a DD-214, and other documentation will be required to provide proof of honorable discharged status.

5.1.2 Additional Franchises. During the term of this Agreement, You may purchase additional franchise territories only if there are franchise territories available, You meet Our then-current criteria for new franchisees, You are current and not in default of this Agreement, and, in Our sole discretion, We

determine to sell You another franchise. You will be required to sign Our then-current franchise agreement, which may have material terms different from this Agreement. If your desired territory is within an area representative's area, then that area representative must approve of the sale of a franchise territory to You.

5.1.3 Startup Package. You must purchase an initial startup package (per Territory) from Us, which includes a technology package, logoed pens, estimate folders, door hangers, business cards, logoed polos and t-shirts, brochures, job folders and a laser measurer. Payment is due in full at the time of ordering.

5.2 Royalty. You shall pay Us a non-refundable on-going weekly royalty listed in Exhibit "A-3." The royalty is in consideration of Your right to use Our Intellectual Property and certain Confidential Information in accordance with this Agreement, and not in exchange for any specific services We render.

5.2.2 Change in Law. In the event there is a change in the law or a discovery of a law affecting the collection of payments to Us, You agree to allow Us to modify the definition of "Gross Sales" and the calculation of other Fees due to Us in order to comply with the law. However, in no event will the modification of the term "Gross Sales" or the calculation of other Fees due to Us result in Your payment in excess of the Fees listed in Exhibit "A-3."

5.3 Advertising Fee. You shall pay Us the advertising fee listed in Exhibit "A-3." This amount is to cover the cost for Our approved digital Marketing company to run a local search engine optimization ("SEO") campaign in Your Territory(ies). If there are excess funds from the advertising fee You pay Us after the local SEO costs are covered, the remaining amount will be allocated to the Advertising Fund (see Article X). If the advertising fee You pay Us does not cover the cost for Our digital Marketing company to run a local SEO campaign in Your Territory(ies), then You shall pay Us the difference within five days of notice from Us.

5.3.1 Lead Generation. You must also pay Us the Fee listed in Exhibit "A-3" to have Our approved digital Marketing company run Google Ads or other lead generation in Your Territory(ies). We will control all landing pages for Your lead generation. With Our pre-approval, We may allow You to advertise through other mediums such as Home Advisor and Yelp.

5.4 Calculation and Reporting. The calculation, reporting and payment of Fees specified in Sections 5.2 and 5.3 above will be made as follows:

5.4.1 Gross Sales Report. See Section 5.5 below.

5.4.2 Payments; Due Date. All Fees must be paid weekly in accordance with Our then-current electronic funds transfer, ACH or other automatic withdrawal program or as specifically directed by Us. We can allow You to pay Fees to Us by check, but You cannot pay by credit card. Currently, the Fees as shown and calculated on the Gross Sales Report are due and payable and must be received by Us or credited to Our account by pre-authorized bank debit and automatically withdrawn from Your Operating Account not later than 5:00 pm Mountain Time on Thursday of each week for the previous week's sales (Thursday through Wednesday) or other day of the week as designated by Us. Our current ACH agreement is attached hereto as Exhibit "A-6" and may be modified by Us at any time in Our sole discretion. We reserve the right to change the payment due date or require an alternative payment frequency for any or all Fees in the future. You agree that Your obligation to pay all Fees due under this Agreement are absolute and unconditional.

5.4.2.1 Operating Account. You shall not have more than one Operating Account associated with the Franchise Business. If You fail to timely report Gross Sales, We may automatically sweep or debit an estimated amount of Fees due to Us. You shall pay Us any amount owing if We underestimate Your payment to Us, and We will credit You with any overage that We charge. You must also provide Us continual view-only access to Your Operating Account. You are required at all times to maintain a minimum amount in Your Operating Account sufficient to cover at least three months of operations, but in no event less than \$10,000, provided that in any 30-day period, the Operating Account

may have less than such amount for a period of not more than five days. You are required to provide Us with view-only access to Your Operating Account.

5.4.3 Late Fees. You will be charged a late Fee if a required Fee, payment to Us or an affiliate, or report is not timely received by Us or an affiliate, and You will be charged per bounced check or insufficient funds transfer. See Exhibit “A-3.” These Fees are due within 10 days of notice to You.

5.4.4 Interest. In addition, all Fees not paid when due will be assessed and accrue interest from the due date to the date of payment, both before and after judgment at the rate of 18% per annum or the maximum rate allowed by law, whichever is less. In no event will any amounts be charged as interest or late fees or otherwise that exceed or violate any applicable legal restrictions. Unpaid interest charges will compound annually.

5.4.5 Sales or Use Tax. If there is hereafter assessed any nature of sales tax or use tax or other value added tax on Fees, You pay to Us, You shall also pay Us the applicable tax when invoiced.

5.5 Reports and Financial Statements. You must submit the following reports by the following due dates. We reserve the right to require all reports to be submitted at more frequent intervals.

TYPE OF REPORT	DUE DATE	REMARKS
Gross Sales Report	Same due date as royalties	You must submit Your Gross Sales report in a form We approve or require, which must include the Gross Sales of the immediately preceding sales week.
Job Costing	Friday of each week	This report must include the cost of the work performed for the prior week’s sales.
Local Marketing Report	Quarterly, by the 10 th day of the following quarter	This report only needs to include ad spending outside of Our primary Marketing sources.
Profit and Loss Statement and Balance Sheet	Quarterly, by the 10 th day of the following quarter	This report must be in the format and include the line items as required by Us, but it does not need to be prepared by Your accountant or audited unless specifically requested by Us.
Annual Financial Statements	Within 45 days after the end of each fiscal year	Must be submitted in accordance with the standard profit and loss statement template and balance sheet template required by Us. This is a complete financial statement for the preceding calendar year that has been reviewed and certified by an independent public accountant.
State Tax Return	Within 10 days of submission	
Federal Tax Return	Within 10 days of submission	
IRS Form 941 (Employer’s Quarterly Federal Tax Return)	Within 10 days of submission	
Other Reports	Upon Request	Those additional reports that We may from time to time require, including by way of example and not limitation, sales and cost data and analyses, advertising budget and expenditures.

5.5.1 Access and Use of Financial Records. We reserve the right to require You to use and pay for an accounting software system designated by Us, and We will have independent access to Your account. Additionally, We or Our certified public accountants or other duly authorized agent have the right during normal business hours to conduct computer and other audits and to examine and make copies of Your books, records, financial statements and sales and income tax returns, and You must keep complete and accurate books and records of the operation of Your Franchise Business.

5.5.2 Audit of Books and Records. If any audit or investigation discloses a deficiency of 2% or more of the Gross Sales in the computation or payment of the Fees due to Us, You shall immediately pay Us the amount of the deficiency, the appropriate fee for late charges, and You shall reimburse Us for the total expense of the audit or investigation, including the charges for the accountant and the travel expenses, room, board, and other costs incurred in connection with the audit. Your failure to report Gross Sales for any period, or Your failure to retain and have available readable and organized required records will be deemed an understatement by more than 2%. You shall provide Us with access to, or copies of, all financial records in the time We require.

5.6 Application of Payments. We can apply any payments received from You to any past due or then-current indebtedness of Yours to payments owing to Us.

5.7 No Refunds. The Fees set forth in this Agreement are not refundable.

5.8 Funding. You are solely responsible for obtaining all funding for Your Franchise Business. Failure to obtain sufficient initial funding for opening Your Franchise Business is grounds for termination of this Agreement.

5.9 Technology Fee. You must pay Us or the designated supplier(s) a Fee to manage the website and Your webpage. See Exhibit "A-3." We can designate You to pay all or a portion of this Fee directly to the supplier. This Fee includes basic website presence and up to three corporate domain email addresses. In Our discretion, We may provide You additional email or web addresses, and such additional costs will be borne by You. We may increase this Fee to account for new or additional technologies and increased costs.

ARTICLE VI FRANCHISEE'S OPERATIONAL COVENANTS

6.1 Business Operations. In addition to other obligations, requirements and covenants set forth in this Agreement.

6.1.1 Compliance with Applicable Laws. Because this franchise is in the painting industry, specific regulations regarding painting and contractor licenses will apply to the operation of Your Franchise Business. These regulations pertain to contractor licensing, lead paint removal and disposal, paint and solvent, hazardous waste handling and disposal, as well as laws and regulations pertaining to worker safety and health in the workplace. There are also many state and local codes, ordinances or statutes regarding contractor licensing requirements, as well as statutes and regulations detailing how to define independent contractors, all of which could affect the operation of Your Franchise Business. In order to operate a Painter Bros® franchise in Your jurisdiction, You or an employee of Yours may be required to obtain a general painter contractor's license and a general contractor's license if You perform construction or general contractor work. You are solely responsible for ensuring compliance with all other applicable laws, ordinances and regulations or ruling of every nature whatsoever which in any way regulate or affect the operation of Your Franchise Business.

(i) Permits and Licensing. You shall obtain and maintain all required permits and licenses for the operation of Your Franchise Business. You agree that We have not made, and You have not relied on any representation that no permits or licenses, or only certain licenses, permits, etc., are necessary in connection with the operation of Your Franchise Business.

6.1.2 Appearance; Customer Service. You shall operate Your Franchise Business in a professional and tidy manner; perform work competently and in a workmanlike manner; give prompt, professional, courteous and efficient service to the public adhering to the highest standards of honesty, integrity, fair dealing, and ethical conduct; and otherwise operate in strict compliance with Our System, policies, practices and procedures contained in the Manuals or otherwise communicated to You so as to preserve, maintain and enhance the reputation and goodwill of Our System. We reserve the right to require that Your employees and contracted personnel comply with any dress code or other trademark or brand-related standards that We may require.

6.1.3 Signage and Vehicle Wraps. All signs and vehicle wraps to be used in connection with Your Franchise Business must meet Our specifications and must be approved in writing by Us prior to use by You, but You must negotiate all purchase agreements or leases with Your suppliers. You shall maintain all signs and vehicle wraps in good condition and undertake such repairs and or replacements at Your expense as We reasonably determine to be necessary.

6.1.4 Training. Your Operating Principal and Your designated managers, if other than You, are required to attend and successfully complete Our training program at least two weeks prior to opening Your Franchise Business. Your Operating Principal and designated managers are required to attend the same training. Failure to successfully complete training is a default of this Agreement. The training instruction is provided by Us without charge to You for Your Operating Principal and up to two management and/or executive level persons. Depending on availability, You may request additional trainees to attend the initial training. The cost for additional trainees to attend the initial training is listed in Exhibit "A-3." The cost of additional trainees or additional days at training must be paid half upfront and half due within 10 days of completing the training. You must also cover the travel, food, and lodging costs as well as compensation for Your attendees.

i. Replacement Training. Any new Operating Principal must attend Our initial training before they may assume the role of Operating Principal. New managers may be trained by Your Operating Principal, but We can also require Your managers to be trained by Us if We reasonably believe such training would be in the best interest of Your Franchise Business and/or the System. Depending on availability and advanced written notice, this training may take place in Your Territory(ies), but more likely the training will take place at or near Our headquarters or at an affiliate's territory. Our Fee for this additional training is listed in Exhibit "A-3." You shall also bear the costs of travel, food, lodging and salaries of Your attendees or Our representatives, as applicable.

ii. Additional In-Person Training. Depending on availability and advanced written notice, if You would like additional in-person training, We may provide this training to You. We have the right in Our sole discretion to limit additional training to three-man-days at a time. We can also require Your Operating Principal and/or other key personnel to attend additional trainings if You are in default, or if We reasonably believe such training would be in the best interest of Your Franchise Business. For all training, You shall also bear the costs of travel, food, and lodging of Your attendees or Our representatives (as applicable) in connection with training.

iii. Non-Disclosure. All attendees at a training must sign a non-disclosure agreement acceptable to Us before attending training.

iv. Rescheduling Fee. You shall pay Us the rescheduling Fee listed in Exhibit "A-3" if You postpone or reschedule a training within 10 days of the scheduled date, or if You fail to complete certain requirements prior to a training.

6.1.5 Other Agreements. You must execute all other agreements required under this Agreement or as reasonably requested by Us from time to time and to provide Us with a copy within 15 days of execution.

6.1.6 Management. Your Franchise Business must be managed by either Your Operating Principal or a designated manager who will be required to devote their full time, attention and best efforts to the management and operation of Your Franchise Business. We require on-premises supervision at job sites by Your designated manager who must be trained by Us to manage Your Franchise Business if Your Operating Principal will not act as the full-time manager of the Franchise Business. You must disclose the identity of Your Operating Principal to Us, and You must immediately notify Us in writing if Your Operating Principal is no longer acting in such capacity. We must approve of Your Operating Principal and any replacement Operating Principal.

i. Unless Your Operating Principal will act as the full-time manager of the Franchise Business, Your Operating Principal is not required to work a certain or minimum number of hours; however, Your Operating Principal must maintain sufficient equipment, inventory, and supplies and work sufficient hours to operate Your Franchise Business or supervise Your managers and employ adequate personnel to operate Your Franchise Business at its maximum capacity and efficiency.

ii. Although We do not require Your Operating Principal to be involved in the day-to-day on-premises management, Your Operating Principal is required to participate in Your Franchise Business as follows: (i) be directly responsible for overseeing all accounting, reporting and bookkeeping and all financial components of the Franchise Business; (ii) attend and complete all training and retraining courses required by Us; (iii) attend any annual or special meetings of franchisees called by Us; (iv) be directly involved in all personnel decisions affecting the Franchise Business; and (v) conduct frequent inspections of job sites and operations to ensure the highest standards of professionalism and quality are being followed, and in compliance with Our approved methods.

iii. Your Operating Principal must devote their primary attention to the Franchise Business, and You, Your Operating Principal and Your manager(s) must keep free from any conflicting or competing enterprises or any other activities that would be detrimental to or interfere with the operation of Your Franchise Business.

6.1.7 Operational Hours. You shall operate Your Franchise Business at least five days per week throughout the year, and Your Operating Principal or Your managers must be available to customers during the days and hours We dictate (currently Monday through Friday from 8am to 5pm unless waived in writing by Us).

6.1.8 Your Employees. You, Your principals, and Your employees are not Our employees. You are solely responsible for the hiring, firing, compensation, benefits, managing, and training of Your employees and contract personnel. We do not assist You in employment related decisions, or in creating any policies or terms and conditions related to the management of Your employees and contractors and their employment. It is Your responsibility to comply with local and federal labor and employment laws.

6.1.9 Insurance.

(i) Minimum Limit Requirements. You shall at all times during the entire term of this Agreement and at Your own expense keep in full force, by advance payment(s), the following minimum insurance policies, obtained from a company rated "A-" or better by A.M. Best & Company, Inc.

Type of Insurance	Minimum Required Amount(s)
Commercial General Liability Insurance	\$1,000,000 per occurrence and \$2,000,000 in the aggregate or leasehold minimum, whichever is greater
Commercial Automobile Insurance	At least \$1,000,000 (combined single limit for personal injury, including bodily injury or death, and property damage)
Umbrella Insurance	\$1,000,000

License Bond, Surety, Letter of Credit or Similar Protection	As required on a per state basis
Government Required Insurances	You must maintain and keep in force all worker's compensation and employment insurance on your employees that is required under all federal and state laws.

(ii) Policy Requirements. Other than Your worker's compensation insurance, these policies must insure You and Us and Our nominees as additional insureds, without regard to any other insurance program that We may have in effect, against any liability that may accrue by reason or relating to Your ownership, maintenance or operation of the Franchise Business wherever located or performed. These policies must stipulate that We will receive a 30-day written notice prior to, renewal or termination, and We must receive a 30-day notice of any modifications. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance acceptable to Us must be furnished to Us together with proof of payment prior to You beginning operations and within 15 days of any request which We may make from time to time. These insurance coverage requirements are only minimums. You need to make an independent determination as to whether increased amounts or additional types of insurance are appropriate. If You fail to obtain insurance and keep the same in full force and effect, We may obtain this insurance at Our discretion, and You must reimburse Us the premium costs, plus an administration Fee for Our time (see Exhibit "A-3"). We may periodically increase the amounts of coverage required and/or require different or additional coverage. We also reserve the right to require You to use a specific insurance broker, and We also reserve the right to broker and derive revenue as a result of Your purchase of insurance.

6.1.10 Pricing. We may, to the degree permitted by law, suggest retail prices and specify maximum and/or minimum pricing You may charge for products and services. If We impose a maximum price for any product or service, You may charge any price for the product or service up to and including the maximum pricing We impose, but You may not charge any price in excess of the maximum pricing. If We impose minimum pricing for any product or service, You may charge any price down to and including the minimum pricing imposed, but You may not charge any price below the minimum pricing set by Us. Our pricing policies are intended to benefit the System as a whole and may not maximize Your profits.

6.1.11 Computer System. At Your expense, You must purchase or lease a computer, iPad, and other computer hardware and software systems designated by Us in strict accordance with Our specifications, and We can mandate the forms of payment You can or must accept. Currently, You must have at least one iPad per painting crew that meets Our specifications. There is no contractual limitation on Our right to receive information through Your computer, POS or other systems or to the frequency and cost of the obligation to upgrade and maintain them. If We adopt a different computer system or other system in the future, You must adopt it at Your expense. You must maintain, repair, modify and upgrade all such items at Your expense. You hereby waive any claim against Us or Our affiliates for any loss, damage, liability, or expense caused by or related to failures, errors, acts, omissions, or otherwise of any computer, POS, hardware or software system (not related to Our (or an affiliate's) acts or omissions). You must provide Us continual independent access to Your computer systems and Your accounting system, including all quotes, estimating reports, templates and forms generated on Your computer and tablets. You must keep these systems available for Our access 24/7 and provide Us with user IDs and passwords, if necessary. At the present time, We require the use of our designated CRM for Your point-of-sale system, and We reserve the right to designate a different POS system in the future. Your and computer must be capable of running Excel and other Microsoft programs and sending and receiving emails. Additionally, You must have a printer to print out customer contracts and other forms designated by Us.

(i) Email Address. We will provide You with one email address that must be used in all correspondence and communications involving Your Franchise Business. If We provide You with an email account/address, We have the right to access Your email account, and You understand and acknowledge that You have no expectation of privacy in the assigned email accounts. You are not allowed to use a non-franchise email for business purposes involving the Franchise Business. You may purchase additional email addresses from Us for Our then-current Fee (currently \$10 per month).

(ii) Customer Relationship Management Software “CRM”. You are required to use Our designated CRM for reporting, customer payments, customer data, estimating, and other uses as required by Us. You are responsible for the subscription costs to use the CRM. All customer payments, must be processed through the CRM, and You will be responsible for all merchant processing fees. We have the right to withhold or instruct the applicable merchant processing company to deduct all the applicable fees that You owe to Us prior to remitting processed payments to You. Any marketing platform utilized by You must funnel leads through the CRM. Additionally, all estimates, projects, and any and all business activities for Your Franchise Business must flow through the CRM. We have the right to have independent access to all information on the CRM.

6.1.12 Required Software and Reporting. You must use the tracking and reporting software (Including a CRM) as required by Us, which may be changed from time to time. You must input all required information into Our designated software as set forth in Manuals.

(i) Retention of Records; Accounting Systems. You must record all sales at the time of the sale in the manner approved or designated by Us. You must have high speed, broadband Internet access at the levels required in the Manuals. You must retain all computer records, charge account records, sales slips, orders, return vouchers, sales tax reports and all of Your other business records and related back-up material, tax returns and financial reports for at least five years following the end of the year in which the items pertain, Including after the Termination of this Agreement. We can require that You use and pay for a specific accounting software. We can require that we have independent view-only access to your account. You are also required to follow Our accounting procedures, line items, and templates and charts of accounts as provided and updated in Our Manuals We can require that We have independent access to Your account.

(ii) Merchant Account. At Your expense, You must participate in Our merchant account and other point of sale programs as set forth in Our Manuals.

(iii) Incentive Programs. If We adopt a loyalty, coupon, gift card/certificate, free giveaways, fundraising programs, membership or subscription model, or other discount or incentive program, You are required to implement and honor such programs in Your Franchise Business. You are not allowed to implement any sort of coupon, loyalty, membership, subscription model, gift card program, etc., without Our prior written permission. The method of sales and pooling and reconciling the funds for all such programs will be determined by Us at Our sole discretion as set forth in the Manuals.

(iv) Data Security Standards. At Your cost and expense, You must investigate and ensure that You comply with all payment card industry (“PCI”) and data security standard (“DSS”) standards, regulations, and requirements; however, We reserve the right to approve of the vendor You use for compliance. You must meet the requirements of, and comply with enhancements and changes to, the PCI and DSS and maintain PCI compliance with the current version of the PCI and DSS. We reserve the right to require an audit (and to designate the auditor) to verify compliance. You must reimburse Us for all costs related to the audit if You are not in compliance. You are responsible to use all required tools, systems, and vendors to complete ongoing PCI requirements, Including quarterly external security scans and annual self-assessment questionnaires. You are solely responsible for all costs relating to PCI compliance and data security issues, Including, security threats, breaches, and malware. It is Your responsibility to alert Us, not later than 24-hours following a suspected or confirmed data security breach, so that appropriate action can be taken to protect Customer Data and to notify relevant parties. You are not permitted to collect, store, transfer, etc., any unnecessary customer information.

6.1.13 Conferences and Seminars. In Our discretion, We may hold conferences or seminars on a regional or national basis for all franchisees in good standing. The conferences and seminars may be held at various locations chosen by Us. If held, and depending on the conference or seminar, Your Operating Principal and/or managers may be required to attend, and You must pay for registration Fees and all travel, lodging, food, and other expenses for each of Your attendees.

6.2 Quality Control.

6.2.1 Correction of Defects. You shall immediately correct defects, deficiencies or unsatisfactory conditions in the appearance or conduct of Your Franchise Business. You shall establish and maintain an image and reputation for Your Franchise Business consistent with the standards set forth in this Agreement, in the Manuals, or as otherwise specified by Us.

6.2.2 System Compliance. You shall strictly follow Our System, the Manuals, and other directives promulgated or provided by Us from time to time.

(i) Modifications. We have the right to modify, delete, add to, and otherwise make systematic and other changes to the System, Intellectual Property, Manuals and operations, etc. We may issue new specifications and standards for any aspect of Our System, or modify existing specifications and standards, at any time by revising Our Manuals and/or issuing new written directives (which may be communicated to You by any method We choose). You must accept, comply with, use, and implement and display any and all such changes to the System or operations. The modifications may obligate You to invest additional capital in Your Franchise Business and to incur higher operating costs. You must incorporate all such modifications within the time periods that We specify. Other than modifications due to health or governmental mandates or guidelines, or public concerns, We will not obligate You to invest additional capital at a time when the investment cannot in Our reasonable judgment be amortized during the remaining term of this Agreement. You are prohibited from making modifications to the System or Your Franchise Business without Our prior written approval.

(ii) Inspections and Visits. We may conduct periodic evaluations, inspections, and audits of all aspects of Your Franchise Business for compliance with the System, reporting, customer service and the standards and procedures set forth in the Manuals. These inspections may be conducted in person or through remote access such as video or live video conferencing. Our inspections may include Your job sites, office, vehicles, business records, bank accounts, Venmo or similar accounts (and the like), operating procedures, reports, computer drives, electronic storage devices, account records, tax records, etc. We also have the right to speak with and interact with Your employees and customers, and to remove samples of products, supplies and materials.

6.2.3 Interim Management. If We give You notice of default, and You fail to cure (or as set forth in Section 14.10), We have the right to step in to manage Your Franchise Business for up to six months, as We deem advisable for a Fee. See Exhibit "A-3." You must also pay all travel, lodging, food and other expenses for Our representative(s) and other expenses that may be incurred by Us to perform such services, plus royalties, advertising fees and other applicable fees.

(i) Operations, Access to Information and Operating Account. During the Interim Management Period, You hereby grant Us authority to assist You in managing any or all aspects of Your Franchise Business. We will work directly with Your Operating Principal and Your manager, and We may require additional training for Your Operating Principal, Your manager, employees and other contracted personnel. You shall cooperate to provide Us with all pertinent information regarding Your Franchise Business and access to the applicable operating accounts to enable Us to efficiently assist with management operations. All accounts must remain in Your name during the Interim Management Period, but You shall add Us or Our representative as a co-signer on certain accounts. You shall cooperate with Us in communicating with all vendors and suppliers related to Our interim management. You hereby grant Us permission to speak directly with Your landlord and suppliers, banks, IRS and state agencies, creditors, etc., regarding Your Franchise Business, and You shall cooperate with Us to facilitate such communication. We may require You to establish a new bank account for Your Franchise Business during the Interim Management Period into which all operating income will be deposited. You and We (at Our option) will have authority over this account, and You or We will make payments on Your accounts payable as cash is available, but only with Your prior authorization and direction when possible. You are ultimately responsible for all operating costs both before and during the Interim Management Period. You shall provide Us with a

list of all accounts payable with direction on which accounts are to be paid, but with the understanding that all taxing authorities will be paid first. Any excess funds in the Operating Account or any new account after all applicable costs and Fees have been paid and after an additional amount has been set aside sufficient for the Franchise Business to fulfill its business purposes as determined by Us, will be transferred to You monthly. We may provide monthly internal profit and loss statements to You. We have no obligation to infuse capital into Your Franchise Business, but if We do, such amounts will be treated as a loan, which must be repaid within an agreed upon time and bear market interest as agreed. We have the right to direct Your employees and contract personnel during the Interim Management Period. Both You and We agree that in no way does Our interim management create a relationship of trustee, beneficiary or any type of fiduciary relationship over or in relationship to Your Franchise Business.

(ii) Your Obligation to Cure. During the Interim Management Period, You are obligated to cure all applicable defaults within the applicable cure periods as set forth in this Agreement. We have the right to terminate this Agreement during the Interim Management Period for defaults not cured within the applicable cure periods.

6.3 Personal Guarantees. If Your Franchise Business is owned by a business entity, each individual owner, partner, shareholder, and member, who owns 10% or greater interest, and their spouse, must each personally sign an agreement not to compete and must personally guarantee the performance of all Your obligations under this Agreement and agree to be personally bound by, and liable for, the breach of every provision of this Agreement. The personal guaranty is attached as Exhibit "A-7" to this Agreement.

6.4 Standards and Control. Any required standards exist to protect Our interest in the System and the Marks and not for the purpose of establishing control or duty to take control over those matters that are reserved to You.

6.5 Required Notices. You shall provide Us with prompt notice (within five business days of receipt) of any default with regards to late payment of any taxes, government fines, payments owing to any vendors, landlords, or amounts owing to employees or contractors.

6.6 Non-Contravention; Non-Disparagement. You shall not undertake any action or inaction to circumvent, contravene, or undermine the purposes of this Agreement. Additionally, during and after the term of this Agreement, You shall not, in any way, form, or medium, disparage Us, the System, or Our officers, owners, partners, directors, members, managers, representatives, agents or employees.

6.7 Warranties. You must offer a 2-year labor warranty to all Your customers.

6.8 Non-Delegation. You may not outsource to a third party, any part of Your obligations to Us or services to customers, including to another franchisee, without Our prior written approval.

ARTICLE VII FRANCHISOR'S OPERATIONAL ASSISTANCE

7.1 Suppliers and Products. We shall provide You with a list of specifications and a list of approved suppliers of Painter Bros® products, equipment, signs, supplies, materials, etc. We may add to or discontinue working with any of Our suppliers.

7.2 Operations Assistance. We shall furnish You with guidance relating to the general operation of Your Franchise Business and upon Your reasonable request, make Ourselves available to consult with You by telephone, email, video conference, teleconference, or website posting during regular business hours during the continuing operation of Your Franchise Business. We are not required to provide additional training to You. If You feel additional training is necessary (such as management training or motivational training for staff), We will provide such training to You based on advance notice, availability of personnel, and Your payment of a per day, per person Fee. See Exhibit "A-3." You shall be responsible to cover the

cost of travel, food, wages, lodging and other costs incurred by Your trainers or Our representatives, as applicable.

7.3 Initial Training. We shall train Your Operating Principal and other attendees in the various practices, policies and procedures of operation of Your Franchise Business. See Paragraph 6.1.4.

7.3.1 Opening Assistance. We shall provide You with up to 10 hours of opening assistance virtually, either by phone or video conferencing.

7.3.2 Contractor's License Assistance. We provide training for assistance in obtaining a contractor's license, which is a one-day training. The Fee for this training is listed in Exhibit "A-3." Payment is due at the time You schedule the training. If travel is necessary to attend or provide the training, You will be responsible for the costs of food, travel and lodging for Your trainees or Our trainers, as applicable.

7.4 Customer Relation Management. We provide a customer relation management software "CRM" with capabilities for reporting, customer payments, customer data, and a customizable estimating software that You are required to use to estimate jobs. However, We are not obligated to continue to provide the same CRM, and We may discontinue the use of the CRM.

7.5 Commercial and Government Contracts. If We or one of Our affiliates receives notice of job opportunities for commercial or government jobs in Your Territory(ies), We or Our affiliate may share that opportunity with You, another franchisee, or Our affiliate can perform that job, at Our discretion.

7.5.1 Accepting and Bidding on a Job. If You receive notice from Us or one of Our affiliates of a commercial or government job opportunity in Your Territory(ies), You must submit a bid to Us or one of Our affiliates for that job in a timely manner. Many government contracts put stipulations on what type of crew can perform certain jobs, and commercial and government contracts may also require You to provide some facility maintenance services such as paint or graffiti removal and small handyman-type repairs. You may only bid on those jobs You can perform if Your bid is accepted.

7.5.2 Completion of the Job and Payment. After We or one of Our affiliates receives Your bid, We or one of Our affiliates will submit it to the company or government agency after adding an administration fee to the bid. If the bid is accepted, and You complete the job, the payment for that job will be paid to Us or one of Our affiliates, usually net 30 or net 45. After We or one of Our affiliates receives payment, We or one of Our affiliates will pay You the original bid amount (the bid amount You submitted to Us or one of Our affiliates and prior to the addition of the administration fee) less all applicable Fees due to Us (i.e., royalties, advertising fees, etc.) within 10 days of Us receiving the full payment.

7.5.3 Our Reservation of Rights. We or one of Our affiliates have the right not to provide You notices for commercial or governmental job opportunities if You are in default of this Agreement, or You have otherwise not performed a commercial or government job to the satisfaction of Us or the commercial business or government agency. Additionally, because of Our ability to obtain contracts in various states and regions, all national or regional commercial contracts (contracts with businesses or operations located in more than one state) and federal government contracts must be contracted through Us or one of Our affiliates unless otherwise approved in writing by Us.

7.6 Additional Guidance. Additional guidance, at Our sole discretion, will be furnished in the form of written Manuals, videos, bulletins or other written materials, telephone consultations and/or consultations at Our offices or at Your Franchise Business in conjunction with an inspection of Your Franchise Business. We have the right to communicate directly with Your Operating Principal, designated managers and assistant managers concerning operational matters that We reasonably believe affect Our goodwill, Marks, or the System.

7.7 Delegation of Obligations. We may assign any of Our obligations under this Agreement to be performed by an area representative in Your Territory(ies), if applicable.

7.8 Advisory Committees. In Our sole discretion, We may choose to create franchisee committees to advise Us in various aspects of the System. Only franchisees who are in good standing and have maintained good standing for the 6-month period prior to serving on a committee may serve on any advisory committee. Each committee will establish rules for admitting and retaining committee members, but the initial rules will be established by Us.

ARTICLE VIII PURCHASE OF PRODUCTS

8.1 Approved Products and Services; Suppliers. You shall purchase, use, provide, and sell only those goods and services that meet Our specifications and/or that are purchased from Our approved suppliers. You shall timely pay all suppliers, including Us and Our affiliates for purchased goods and services. The prices, delivery terms, terms of payment, and other terms relating to the sale of such goods and services are subject to change by the supplier (including Us and affiliates) without prior notice at any time. In no event will We or an affiliate be liable to You for unavailability of or delay in shipment or receipt of merchandise due to temporary product shortages or unavailability, order backlogs, production difficulties, delays in or unavailability of transportation, fire, strikes, work stoppages, or other such causes. A list of approved goods, services, and suppliers may be set forth in Our Manuals, which list We may update from time to time. No product or service may be added to, altered, or discontinued by Your Franchise Business unless it is first approved by Us in writing. Any additional goods or services that are unique to Your area requires written approval from Us before such goods and/or services are offered. For the purpose of this Article, “goods” means any product, good, inventory, supply item, equipment, tool, item, etc.

8.1.1 Delivery and Installation. For delivery and installation, You are required to work directly with the manufacturer or supplier of these items. We do not assist in the delivery or installation of any required or approved purchases.

8.2 Supplier Compensation. We or Our affiliates may derive revenue from the sale of required items and services through mark-ups in prices We charge to You for items and services purchased from Us or an affiliate, or We or an affiliate may receive compensation or discounts from the supplier for Your purchase of such items and services. No compensation is due to You for compensation or discounts We receive from suppliers.

8.3 Unapproved Suppliers. If You desire to purchase any goods or services from an unapproved supplier, You must submit to Us a written request for such approval or request the supplier itself to do so. We may require You to submit samples, and other data to permit Us to ascertain whether to approve a supplier. We will notify You in writing and within 30 days of completing Our evaluation as to whether that supplier has been approved. You must pay a non-refundable Supplier Evaluation Fee listed in Exhibit “A-3,” plus reimburse Us for all actual costs and expenses of testing whether or not the requested supplier is approved. A supplier who is able to meet Our specifications may, as determined in Our sole discretion, become an approved supplier for Your Franchise Business only or for the System as a whole. We may make changes in the standards and specifications for approved suppliers. At Our discretion, We may revoke Our approval of an approved supplier upon 30 days’ prior written notice to You.

8.4 Vehicles. You must have at least one vehicle for Your estimator and at least one service vehicle per painting crew. The service vehicle for Your painting crew must be a full-sized truck or van and must accommodate all the equipment needed to provide professional residential and commercial painting services. Your estimator’s vehicle does not have to be a truck or van, and We generally recommend a fuel-efficient vehicle such as a compact or subcompact vehicle. Each of Your vehicles must also be maintained in good condition and repair with no external damage or unreasonable wear and tear, must maintain a professional appearance, cannot be more than 10 years old, and must be approved by Us. You may also purchase an enclosed trailer, which must be approved by Us, to carry and store Your equipment. You are solely responsible to provide the required licenses, insurance, maintenance, and upkeep for all vehicles.

8.4.1 Vehicle Wrap. You shall wrap each vehicle used in Your Franchise Business with a high-quality wrap advertising Your Franchise Business, as directed and approved by Us. You shall keep Your vehicle wraps in good condition, free from unsightly or unprofessional wear and tear.

8.4.2 Limitation of Vehicles. You are not allowed to perform any other services or sell products from Your vehicles that bear Our Marks, other than in association with the Franchise Business and as allowed pursuant to the Manuals.

8.5 Warranties; Support. You must look to the respective manufacturers or suppliers for issues related to warranties defective products, training and support for any third-party goods purchased for Your Franchise Business. We do not provide any warranty for items purchased from Us.

ARTICLE IX MANUALS

9.1 Manuals. We shall loan You a copy or provide electronic access to Our Manuals. Our Manuals may consist of a series of online videos, webpages, online drives, or other forms designated by Us. You may not copy any part of the Manuals either physically or electronically. The Manuals are confidential and remain Our property. We have the right to revise the Manuals at Our sole discretion. You must promptly and continuously comply, at Your expense, with all provisions of, and modifications to the Manuals. The master or most updated copy of the Manuals maintained by Us will be controlling in the event of a dispute relative to the contents of the Manuals.

9.2 Standards and Procedures. We may establish performance procedures, standards and specifications (“Standards”) for the operation of Your Franchise Business. We may change these Standards at Our discretion, and You must strictly follow and implement all such Standards within the periods required by Us. You understand and agree that any information related to Your employees, except as related to quality controls for the System and the Marks, are to be regarded as a recommendation only.

ARTICLE X ADVERTISING

10.1 Advertising Fund. You must contribute to Our national Marketing and development fund (“Advertising Fund”) for Marketing activities as We, in Our sole discretion, may deem necessary or appropriate to Market the System. Any excess funds from Your 2% advertising fee will be allocated to the Advertising Fund. You agree to participate in all Marketing programs instituted by Us. We can terminate or postpone the Marketing Fund at any time. Upon termination of the Marketing Fund, the unused funds will either be returned to those that contributed the funds, or We will cease to collect new funds while We spend the remainder of funds within the Marketing Fund.

10.1.1 Advertising Fund Administration. We will direct all such programs, with sole discretion over: 1) the creative concepts, materials, endorsements and media used (which may include television, Internet, radio, print and other media and Marketing formats as developed over time, as funds permit); 2) the source of the Advertising or public relation efforts (which may be in-house or through an outside agency located locally, regionally or nationally); 3) the placement, timing, and allocation of advertising (which will be local or regional); and 4) the composition of all geographic territories and market areas for the development and implementation of such programs. The Advertising Fund can be operated through an entity separate from Us that has all rights and duties of Ours relating to the Advertising Fund. We will not be liable for any act or omission with respect to the Advertising Fund or otherwise which is consistent with this Agreement, or which is done in subjective good faith. We have the right to loan money to the Advertising Fund to cover any deficits. The Advertising Fund is not in the nature of a trust, fiduciary relationship or similar special arrangement, and We disclaim any such relationship.

10.1.2 Use of Advertising Fund Fees. We may use the Advertising Fund to offset a portion of direct costs to manage and maintain the Advertising Fund, including the payment of staff salaries and other

expenses for those groups who may be involved in Advertising Fund activities. You must participate in all Marketing programs instituted by the Advertising Fund or by Us, and We may receive payment for providing goods and services to the Advertising Fund. We reserve the right to use fees from the Advertising Fund to place Marketing in national or regional media. Additionally, We may use the fund for professional photo shoots and site visits within a franchisee's territory to create material to better promote Our franchisees. We are not required to spend any amount on Marketing directly in Your Territory(ies), and We do not have any obligation to ensure that expenditures are or will be used equally in each region or that they will be equivalent to contributions to the fund by other franchisees operating in any geographic area. We make no representations that Marketing expenditures will benefit You or any other franchisee directly, on a pro-rata basis, proportionally, or at all. Any unused funds in the Advertising Fund in any calendar year will be applied to the following years' fund. You may request (in writing) an unaudited annual report of Advertising Fund expenditures within 90 days of the end of each year.

10.2 Sample Advertising and Promotional Materials. We may provide You samples of Marketing materials developed by Us from time to time. Additional copies will be made available at cost, plus 10%, plus shipping and handling.

10.3 No Marketing Materials Created by You. You are not allowed to develop Marketing or promotional materials.

10.4 Internet and Social Media You must strictly comply with Our policies and procedures regarding websites, Social Media sites, and Internet marketing. We reserve the right to restrict Your use of these mediums in the future.

10.4.1 Use of the Internet. You may not create a website for Your Franchise Business. However, You may be allowed to place pre-approved information concerning Your Franchise Business on Our website, as developed by Us. Additionally, You cannot Market on the Internet, including posting for resale, items on third party resale or auction-style websites such as eBay, Craigslist or Amazon without Our prior written permission. We have the right to manage and control all online reviews for Your Franchise Business. With Our prior approval, You may be allowed to register listing on sites such as Yelp.

10.4.2 Social Media We will own and control all Social Media related to the brand, but We may allow You to manage certain aspects of Social Media related to Your Franchise Business. In all cases, We will have administrative access, and access to account information, and any other information related to Your Social Media activities related to the Painter Bros® brand. You cannot change any login/password information without our prior written approval, and you must supply us with all changed/updated login/password information. We have the right to remove or alter or require You to remove or alter any content We deem inappropriate or inconsistent with the Painter Bros® brand. Additionally, You must sign the Digital and Social Media Authorization for Assignment attached as Exhibit "A-8."

10.5 Your Obligations to Advertise. Neither We nor You or other franchisees are restricted from Marketing Your Franchise Business in the Territory(ies). Except for the rights expressly given to You, there will be no limitation on Our rights to deal with potential or actual customers located anywhere. You are allowed to Market outside of Your Territory(ies), so long as You do not Market in another franchisee's territory, as more fully set forth in the Manuals.

ARTICLE XI BREACH AND TERMINATION

11.1 Default and Termination. We may terminate this Agreement before the expiration of its term if You breach this Agreement and fail to cure, if curable. If curable, You must cure a default within the times set forth below after receiving notice of default. If the default is one which is incapable of cure, Termination is effective as of the date of the notice of default.

No Cure Period:

A. Insolvency. You become insolvent or commit an act of bankruptcy or make a general assignment for the benefit of creditors or to an agent authorized to liquidate Your property or assets, or become or are adjudicated bankrupt, or voluntarily file a petition in bankruptcy or for reorganization.

B. Repeated Breaches. You repeatedly breach (three or more times) the same or different conditions of this Agreement or the Manuals within a 12-month period.

C. Unauthorized Use. You duplicate the System or use Our Confidential Information or Intellectual Property other than in connection with the operation of Your Franchise Business.

D. Public Safety. Your operation of Your Franchise Business results in a threat or danger to public health or safety.

E. Misrepresentations. You make any material misrepresentations relating to the acquisition of the Franchise Business, or Your misrepresentation to customers, including deception relating to the source, nature, or quality of goods sold or services provided.

F. Abandonment. You abandon Your Franchise Business or You state or clearly demonstrate an intent to not operate the Franchise Business.

G. Unauthorized Transfer. You Transfer or attempt to Transfer all or any part of this Agreement, Your Franchise Business, or any material portion of the property associated with Your Franchise Business, or an unapproved percentage of Your franchise entity, or You sublicense or attempt to sublicense to another any of the rights licensed to You hereunder, or You otherwise fail, refuse or neglect to obtain Our prior written consent or approval required hereunder.

H. False Reporting. You knowingly or intentionally conceal revenues, maintain false books, or records (including purposely uploading or storing incorrect or incomplete information on a designated platform) or submit any false report or payment or otherwise defraud Us.

I. Crimes and Adverse Behavior. You commit or are convicted or plead guilty or no contest to, or enter into a plea in abeyance, stipulated order of continuance, or related agreement to a felony, a crime involving moral turpitude, You engage in conduct or behavior that We believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith or Our interest therein; or You make disparaging remarks against Us, Our management, employees, the System, or Our brand to Our other franchisees or in a public forum, including radio, television, newspapers, the Internet, or Social Media.

J. Unauthorized Competition. You fail to comply with the covenant not to compete during the term of this Agreement or intentionally or recklessly disclose or use Our Confidential Information or Intellectual Property in violation of this Agreement.

5-Day Cure Period:

K. Unauthorized Closure or Relocation. Your Franchise Business ceases to operate for a period of five or more consecutive business days without Our prior written approval, which consent will not be unreasonably withheld or delayed.

L. Failure to Use or Provide Access to a Designated Account. You refuse to use, or to enable, or to allow Us access to Your account for a designated platform or software, Social Media account, or branded email account.

15-Day Cure Period:

M. Failure to Pay. You fail to pay any Fee or an amount due to Us, any of Our affiliates, or other designated, approved or other suppliers or assigns, within the time specified for such payments by this Agreement, the Manuals or an agreement specifying the payment concerned.

N. Failure to Accurately Report. You fail to accurately report Your Gross Sales or fail to submit any reports or records required under this Agreement or the Manuals.

30-Day Cure Period:

O. Other Breaches. Except as otherwise provided herein, You fail to comply with any other provision of this Agreement or the Manuals.

11.1.1 Adequate Assurance. When reasonable grounds for insecurity arise with respect to the performance of Your obligations under this Agreement, We may demand adequate assurance of due performance, and until We receive such assurance, We may reasonably suspend any performance of Our obligations. Failure to provide Us with adequate assurances within 30 days, when properly demanded, will be considered a default of this Agreement for which no additional cure period will be granted.

11.2 Event of Default. In the event of any default by You, We will give You written notice of default specifying the default(s) and, if curable, state what You must do to cure the specific default(s) within the cure period. In the event of a default by You, all of Our costs and expenses arising from such default(s), including reasonable legal fees and reasonable charges for Our employee's time related to the default(s) must be paid to Us by You within 10 days following Our demand for payment. Notwithstanding anything to the contrary herein, We have the right, to be exercised in Our sole discretion, to grant You an extended period of time to cure. Any such extension will not be construed as a waiver of Our rights in the future.

11.3 Failure to Cure. If You fail to cure any default within the time allotted, We may proceed to enforce any or all of the following non-exclusive remedies in accordance with this Agreement, and the pursuit of any one remedy will not be deemed an election or waiver by Us to pursue additional remedies:

11.3.1 Actionable Claim. Bring an action or claim for the balance of any monies due hereunder, including, penalties and interest as provided for in this Agreement and for all other damages sustained by Us as a result of Your breach of this Agreement. As part of any such action, We may accelerate and bring and action for the balance of any outstanding installment obligation due hereunder.

11.3.2 Injunctive Relief. Bring an action for temporary or permanent injunctions and orders of specific performance enforcing the provisions of this Agreement and otherwise stop You from engaging in actions prohibited hereby.

11.3.3 Termination. Terminate this Agreement and proceed to enforce Our rights under the appropriate provisions. Such Termination will be effective upon delivery of a notice of Termination to You without further action by Us.

11.3.4 Other Remedies. Seek any other remedy available to Us at law or in equity, including lost profits.

11.4 No Right of Termination. Except as specifically provided herein, You may not terminate this Agreement; however, some states may allow You to terminate as permitted by state law.

11.5 Opportunity to Cure. Prior to taking any action against Us, You must first give Us 60 days' prior written notice and an opportunity to cure any alleged act or omission. If such act or omission cannot be

cured within such 60-day period, and We are diligently continuing efforts to attempt to cure such alleged act or omission, You will give Us such additional time as is reasonably necessary to cure.

ARTICLE XII TERMINATION AND EXPIRATION

12.1 Upon Termination of this Agreement for any reason, You immediately cease to be Our franchisee and must:

12.1.1 Payments Due. Immediately pay for all product purchases, Fees and other obligations owed or accrued to Us, Our affiliates or designated suppliers.

12.1.2 Cease Use. Not hold Yourself out as a Painter Bros® franchisee or business and immediately and permanently cease to Market or in any way use Our Intellectual Property or Confidential Information, provided by or licensed to You by Us or in any way connected with the Franchise Business or System.

12.1.3 Disassociation. Within 10 days of Termination, take all necessary steps to disassociate Yourself from the System and Your Franchise Business, including the removal of signs, destruction or removal of letterheads, Marketing material, the change of Your Franchise Business telephone listings, telephone numbers, email addresses, URLs, Internet websites, and any other property that bears Our brand or is affiliated with Our brand. All such property and listings, excluding Your operating assets and inventory that are associated with and considered part of Our brand, Intellectual Property, and System revert back to Us upon termination of this Agreement. If any of Your Operating Assets and inventory bear Our brand and Marks to Our System, You must take the steps necessary to dissociate it all from Our brand, Marks, and Intellectual Property. You shall assist Us to assign, transfer, or disconnect (at Our option) the telephone listing, telephone numbers, Marketing accounts, email addresses, URL's, Internet sites, web pages, and Social Media to Us. If You fail or refuse to do so, the telephone company, URL and hosting companies, and other listing agencies may accept this Agreement as evidence of Our exclusive rights in and to such telephone number(s), Internet websites, URL's, email accounts, and Social Media and listing and its authority to direct their transfer. You hereby appoint Us as Your attorney-in-fact for the above transfers, which appointment is coupled with an interest. You must not identify any present or future business owned or operated by You as having been in any way associated with Us or the System.

12.1.4 Cancel DBA. Within 10 days of Termination, take such action as will be necessary to amend or cancel any assumed name, fictitious or business name or equivalent registration, which contains any Mark of Ours or in any way identifies You as being affiliated with Our System.

12.1.5 Notify Suppliers; Communication with Customers. Immediately notify all suppliers, utilities, creditors and concerned others that You are no longer affiliated with Us or the System and provide proof to Us of such notification. All communications with customers and clients of the Franchise Business must be pre-approved by Us, and We can require that all such communication be handled by or through Us. We also have the right to communicate directly with all customers and clients of the Franchise Business.

12.1.6 Return Materials. At Your cost, permanently delete electronic copies and return to Us by first class prepaid United States Mail, (including originals and any copies), physical copies of Our Manuals, all training materials, Marketing materials and all other printed and electronic materials and any other Confidential Information obtained by You from Us pertaining to the operation of Your Franchise Business.

12.1.6.1 Modification of Service Vehicles. If We do not exercise Our right to purchase Your Operating Assets, then You must remove all vehicle wraps and make modifications to Our satisfaction, so that Your vehicles will be easily distinguished from the standard or common appearance of a Painter Bros® business. We may hire a third-party or use Our own personnel to de-identify Your vehicles.

12.1.7 Customer Data. To the extent We do not have access, You shall provide Us with (and then permanently destroy) the Customer Data for all current, prior and expectant customers of the Franchise Business.

12.1.8 Evidence of Compliance. Furnish evidence satisfactory to Us or in the manner required by Us of Your full compliance with this Section 12.1 within 15 days after the Termination of this Agreement or on the timeline We may provide at Termination.

12.1.9 Financial Inspections. You must provide Us with access to all Your financials, books, and other accounting records for 12 months following the date of Termination.

12.1.10 Pay Damages and Costs. Pay to Us all costs, damages and expenses, including post-term expenses and reasonable attorney's fees incurred by Us to enforce the provisions of this Agreement, including to obtain injunctive or other relief to enforce any provision of this Agreement. In the event You fail to comply with this Section 12.1, We may hire a third-party or use Our own personnel to carry out Your obligations on Your behalf.

12.2 Upon Termination of this Agreement, for any reason:

12.2.1 No Compensation. No payment is due to You from Us or any source on account of any goodwill, intangible assets or other equity claimed by You arising from or relating to Your operation or ownership of Your Franchise Business, or otherwise. All goodwill connected in any way with Your Franchise Business or the System belongs now and, in the future, exclusively to Us.

12.2.2 No Refund. No Fees, charges, or other payments of any kind from You to Us are refundable in whole or in part.

12.2.3 No Equity. You will have no equity or other continuing rights to use the System, Confidential Information, Intellectual Property, or goodwill of the Franchise Business.

12.3 Survival of Provisions. All of the provisions of this Agreement, which by implication apply following the Termination of this Agreement are enforceable following Termination of this Agreement, including Your obligation to indemnify Us and pay all amounts owed and Your obligations to dissociate from Our brand. You shall also still be bound to the confidentiality, brand protection, indemnification, non-disparagement, non-competition, non-solicitation, arbitration and dispute resolution, choice of forum and law selections clauses and other restrictions of this Agreement that have terms or duties owing after Termination of this Agreement.

12.4 Liquidated Damages. If this Agreement is Terminated, other than for non-renewal or mutual termination, in addition to other remedies available under this Agreement, We will be entitled to liquidated damages, not as a penalty, and solely to compensate Us for lost future royalties. You and We recognize the difficulty of calculating damages caused by lost future recurring royalty, but nevertheless recognize and agree that such damages could arise, and You and We hereby agree to the formula listed on Exhibit "A-3" as a compromise on the calculation of such damages. You and We agree that such amount will be reduced to the present value of such payments as of the date of termination utilizing an interest rate of 5% compounded annually. This amount is payable within 10 days of Termination. You agree that this Section 12.4 does not give Us an adequate remedy at law for any other default under, or for the enforcement of, any provision of this Agreement other than lost royalties and does not represent a price for the privilege of not performing, nor does the payment represent an alternative manner of performance. Accordingly, as a purely liquidated damages provision, this Section 12.4 does not preclude and is not inconsistent with a court granting Us specific performance or any other equitable remedies, such as an injunction, to prevent future breaches.

12.5 Cumulative Rights. Our rights provided above are cumulative and in addition to any other right or remedy available at law or in equity.

ARTICLE XIII PURCHASE OPTION

13.1 Purchase Option. Upon Termination of this Agreement, You hereby grant to Us the right to:

13.1.1 Acquisition of Assets. Acquire, in Our sole discretion, all or any part of Your Operating Assets at the then-existing fair market value of such item or items as of the date of Termination of this Agreement. You hereby grant Us permission to speak directly with Your landlord and other creditors, including suppliers, banks, the IRS and state agencies (and You will cooperate with Us to facilitate such communication), regarding any loans and/or liens or obligations that would encumber Your Operating Assets. If the fair market value is not agreed to between us, the fair market value will be established by an independent appraisal. The appraisal will be done at Our expense by an appraiser selected by Us. No goodwill will be considered associated with Your Franchise Business or said items. We must exercise this option within 60 days of Termination or within 15 days of the establishment of the price of the Operating Assets, whichever is later ("Option Period") by giving written notice to You of Our intent to exercise Our option to purchase. The purchase of any of Your Operating Assets will be done through an asset purchase agreement. We have the right to use Your assets during the Option Period, and in such case, We will pay You the fair market value of such use. If We have not notified You of Our election to exercise this option within the Option Period, it will be conclusively presumed that We have elected not to exercise Our option, and You are then free to sell or transfer such assets to any person or entity on such terms as You may so choose, so long as the Operating Assets have been de-identified as set forth herein. If any of the Operating Assets are subject to liens or taxes, We may also withhold a portion of purchase price to pay off such lien or taxes owing. We may also withhold 25% of the purchase price for 90 days to ensure that all other liabilities affecting the Operating Assets are paid.

13.1.2 Warranties. The purchase contract for the Operating Assets, as set forth in Paragraph 13.1.1 above, will include standard representations, warranties, covenants and indemnities from You as to the Operating Assets being purchased, including warranties of good title, absence of liens, compliance with laws, absence of defaults under contracts, litigation and tax compliance.

ARTICLE XIV SALES OR TRANSFERS OF THE FRANCHISE

14.1 Our Right of Assignment. This Agreement and all rights and obligations hereunder are fully assignable and transferable, whether in part or whole, by Us, and if so assigned or transferred, will be binding upon and inure to the benefit of Our successors and assigns. We may be sold, or We may sell any part of or all of Our Confidential Information and/or Intellectual Property or other assets to a competitive or other entity. In addition, We may go public, may engage in a private or other placement of some or all of Our securities, may merge, acquire other entities or assets which may be competitive with the System or not, be acquired by a competitive or other entity, and may undertake any refinancing, leveraged buy-out or other transaction, including arrangements in which: 1) the territories, locations, or other facilities are, or are not, converted to the System or other format or brand (including using the System or Mark), or 2) the System is converted to another format or brand, maintained under the System or a different system. You waive all claims, demands and damages with respect to any transaction or otherwise allowed under this Section or otherwise. You shall fully cooperate with any such proposal, merger, acquisition, conversion, sale or financing.

14.2 No Assignment by You Without Our Approval. This Agreement is personal as to You and is being entered into in reliance upon and in consideration of Your qualifications and representations, including representations of all current owners. Therefore, none of Your Franchise Assets may be Transferred in any manner by You or anyone else unless Our prior written approval is obtained. You shall provide Us with all documentation relating to the Transfer of Your Franchise Assets. Said approval will not be unreasonably withheld but will be conditioned upon Our satisfaction with the qualifications set forth in Section 14.3 below of the proposed transferee and its owners and officers.

14.2.1 Transfers to Competitors Prohibited. You shall not Transfer any part of Your Franchise Assets to a Competing Business without Our written permission. Any such Transfer without Our written approval is considered void ab initio.

14.3 Qualifications of Transferee. In determining the acceptability of the proposed transferee, We will consider, among other things, Our then-current standards for new franchisees, Including the net worth, financial resources, credit worthiness, health, background, training, personality, reputation, and business experience of the proposed transferee, Including that of the new Operating Principal, the terms and conditions of the Transfer, and any circumstances that would make the Transfer not in the best interests of Us or the System, Including the proposed purchase price. We may meet and candidly discuss all matters relating to Your Franchise Business with the potential transferee, Including providing a proposed transferee with corrected information or information in addition to what You have provided. In no case will You or a proposed transferee rely on Us to review or evaluate any proposed Transfer. Neither We nor Our affiliates will be liable to You or the transferee or any other person or entity relating to the Transfer, and You shall indemnify and hold Us harmless from any liability whatsoever relating thereto.

14.4 Application for Transfer. You must provide Us written notice of Your intent to Transfer prior to listing offering part of the Franchise Assets for sale and Upon any proposed Transfer of Your Franchise Assets, or any interest therein. You must also submit to Us an application in the form specified by Us on behalf of the proposed transferee.

14.5 Transfer Fee. As a condition of Our approving the Transfer of any part of Your Franchise assets, You shall pay Us the non-refundable Transfer Fee listed in Exhibit "A-3" at the time of the approved Transfer.

14.6 Minority Interest Transfers. If a proposed Transfer is for less than 40% of Your entity (cumulative during the term of this Agreement), there will be no transfer Fee, there will be no Transfer Fee, but You must reimburse Us Our legal and corporate fees incurred related to the Transfer, and We will not be entitled to exercise Our right of first refusal set forth in Section 14.9 below. However, all guarantors will remain guarantors to this Agreement unless otherwise released by Us, in Our sole discretion. Each ownership certificate of a corporation or limited liability company franchisee must have endorsed upon its face that a Transfer is subject to the restrictions of this Agreement. Additionally, any new Operating Principal and other personnel are required to complete the necessary training by Us. Any new owner, with an ownership of 10% or more in Your Franchise Business or Your entity, must personally guarantee the obligations of this Agreement.

14.7 Involuntary Transfers Void. Involuntary Transfers of this Agreement by You, such as by legal process, are not permitted, are not binding on Us and are grounds for termination of this Agreement. Using this Agreement as security for a loan, or otherwise encumbering this Agreement is prohibited unless We specifically consent to any such action in writing prior to the proposed transaction. You cannot grant a sub-franchise under this Agreement nor otherwise seek to license or permit others to use this Agreement or any of the rights derived by You under it. Any attempt to Transfer any part of the Franchise Assets, whether or not binding on Us, will be grounds for the immediate Termination of this Agreement unless such Transfer is authorized in writing by Us.

14.8 Conditions of Transfer. Prior to the effective date of Transfer of any part of Your Franchise Assets and as a condition for Our approval of any Transfer:

14.8.1 Compliance. You must be in full compliance with this Agreement and not be in default hereunder, and You must comply with Our policies related to a Transfer as set forth in the Manuals. All accounts payable and other monetary obligations to Us or Our affiliates or subsidiaries must be paid in full. You must have submitted to Us all required reports, financial statements and other documents.

14.8.2 Written Proposal. The terms and conditions of the proposed Transfer must be provided in writing to Us within the time frames specified by Us. The price and other proposed terms of the Transfer must not, in Our reasonable business judgment, have the effect of negatively impacting the future viability of the Franchise Business.

14.8.3 Assumption of Obligations. All Your obligations in connection with the Franchise Asset must be assumed by the transferee, in a form acceptable to Us.

14.8.4 New Franchise Agreement. At Our discretion, the transferee must sign the then-current form of the franchise agreement for a term equal to the remaining term of this Agreement, the remaining term of the existing Lease, or the term set forth in the then-current franchise agreement and fully upgrade and refurbish the Franchise Business to the level required of new franchisees.

14.8.5 Training. The transferee and any new Operating Principal and other required personnel must pay for and complete the training or certification program required of new franchisees. The Fee for this training is listed in Exhibit "A-3." The transferee will also be required to cover all applicable travel, lodging, food, and other expenses during training. You and the transferee and We must coordinate on the timing of training, so that the Franchise Business does not have a gap in properly trained management.

14.8.6 Transfer Fee. You shall pay the transfer Fee set forth in Exhibit "A-3."

14.8.7 General Release. You must execute a general release releasing Us of any claims You may have against Us.

14.8.8 Survival of Covenants. Your non-competition, indemnity confidentiality obligations, the provisions relating to dispute resolutions, and other applicable terms of this Agreement, will survive any Transfer.

14.9 First Right of Refusal.

14.9.1 Right of First Refusal. You hereby grant to Us the right of first refusal to purchase Your Franchise Assets on such terms and conditions specified in a bona fide written offer from a third party, who would satisfy the criteria for approval under Section 14.3. You must notify Us in writing of the terms and conditions of the Transfer, including the Franchise Assets proposed to be Transferred, the purchase price or other consideration, any creditor financing terms being extended by You, the date of the proposed Transfer, and all other pertinent provisions of the proposed Transfer. In addition, a copy of any contract, agreement, memorandum of sale, deposit receipt, letter of intent and the like, must also be forwarded to Us as soon as it is signed by You. Following receipt of all pertinent data and documents concerning the proposed Transfer, and data concerning Your Franchise Business, including financials, employee information, and lease information requested by Us from You, We will have 30 days in which to advise You in writing of Our election to have the Franchise Assets transferred and assigned to Us on the terms and conditions agreed to by the prospective transferee. Should We elect to purchase the Franchise Assets proposed to be Transferred pursuant to Our right of first refusal, You and We agree to cooperate to accomplish the Transfer as set forth in the provisions submitted to Us by You, provided that the date for the completion of the Transfer can be extended at Our option for up to 30 days beyond the date originally indicated for the completion of the Transfer in order to allow the completion of the transaction in a manner more convenient to Us. We have the right to off-set any amounts You owe to Us against the purchase price.

14.9.2 Non-Election of Rights. If We do not elect to purchase the Franchise Assets proposed to be Transferred, You may complete the proposed Transfer on the terms and conditions set forth in Your notice to Us subject to Our right to approve the proposed transferee and the terms and conditions set forth under this Article. However, if there are any material changes in the terms and conditions of the proposed Transfer, and any of those changes are more favorable to the purchaser, You must notify Us of the changes in writing, and We will have an additional 10 days to elect to purchase the Franchise Assets proposed to be Transferred on the revised terms and conditions. If the proposed Transfer is not completed for any

reason after We elect not to purchase the Franchise Assets being Transferred, a new right of first refusal commences as to any subsequent proposed Transfers by You. Additionally, if Your Franchise Business is not Transferred to such third-party within five months after We elect not to purchase the Franchise Assets, You must re-offer the Assets to Us before You may Transfer to an approved third-party. We have no obligation to purchase Your Franchise Assets.

14.10 Death or Incapacity and Interim Management. In the event of the death or incapacity of an individual franchisee or the majority owner of the franchisee entity (the term “incapacity” means any physical or mental infirmity that prevents the person from performing his or her obligations under this Agreement: (i) for a period of 60 or more consecutive days, or (ii) for 100 total days during a calendar year, the heirs or personal representative will have the right to continue Your Franchise Business; provided that within a reasonable time (not more than 160 days) after such death or incapacity (or such longer period required by the laws of the state where Your Franchise Business is located) the heirs appoint a representative to act in behalf of the heirs in all matters pertaining to Your Franchise Business as provided for a new Operating Principal, designated managers, or franchisee, Including the requirements to have the representative trained and accepted by Us in accordance with Our standards. The heirs or personal representatives, instead of operating Your Franchise Business themselves under the foregoing procedures may choose to Transfer Your Franchise Business. If a decision to Transfer is made, the Transfer procedures explained above will apply. If We are required to operate Your Franchise Business for a time due to death or incapacity, or as otherwise allowed under this Agreement, the provisions of Paragraph 6.2.3 above will apply.

14.11 Assumption of Obligations. The parties agree that in the event a court of competent jurisdiction orders You to Transfer to Your spouse, domestic partner, or a third party all or any part of Your Franchise Assets, such an order will constitute a Transfer of this Agreement and will cause the transferee to be subject to all of the terms and conditions concerning Transfers set forth herein above.

14.12 Acquisitions. If We receive an offer to acquire a majority of the franchises or to purchase a majority of Our assets or stock, or to merge or go public or similar transactions, We have the option, but not the obligation, to purchase all of Your rights and interests in and under this Agreement and Your Franchise Business at fair market value payable on terms as reasonably negotiated. The purchase price will not Include compensation for any successor term or goodwill. All goodwill belongs to Us. If the purchase option is exercised, You will execute a general release to Us. We will close Our purchase and make payment within 120 days after closing or as soon thereafter as reasonably practical.

14.13 Transfer for Convenience of Ownership. If You are an individual or individuals, You may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership (without paying a transfer fee to Us), provided you give Us 15 days’ prior written notice to Us, and if, prior to the Transfer: 1) Franchisee provides copies the entity’s charter documents, by-laws (or operating agreement), ownership interests of the owners, and similar documents, as We may request, and 2) You own all voting securities of the corporation or limited liability company. Additionally, You and the new entity must sign an assumption and assignment agreement in the form required by Us, whereby the transferee assumes all obligations of this Agreement, and all personal guarantors remain as personal guarantors after the Transfer. Furthermore, Your Operating Principal must continue in the same capacities as before the Transfer.

ARTICLE XV RELATIONSHIP OF THE PARTIES

15.1 Independent Contractors. In all matters, You are an independent contractor. Nothing in this Agreement or in the franchise relationship constitutes You as Our partner, agent, employee, joint employer, or joint venturer with Us, and this Agreement does not create a fiduciary relationship between You and Us. Neither party is liable for the debts, damages, losses, liabilities, taxes, duties, obligations, defaults, compliance, intentional acts, wages, negligence, errors or omissions of the other. You are solely responsible for the management and control of Your Franchise Business, Including its daily operations, managing and directing employees, contractors, and salespersons and paying all costs and expenses of

Your Franchise Business. The parties agree not to hold themselves out by action or inaction contrary to the foregoing and to indemnify each other for any liability, cost or expense, including attorney's fees, incurred by either of them for any act, omission, finding or result to the contrary. None of Your employees will be deemed to be Our employee and each employee will be so notified by You. Neither party has the authority to act as agent for the other, and neither You nor We guaranty the obligations of the other or in any way become obligated for the debts or expenses of the other unless agreed to in writing. You agree to post promptly and maintain any signs or notices specified by Us or by applicable law indicating the status of the parties as described above.

15.2 Indemnification. You shall defend, indemnify, and hold Us harmless from any and against any and all losses, liabilities, damages, costs and expenses whatsoever, including reasonable attorney's fees arising out of or related to, or in any way connected with You or Your acts, errors, negligence, or omissions in the operation of Your Franchise Business or Your Franchise Business generally, including any allegation that You are Our employee, or that We are a joint employer or otherwise responsible for the acts or omissions relating to Your employees. You agree not to file any crossclaim or counter-claim against Us for any action made by a third-party or make any response that would infer or represent We are liable as a party or defendant to any action that is contrary to this Section. This Agreement and the terms in this Article and related terms in this Agreement is a bona fide defense to any claim You may contradictorily make against Us as to Our liability or proportion of fault. You shall bear all costs to defend Us from claims raised by a third-party. If We incur any costs or liabilities to any third-party, You shall reimburse Us for costs associated with Our defense to those claims. We have the right to defend any such claim against Us by employing counsel of Our choice, subject to full reimbursement of all legal fees by You. We will use Our reasonable efforts to cooperate with You in any litigation, judicial or administrative proceeding to avoid duplication of time, effort or expenditure to the greatest extent possible without compromising Our interest in such matter. You are not required to indemnify Us for liability caused by Our willful misconduct or gross negligence. You are not required to indemnify Us for liability caused by Our willful misconduct or gross negligence. This indemnity will continue in full force and effect subsequent to and notwithstanding the Termination of this Agreement.

ARTICLE XVI COVENANT NOT TO COMPETE

16.1 In-Term Covenants. During the term of this Agreement and for any extensions or Successor Franchises hereof, You, Your Principals, and Your Immediate Family shall not, directly or indirectly, be a Participant, assist, or serve in any other capacity whatsoever or have any interest in a Competing Business in any capacity, territory, or location, except with Our prior written consent. Your Principals must each execute the standard Brand Protection Agreement attached as Exhibit "A-4." Your personnel must execute Our Employee Brand Protection Agreement attached hereto as Exhibit "A-5." (Although We provide You this form, it is Your responsibility to conform such form to the laws and regulations of Your state.) A copy of all such agreements must be promptly delivered to Us within one week of execution.

16.2 Confidentiality. During the term of this Agreement and any extensions or Successor Franchises hereof, and at any time after the Termination of this Agreement, You and those over whom You have control shall not make any unauthorized disclosure or use of Our Confidential Information or Intellectual Property other than as authorized by this Agreement. You shall adopt and implement all reasonable procedures to prevent unauthorized use or disclosure of the Confidential Information and Intellectual Property, which procedures may be prescribed from time to time by Us. You shall never contest the validity of Our exclusive ownership of and rights to Our Intellectual Property or Confidential Information. Without limiting the foregoing, any communication (email, paper, etc.) from Us to You cannot be forwarded to another email account You control or share, or forwarded to anyone, including employees, without first receiving Our express written consent.

16.2.1 Prior Disclosures. You acknowledge and agree that prior to the execution of this Agreement, You may have received information and met and corresponded with Our principals, agents

and/or representatives and that any such Confidential Information obtained or received is subject to the protection and restrictions of this Agreement.

16.2.2 Confidentiality of this Agreement. You agree that all terms of this Agreement that are not otherwise made public under franchise disclosure laws will remain confidential, and You will not make any public announcement, issue any press release, publicize, make any confirmation of statements made by third parties concerning the terms of this Agreement, or make any other disclosures without Our prior written consent. It is agreed and understood that You may disclose the confidential terms of this Agreement only to Your professional lenders and advisors.

16.3 Post-Term Covenants. Upon Termination for any reason of this Agreement, and any extensions thereof, or upon any Transfer or repurchase of Your rights hereunder and for a continuous, uninterrupted period of three years thereafter, neither You, Your Principals, nor Your Immediate Family shall, directly or indirectly, be a Participant, assist, or serve in any other capacity whatsoever, or have any interest in a Competing Business in any capacity, territory, or location within Your Territory(ies) or within 30 miles of Your Territory(ies) or within 20 miles of the territory of any Painter Bros® business operation at the time of Termination or Transfer of this Agreement.

16.4 Non-Solicitation of Customers. During the term of this Agreement and for three years after the Termination of this Agreement, You, Your Principals, and Your Immediate Family shall not, directly or indirectly, contact any customer serviced by Your Franchise Business, a prospective customer, or any former or then-current customer of Ours (with whom You had contact during the term of this Agreement) for the purpose of soliciting any such customer to a Competing Business. For clarity, a “prospective customer” does not mean any possible customer. It means a potential customer who has been engaged in some way, or has provided some personal information, or has elected to receive some communication, but who has not yet done business to be considered an actual customer.

16.5 Survival of Covenants; Tolling of Covenants. The foregoing covenants survive the Termination of this Agreement and apply regardless of whether this Agreement was Terminated by lapse of time, by default of either party, or for any other reason. In addition to other remedies available to Us, in the event You violate a non-competition and/or non-solicitation covenant, the applicable non-competition or non-solicitation period will be tolled for the period of Your violation.

16.6 Acknowledgement of Harm. You acknowledge that Your violation or breach of the covenants and provisions of this Article is likely to cause substantial and irreparable harm to Us and the System. You agree that the restrictions contained in this Agreement are reasonable and necessary for Our protection and the protection of other franchisees in the System, and that the existence of any claims You may have against Us, whether or not arising from this Agreement, will not constitute a defense to Our ability to enforce the covenants set forth in this Article.

16.7 Enforceability. It is the desire and intent of the parties to this Agreement that the provisions of this Article be enforced to the fullest extent permissible under applicable laws. If any of the restrictions of this Article are determined to be unenforceable because of duration, scope or coverage or otherwise, then We have the right in Our sole discretion to reduce the scope of any covenant set forth above or any portion thereof, without Your consent, effective immediately upon receipt by You of written notice thereof; which modified covenant will be fully enforceable notwithstanding any other provision of this Agreement.

ARTICLE XVII DISPUTE RESOLUTION

17.1 Quick Resolution. You and We understand that there is always a possibility of differences of opinion or other disagreements in any business relationship and agree that it is important to resolve any Disputes amicably, quickly, inexpensively, and professionally and to return to business as soon as possible.

17.2 Manner of Handling Disputes. In the event any Dispute arises between Us and You in connection with, arising from, or with respect to, any provision hereof, the relationship created herein, or the validity of this Agreement or any provision hereof, or the offer and sale to You, such Dispute will be:

17.2.1 Face-to-Face Meeting. First discussed in a face-to-face meeting between You and Us in Salt Lake City, Utah, or at Our then-current headquarters (or via video conference at Our election), and within 30 days after either You or We give written notice to the other proposing such a meeting. We have the right, in Our sole discretion, to waive this requirement.

17.2.2 Mediation. If, in the opinion of either You or Us, the face-to-face meeting has not successfully resolved such Dispute, and if desired by either You or Us, the Dispute will be submitted to non-binding mediation before Franchise Arbitration and Mediation Services (“FAM”) or as otherwise mutually agreed. The mediation will be conducted exclusively in Salt Lake City, Utah. On election by either party, arbitration as provided below may proceed forward at the same time as mediation. The mediator will be disqualified as a witness, consultant, expert, or counsel for any party with respect to the Dispute and any related matters.

17.2.3 Arbitration. If in the opinion of either You or Us the mediation has not successfully resolved such matters, at the request of either You or Us, the Dispute will be submitted for arbitration to the offices of the American Arbitration Association in accordance with its commercial arbitration rules in effect. All arbitration hearings will be conducted exclusively in Salt Lake City, Utah. The arbitrator will have the power and jurisdiction to decide such Dispute solely in accordance with the express provisions of this Agreement. The arbitrator will render a written opinion setting forth the facts found, law applied and reasons for the decision.

(i) Arbitration Procedures. In any arbitration, the parties will be entitled to specific performance of the obligations under this Agreement. The arbitrator may award or otherwise provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships and other pre-judgment, equitable and/or interim relief as appropriate pending final resolution by binding arbitration of a Dispute, as well as in connection with any such final resolution, and may issue summary orders disposing of all or part of a Dispute at any point. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction. Offers and/or other communications made in connection with, or related in any way to, mediation, possible settlement or other resolution of a Dispute will not be admitted into evidence or otherwise used in connection with any arbitration or other proceeding, and any arbitration award in violation of this provision will be vacated by the arbitration appeal panel (described below) and/or any court having jurisdiction. The arbitrator will have the power to order compliance with such discovery procedures, as well as assess sanctions for non-compliance with any order. Discovery will be controlled by the arbitrator and will be permitted to the extent set out in this Paragraph. Each party may submit in writing to the other party, and the other party will respond, to a maximum of any combination of 25 (none of which may have subplots) of the following: interrogatories, demands to produce documents, and requests for admission. You and We are also entitled to take the oral deposition of one individual of the other party. Additional discovery may be permitted upon mutual agreement of the parties or at the discretion of the arbitrator if petitioned by either party. The arbitrator, and not a court, will decide any questions relating in any way to the parties’ agreement or claimed agreement to arbitrate, including a claim for fraud in the inducement or otherwise. Each party must submit or file any Dispute that would constitute a compulsory counterclaim (as defined by the applicable rule under the Federal Rules of Civil Procedure) within the same proceedings as the Dispute to which it relates. Any such Dispute that is not submitted or filed in such proceedings will be forever barred. The award and findings of the arbitrator will be conclusive and binding upon all parties hereto and the judgment upon the award may be entered in any court of competent jurisdiction.

(ii) Individual Disputes. Any Dispute must be conducted and resolved on an individual basis only and not on a class-wide, multiple plaintiff or similar basis between You and Us and will not be consolidated with any other arbitration or court proceeding involving Us and any other party. You agree

thereby waive any right You may have to any potential class action claim and agree that any legal action will only be on an individual party basis.

(iii) Agreed Limitations. Except for payments owed by one party to the other, or claims attributable to Your underreporting of sales, indemnification under Article XV, any legal action or arbitration proceeding (Including the offer and sale of a franchise to You) brought or instituted with respect to any Dispute hereunder must be brought or instituted within 12 months from the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; provided that no claim may be brought more than 24 months after the first act or omission giving rise to an alleged claim. The initiation of mediation or arbitration hereunder will toll the applicable statute of limitations for the duration of any such proceedings.

(iv) Limited Damages. You and We waive any right or claim of any consequential, punitive, or exemplary damages against each other and agree that in the event of a Dispute between You and Us, each will be limited to the recovery of actual damages sustained. We will not be liable for any act or omission which is consistent with this Agreement, or which is done in subjective good faith.

(v) Exceptions to Arbitration. You and We agree that nothing in this Agreement obligates Us to arbitrate or mediate Disputes or issues relating to: (a) the validity of the Marks, or any trademarks, service marks or other Intellectual Property; (b) rights to obtain a writ of attachment or other prejudgment remedies; (c) rights to receive and enforce a temporary restraining order, preliminary injunction, permanent injunction or other equitable relief; or (d) Disputes solely for Fees and other monies owed by one party to the other under this Agreement.

(vi) Appeals. If any party to an arbitration wishes to appeal any final award by an arbitrator (there will be no appeal of interim awards or other interim relief), that party can appeal, within 30 days of such final award, to a 3-person arbitrator panel to be appointed by the same organization as conducted the arbitration to be held exclusively at the same location as specified above. The issues on appeal will be limited to the proper application of the law to the facts found at the arbitration and will not Include any trial *de novo* or other fact-finding function. The party requesting such appeal must pay all costs and fees of the arbitrators and arbitration proceedings.

(vii) Sharing of Fees. Except for an appeal, the parties to the Dispute or action will share the fees and expenses of the mediation and the arbitration equally during the mediation and arbitration. However, the prevailing party in arbitration, Including on appeal, will be awarded costs and attorney's fees as set forth in Section 19.3 below.

(viii) Federal Arbitration Act. You and We mutually agree that all issues relating to arbitrability are governed exclusively by the Federal Arbitration Act and the federal common law of arbitration to the exclusion of any state statutes or common law and will be decided by the arbitrator. All provisions of this Agreement pertaining to venue, choice-of-laws, dispute avoidance and resolution will be strictly enforced, and You and We will rely on federal preemption under the Federal Arbitration Act.

17.3 Continued Performance. During the pendency of any Dispute or any such interim relief proceeding, the parties shall continue to perform their respective obligations under this Agreement.

ARTICLE XVIII NOTICES

18.1 Notices. All notices permitted or required under this Agreement must be in writing and delivered as follows with notice deemed given as indicated: (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by sending an email to the email address below other verified email address when confirmed by receipt verification, which verification will not be withheld or otherwise denied; or (iv) by certified or registered mail, return receipt requested, addressed as follows:

FRANCHISOR:	FRANCHISEE:
Painter Bros Franchising, LLC 800 North 100 East Lehi, Utah 84043 (or Our then-current headquarters) Email: info@painterbros.com With a courtesy copy to (which will not act as notice or service to Franchisor): The Franchise & Business Law Group Attn : Christian Thompson 222 South Main Street, Suite 500 Salt Lake City, Utah 84101 Email: cthompson@fbglaw.com	_____ _____ _____ Email: _____

18.2 Delivery. If You refuse or fail to accept any certified or overnight delivery, acceptance will be deemed to have occurred 48 hours after rejection or failure to accept such notice. Any notice delivered by mail in the manner herein specified will be deemed delivered and received three days after mailing.

18.3 Listed Addresses. The address specified herein for services of notices may be changed at any time by the party making the change by giving written notice to the other party by certified mail or as otherwise agreed by You and Us. Any notice to You may be delivered to the address set forth above or to the address of Your Franchise Business or office.

ARTICLE XIX CONSTRUCTION AND JURISDICTION

19.1 Governing Law. Except as provided in Section 19.5, this Agreement will be governed, construed and interpreted in accordance with the laws of the state of Utah without giving effect to its conflicts of law provisions. You and We agree that the provisions of this Agreement will control the state or provincial laws by which this Agreement will be governed and any provisions of state or provincial law to the contrary or any statements in Our franchise disclosure document or otherwise required as a condition of registration or otherwise. If the governing law requires terms other than or in addition to those in this Agreement, then such terms will be deemed incorporated herein but only to the extent necessary to prevent the invalidity of this Agreement or any of the provisions hereof or the imposition of civil or criminal penalties or liability. To the extent permitted by the laws of the state whose laws govern this Agreement, You hereby waive any provisions of law or regulations which render any portion of this Agreement invalid or unenforceable in any respect.

19.2 Jurisdiction. In order to facilitate our joint interests in having franchise issues determined in a consistent manner for application throughout the System, without in any way limiting or otherwise affecting Your and Our obligations regarding mediation and arbitration in accordance with the provisions of Article XVII, if there is any litigation between us, You and We hereby irrevocably consent to the exercise of general personal jurisdiction in the courts of record of the state of Utah even though it may be otherwise possible to obtain jurisdiction elsewhere, and You and We agree that Salt Lake City, Utah will be the exclusive venue for any litigation between Us and You. Each party waives any objection they may have to the personal jurisdiction of or venue in the state and federal courts of Utah.

19.3 Costs and Attorney's Fees. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties are entitled to reasonable attorney's fees and other costs reasonably incurred in such action or arbitration or litigation proceeding. The costs of mediation will also be awarded to the prevailing party in arbitration or litigation, if applicable. For purposes of this Agreement, "prevailing party" includes the party which obtains a judgment in their favor or agrees to dismiss an action or proceeding upon the other's payment of sums allegedly due or performance of the covenants allegedly breached, or which obtains substantially the relief sought. Reimbursement is due within 30 days of written notice after prevailing.

19.4 No Jury Trial. You and We waive, to the fullest extent permitted by law, all rights to trial by jury in any action or Dispute, whether at law or in equity, brought by either party.

19.5 Exception. Notwithstanding the foregoing, the Federal Arbitration Act (9 U.S.C. §§ 1 Et. Seq.) and the United States Trademark Act (Lanham Act, U.S.C § 1051 Et. Seq.) will apply to this Agreement and the relationship of the parties and preempt any state law to the contrary.

ARTICLE XX MISCELLANEOUS

20.1 Headings. Headings used in this Agreement are for reference and convenience purposes only and are not to be used in construing the provisions of this Agreement. As used herein, the male or female gender will include the other and the neuter. The singular will include the plural and the plural will include the singular as appropriate.

20.2 No Third-Party Rights. The parties intend to confer no benefit or right on any person or entity not a party to this Agreement, and no third parties will have any right or claims, benefit or right or a third-party beneficiary under this Agreement or any provision hereof. Similarly, You are not entitled to claim any rights or benefits, including those of a third-party beneficiary, under any contract, understanding or agreement between Us and any other person or entity, unless that contract, understanding or agreement specifically refers to You by name and specifically grant rights or benefits to You.

20.3 Authority. Where an entity is a party to this Agreement, the person or persons signing this Agreement on behalf of the entity warrant to Us that they have the requisite authority to sign this Agreement. At Our request, the concerned company signatory agrees to promptly provide Us with a certified copy of the resolution authorizing the execution of this Agreement and naming the officers, directors, members, or managers of the entity who are authorized to sign this Agreement on behalf of the entity. No field representative or salesperson has the right or authority to sign this Agreement or make oral representations or written modifications hereof on Our behalf.

20.4 No Partial Payments. No payment by You or receipt by Us of any amount less than that required to be paid under this Agreement, or otherwise, to Us or any person or entity affiliated with Us, will be deemed to be anything except payment on account, regardless of any endorsement to the contrary contained on any such payment or in any oral or written communication transmitted in connection therewith.

20.5 Joint and Several Liability. If more than one person, corporation, limited liability company, partnership or other entity, guarantors or any combination thereof, sign this Agreement on behalf of the franchisee, the liability of each will be joint and several. All members of a general partnership and all members of any association or other unincorporated entity, which is part of the franchisee hereunder, are jointly and severally liable for Your performance hereunder.

20.6 No Off-Set or Withholdings. You shall not offset or withhold the payment of any Fees or other amounts due to Us or Our affiliates or suppliers on grounds of the alleged non-performance by Us of any of Our covenants or obligations hereunder, any Dispute of any nature or otherwise.

20.7 Disclosure. We can disclose, in disclosure documents or otherwise, information relating to Your Franchise Business, including Your name, address, phone numbers, financial information, copies or reports, and other information.

20.8 Binding Agreement. This Agreement is binding upon the heirs, administrators, personal representatives, assigns and successors in interest to the parties hereto.

20.9 Force Majeure. Neither party will be liable by reason of any failure or delay in the performance of such applicable party's obligations hereunder on account of strikes, fires, flood, storm, explosion, or other similar causes which is beyond such party's reasonable control. This Section will not be interpreted to relieve You from Your obligation to pay Us when due all payments required to be made by You under this Agreement.

20.10 Entire Agreement. The parties intend this Agreement and all attached exhibits hereto, which are each incorporated by reference herein, to be the full and complete agreement between Us and You and the entire integration of all our understandings of every nature concerning the matters contained in this Agreement or in any way related thereto, whether oral or written, and whether occurring before or contemporaneously with the execution of this Agreement. You represent and acknowledge that no agreements, representations, negotiations, promises, commitments, inducements, assurances, terms, conditions, or covenants of any nature exist between You and Us except as specifically set forth in this Agreement, whether pertaining to this Agreement or to any future, further, or additional rights of either You or Us. Nothing in this Agreement, or in any related agreement, is intended to be a disclaimer of the representations We made to You in the franchise disclosure document. If any term of this or Agreement is determined as void and unenforceable, the remaining terms and duties under this Agreement will still be considered enforceable and severable as if it was its own separate agreement from the voided term.

20.11 Amendments. No amendment, change or variance from this Agreement will be binding on either party unless executed in writing and signed by both parties; however, the Manuals and policies and procedures may be modified by Us from time to time as set forth in this Agreement, and are binding.

20.12 Effective Date. Delivery of a draft of this Agreement to You does not constitute an offer. This Agreement will become effective only when fully executed and accepted by Us.

20.13 No Course of Dealing. No course of dealing between You and Us will affect Your or Our rights under this Agreement or otherwise.

20.14 No Representations. You understand that the success or failure of Your Franchise Business depends, in major part, upon Your efforts. You agree that We have not made nor have You received any promise, representation or warranty that: 1) any payments by You are refundable at Your option; 2) We will repurchase any rights granted hereunder; 3) You will achieve any particular sales, income or other levels of performance, or that You will be successful in Your Franchise Business licensed by this Agreement; 4) You will have any exclusive rights of any type other than as expressly set forth herein; 5) You will receive any level of Marketing assistance, site location, development or other services, operational assistance or otherwise other than as expressly set forth in this Agreement; 6) You will not be required to obtain any licenses or permits in order to operate Your Franchise Business; 7) any location or territory will be successful; or 8) that You will be awarded additional or further franchises or other rights, except as expressly set forth in a written document signed by Us.

20.15 Variations. You understand and agree that: 1) We may have offered franchises in the past, may currently be offering franchises, or may offer franchises in the future, on economic or other terms, conditions and provisions which may significantly differ from those offered by this Agreement and any related documents; and 2) there may be instances where We have varied, or will approve exceptions to or changes in the uniform standards, or the terms on which We offer franchises, the charges We make, or otherwise deal with Our franchisees to suit the circumstances of a particular transaction as We believe necessary or

desirable under particular circumstances. You have no right to object to such variances or to obtain the same variances for Yourself.

20.16 No Misrepresentations. You further represent to Us, as an inducement to Our entry into this Agreement, that You have made no misrepresentations in obtaining the award of this franchise.

20.17 Representations of Non-Violation. You represent and warrant that You can enter into this Agreement and that the execution and performance of this Agreement will not be in violation or breach, or cause the violation or breach, of any agreement or covenant between any third-party or the violation or breach of any order, decree or judgment of any court or administrative agency.

20.18 FDD Acknowledgement. You represent that You have had a copy of Our franchise disclosure document (“FDD”) for at least 14 calendar days or 10 business days, whichever is applicable in Your state, prior to signing this Agreement or making any payment to Us.

20.19 Waiver. We may, in writing, unilaterally waive any of Your obligations or requirements under this Agreement. Waiver by Us of any particular default by or obligation of You will not affect or impair Our rights with respect to any subsequent default by You or any of Our other rights to declare the same or subsequent acts a breach or default. Unless otherwise agreed to by Us in writing, Our acceptance of any payments due from You does not waive any prior defaults.

20.20 Counterparts. This Agreement and its exhibits may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original.

20.21 Electronic Signature. This Agreement may be signed with full legal force and effect using electronic signatures and records.

20.22 Drafting. You acknowledge that You have read this Agreement, have had the opportunity to review it with an attorney of Your respective choice and have agreed to all of its terms. The rule of construction that a contract be construed against the drafter will not be applied in interpreting this Agreement.

ARTICLE XXI DEFINITIONS

“Competing Business” means a business that engages in residential, commercial, or government contract painting, or facility maintenance services, and/or minor construction and repairs.

“Confidential Information” means any information (through no fault of Yours) relating to Our products or services, or operation of a Painter Bros® business or relating to the System as a whole, including: (i) methods for the preparation and administration of Our services and products; (ii) Our methods, techniques, formats, specifications, hardware, Our CRM and other proprietary software, systems, proprietary technology, estimating techniques, procedures, equipment, sales and Marketing programs, Marketing techniques, and knowledge and experience in the development and operation of Painter Bros® businesses; (iii) knowledge of, specifications for, and suppliers of, certain Painter Bros® products, materials, supplies, equipment, furnishings and fixtures; (iv) operating results and financial performance of Painter Bros® businesses; (v) Our strategic plans and concepts for the development, operation, or expansion of Painter Bros® businesses of the System and analysis of potential territories; (vi) the contents of Our Manuals; (vii) all Customer Data, whether maintained or created by Us or You; (viii) Intellectual Property that is typically deemed confidential; and (ix) any other information obtained from Us in confidence at any time by virtue of the franchise or license relationship. Confidential information further includes all Improvements whether developed or discovered by Us or You.

“Copyright Materials” means all writings, video and audio recordings, materials, Manuals, artwork, website copy, logos, Marketing materials and designs used with the Marks or in association with the System.

“Customer” and “Client” whether or not capitalized have interchangeable meanings in this Agreement.

“Customer Data” means any and all customer information, including the names and contact information of the key personnel within a customer’s organization, who makes decisions on painting and contract work, and customer and prospective customer data and lists, Including phone numbers, emails, mailing addresses, name and contact information for key personnel of the customer, Social Media followers’ information, etc., even if deemed to have arisen through Your activities. For clarity, a “prospective customer” does not mean any possible customer. It means a potential customer who has been engaged in some way, or has provided some personal information, or has elected to receive some communication, but who has not yet done business to be considered an actual customer.

“Dispute” any claim, controversy, disagreement, or dispute of any type whatsoever.

“Fees” refers to those fees, payments, and costs You are required to pay to Us as more fully set forth on Exhibit “A-3.”

“Franchise Assets” means this Agreement or any of its rights or privileges, or any shares or units in the ownership of Your entity, Your Franchise Business, or substantially all of Your assets.

“Gross Sales” Includes the total of all sales of all products, goods or services sold, traded, bartered, or rendered by You and income of every kind and nature Including the value of a trade or other bartering, arising from Your Franchise Business and tangible property of every kind sold by You during the term of this Agreement. “Gross Sales” excludes bona fide credits or returns and excludes amounts paid by You for sales or use taxes on the sale of any products or services.

“Immediate Family” refers to and Includes each of Your spouses, domestic partners, parents, stepparents, children, stepchildren, sons-in-law, and daughters-in law.

“Innovation” means any idea conceived or developed, or any actual improvement, change, modification, enhancement, or addition to the System, Including to Your Franchise Business, Copyrighted Materials, Manuals, Confidential Information, website, Social Media, Marketing materials, apps or any other documents or information pertaining to or relating to the System, or any Intellectual Property related to the System, or any creative concepts, Marketing ideas, or inventions related to the System, and all derivatives thereof, whether implemented in the System or not.

“Including” or “Includes” means “Including but not limited to,” “Including, without limitation,” and similar all-inclusive and non-exhaustive meanings.

“Intellectual Property” means all Marks, trade dress, names, Copyrighted Materials, systems, patents, patent applications, trade secrets, websites, Social Media, apps, CRM and software.

“Interim Management Period” refers to the period of time during which We step in to manage Your Franchise Business as allowed under this Agreement.

“Internet” means any present or future interactive system for electronic communications, using lines, cables, wireless, satellite, radio or any other technology; and which involves one or more of the following: the system of interconnected computer networks that use the internet protocol suite (TCP/IP) or its successor; websites or similar remotely-accessible electronic information sources (whether password protected or not); use of domain names, other locators, or emails that use Our Marks; internet phone services; cellular or similar messaging; mobile applications; social networks or Social Media; or wikis, podcasts, online content sharing communities, or blogging.

“Manuals” means one or more guides or manuals, Including an operations manual, brand standard manual, and/or policies and procedures manual, technical bulletins, online drives or portals, or other written

materials as may be developed, modified and supplemented by Us periodically. The Manuals may be in printed or in an electronic format in Our discretion.

“Marketing” or “Market” Includes advertising, brand development, promotion, public relations campaigns, content creation, influencer incentives or compensation, market research, and other related processes.

“Marks” means the federally registered and common law trademarks and service marks owned by Us, whether now or later developed. “Marks” also include any and all names, trade names, trademarks, slogans, service marks, logos and/or other commercial property or symbols licensed to You pursuant to this Agreement or used in connection with the System or later added to the System.

“Operating Account” means that account into which all receipts of Your Franchise Business must be deposited.

“Operating Assets” means Your assets, contracts, inventory, supplies, furniture, equipment, signs, service vehicles, estimator vehicles, accessories, and other personal property relating to Your Franchise Business.

“Operating Principal” is: a) You if You as the franchisee are an individual; or b) if You are an entity, an individual that owns at least 25% of the ownership and voting interests in the franchisee entity (unless You obtain Our written approval of a lower percentage), has authority over all business decisions related to the Franchise Business, and has the power to bind You in all dealings with Us.

“Participant” means an owner, operator, shareholder, director, partner, member, manager, consultant, agent, employee, contractor, advisor, officer, lessor, lessee, licensor, or licensee.

“Principal” means shareholders, owners, partners, directors, members, managers, officers, and principal employees and contractors.

“Shall” when used in this Agreement (even when not capitalized) means must or other similar affirmative obligation, as the context requires.

“Social Media” means any websites and web or Internet pages for social interaction, business operation, advertising, and other online information communications, whether now or later developed.

“System” Includes, the Franchise Business, specific Marks, Manuals, processes, services, know-how, operating procedures, and Marketing concepts, bidding techniques, proprietary software, product sourcing, business formats, and the use of proprietary and Confidential Information and other Intellectual Property.

“Termination” or “Terminates” Includes expiration, non-renewal, repurchase of Your rights, non-granting of a Successor Franchise, non-renewal, transfer or any other means by which this Agreement is no longer in effect, You are no longer a franchisee of the Painter Bros® System.

“Transfer” Includes any direct or indirect assignment, transfer, division, trade, sale, gift, pledge, sublicense, mortgage, granting of any security interest, or sale at judicial sale or under power of sale, conveyance or retention of collateral in satisfaction of debt, or other procedure to enforce the terms of any pledge, encumbrance, or security interest.

“We,” “Our(s)” or “Us” only as applied to Paragraphs 2.2.3, 10.1.1, 10.1.2 and 14.8.7, Sections 3.1, 3.5, 6.6, 16.4, and Articles XI, and XV, Includes Our predecessors, parents, affiliates, subsidiaries, successors, and assigns and Our officers, directors, shareholders, members, managers, employees, agents, development agents, or others with whose conduct We are chargeable, as applicable.

“You” or “Your” Includes all signers of this Agreement, all guarantors and Includes all subsequent and current members, Operating Principals, owners, partners, shareholders, managers, directors, officers, agents, affiliates, principal employees and with those whose conduct You are chargeable.

YOU ACKNOWLEDGE THAT YOU HAVE HAD AN OPPORTUNITY TO HAVE THIS AGREEMENT AND RELATED DOCUMENTS REVIEWED BY YOUR OWN ATTORNEY.

IN WITNESS WHEREOF, the parties have respectively signed this Franchise Agreement effective as of the day and year first written above.

FRANCHISOR:

PAINTER BROS FRANCHISING, LLC

By: _____
(Signature)

Name: _____

Title: _____

FRANCHISEE:

By: _____
(Signature)

Name: _____

Title: _____

If the franchisee is not an entity, each person must sign personally.

By: _____
(Signature)

Name: _____, personally

By: _____
(Signature)

Name: _____, personally

(Check if applicable) At the same time as the parties execute this Agreement, they are also executing an Addendum to Franchise Agreement pursuant to:

- _____ Illinois
- _____ Indiana
- _____ Maryland
- _____ Minnesota
- _____ Washington
- _____ Other

EXHIBIT "A-1"
TO THE FRANCHISE AGREEMENT

TERRITORY:
(A map or maps may be attached)

1. Territory or Territories. Your Territory or Territories consists of the following:
Territory 1 : _____
Territory 2 : _____
Territory 3 : _____

2. Population of Your Territory or Territories. The population of Your Territory or Territories is as follows:
Territory 1 : _____
Territory 2 : _____
Territory 3 : _____

3. Initial Franchise Fee. The initial franchise fee for a 1-territory franchise is \$65,000, \$112,000 for a 2-territory franchise, and \$155,000 for a 3-territory franchise. Your total initial franchise fee is \$_____.

4. Multiple Territories. The various provisions of the Franchise Agreement referring to a single Territory will be applicable to each Territory purchased by You.

Our approval of Your Territory is not a guarantee or a warranty of the potential success of Your Territory.

Franchisee Initial and Date

Franchisor Initial and Date

EXHIBIT "A-2"
TO THE FRANCHISE AGREEMENT

COMPANY REPRESENTATIONS AND WARRANTIES

You make the following additional warranties and representations:

You are a (check one):

- | | |
|--|--|
| <input type="checkbox"/> Partnership | <input type="checkbox"/> Corporation |
| <input type="checkbox"/> Sole Proprietorship | <input type="checkbox"/> Limited Liability Company |

Name of your entity: _____

The state in which your entity was formed: _____

Date of Formation: _____

EIN: _____

The names and addresses of each shareholder, partner, or member holding an ownership interest in the corporation, partnership or limited liability company (please print or type the information and add extra lines if necessary):

Name	Address	Percentage of Ownership *

*Corporation: Percentage owned of outstanding voting stock.

*Partnership: Percentage owned in voting and in capital and profits.

*Limited Liability Company: Percentage owned in membership interest.

The names of the officers of the company (please print or type the information and add extra lines if necessary):

Name	Title	Manager/Officer

The address where Your corporate records are maintained is:

The name and address of the person who has been approved by Us and who will be directly responsible for supervising Your business operations and who has authority to work with Us and make decisions relating to the operations of the Franchise Business (Operating Principal):

Name: _____

Address: _____

Email: _____

Phone: _____

You must provide Us a copy of Your articles of organization and operating agreement or articles of incorporation and bylaws within one week of the date below.

IN WITNESS WHEREOF, Franchisee has executed this Company Representations and Warranties as of _____.

FRANCHISEE:

By: _____
(Signature)

Name: _____

Title: _____

**EXHIBIT “A-3”
TO THE FRANCHISE AGREEMENT**

FEE CHART

The following Fees are more fully described in the Franchise Agreement.

Type of Fee	Amount	Notes
Relocation Fee ¹	Our costs to approve the new territory at approximately \$50 per man hour, plus Our legal fees	See Section 1.7
Successor Franchise Fee	50% of Our then-current initial franchise fee	See Paragraph 2.2.4
Initial Franchise Fee	\$65,000 for a 1-territory franchise	See Section 5.1 and Exhibit “A-1”
	\$112,000 for a 2-territory franchise	
	\$155,000 for a 3-territory franchise	
Royalty	5% of Gross Sales	See Section 5.2
Advertising Fee	2% of Gross Sales or the cost for Our approved digital marketing company to run a local SEO campaign in Your Territory(ies) (currently approximately \$250 per month, per Territory), whichever is more	See Section 5.3
Lead Generation ¹	\$1,000 per month, per Territory (\$2,000 per month, per Territory for the first three months)	See Paragraph 5.3.1
Late Fees ¹	\$25 per day up to a maximum of \$500 per fee per month	See Paragraph 5.4.3
Non-Sufficient Funds Fee ¹	\$50 per bounced check or draft, or the maximum allowed by state law	See Paragraph 5.4.3
Interest Fees	18% interest or maximum rate permitted by state law, whichever is less	See Paragraph 5.4.4
Sales or Use Tax	Sum equal to tax imposed	See Paragraph 5.4.5
Audit Charge	Cost of audit	See Paragraph 5.5.2
Technology Fee ¹	\$250 per month	See Section 5.9
Additional Trainees at Initial Training ¹	\$250 per person/per day per additional attendee	See Paragraph 6.1.4
New Operating Principal or Management Training ¹	\$350 per person/per day	See Paragraph 6.1.4(i)
Additional In-Person Training or Assistance ¹	\$250 per person, per day for additional training, plus expenses	See Paragraph 6.1.4(ii)
Rescheduling Fee ¹	\$500	See Paragraph 6.1.4(v)
Insurance Reimbursement Fee ¹	Varies, plus an administration fee of \$50 per man-hour	See Paragraph 6.1.9
PCI and DSS Audit Reimbursement Fee	Reasonable costs of the audit	See Paragraph 6.1.12(iv)
Conference or Seminar Fee ¹	\$800 to \$1,500 per attendee	See Paragraph 6.1.14
Interim Management Fee ¹	\$500 per person/per day	See Paragraph 6.2.3 and Section 14.10
Contractor’s License Assistance ¹	\$500	See Paragraph 7.3.2

Supplier Evaluation Fee ¹	\$500, plus reimburse Us for all reasonable costs and expenses of testing	See Section 8.3
Additional Copies of Marketing Materials	Our actual costs, plus 10%, and the costs for shipping and handling	See Section 10.3
Fees on Default	Our costs associated with Your default	See Section 11.2
Post Termination Fees	Varies	See Paragraph 12.1.7
Early Termination Liquidated Damages	Average royalty from the previous 12 months multiplied by the lesser of 24 months or the remaining term of Your Franchise Agreement	See Section 12.4
Transfer Fee	\$5,000 per Territory	See Section 14.5
Minority Interest Transfer Fee	Legal and corporate fees and costs incurred	See Section 14.6
Transferee Training Fee	\$5,000	See Paragraph 14.8.5
Indemnification	Varies	See Section 15.2
Dispute Resolution Fees	Varies	See Section 17.2 and Section 19.3

¹ We may increase this Fee by up to 10% per year during the term of the Franchise Agreement based on increased costs to Us (including increases to our administrative costs) and other inflation related matters. Costs charged by third parties are subject to change at any time and do not have an annual cap.

**EXHIBIT “A-4”
TO THE FRANCHISE AGREEMENT**

BRAND PROTECTION AGREEMENT FOR PRINCIPALS

This BRAND PROTECTION AGREEMENT FOR PRINCIPALS (the “Agreement”) is entered into and made effective as of the effective date listed below, by and between PAINTER BROS FRANCHISING, LLC a Utah limited liability company (“Franchisor”) and the undersigned (“Principals”).

WHEREAS, Principals or his or her or their company entered into an agreement with Franchisor so as to be able to obtain the rights to operate a Painter Bros® Franchise Business using the System developed by Franchisor, including certain Confidential Information of Franchisor (“Franchise Business”); and

WHEREAS, Principals recognize the value of the System and the intangible property rights licensed under the Franchise Agreement, and the importance of maintaining the Confidential Information, and recognizes that the Franchisor’s entering into the Franchise Agreement is conditioned upon each Principal entering into this Agreement; and

WHEREAS, all capitalized terms used, but not defined, herein will have the respective meanings assigned to them pursuant to the Franchise Agreement.

NOW THEREFORE, in consideration of Franchisor entering into the Franchise Agreement with Principals or his or her or their company, the recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Acknowledgment. Principals individually acknowledge that he or she has obtained or may obtain access to Confidential Information and made available to Principals that is necessary and essential to the operation of the Franchise Business, without which information the Franchise Business could not efficiently, effectively and profitably operate. Principals further acknowledges that such Confidential Information was not known to him or her prior to the association with Franchisor.

2. Non-Disclosure and Non-Use. Except as may be required or allowed under the Franchise Agreement, Principals and any of a Principal’s Immediate Family, shall not, during the term of the Franchise Agreement and any Successor Franchise or Successor Franchise Agreement or any time thereafter, directly or indirectly, use, or disclose to any third party, or authorize any third party to use, any information relating to the Franchise Business or interest of Franchisor, Confidential Information, the System, or other information or materials that he or she knows, or reasonably should know, is regarded as confidential to Franchisor. Principals shall also adopt and implement all reasonable procedures prescribed by Franchisor, from time to time, to prevent unauthorized use and/or disclosure of the Confidential Information, including restrictions on disclosure to employees and other third parties. The parties intend that the information disclosed by Franchisor prior to the actual execution of this Agreement constitutes confidential information and is subject to all the terms and conditions of this Agreement (including the covenants, protecting against disclosures thereof) as if such information had been disclosed following the execution of this Agreement.

2.1 Duty to Notify. Principals agree to notify Franchisor of any reasonably suspected attempts to violate the terms or purposes of this Agreement and further agree to require all personnel to report to it any reasonably suspected attempts to violate this Agreement. In the event it is discovered that Principals knew or had reason to know of any suspected attempts to violate this Agreement, Principals agree to indemnify Franchisor for all costs and fees associated with enforcement, and to reimburse Franchisor for those losses sustained due to such violation.

3. In-Term Covenant. During the term of the Franchise Agreement and for any extensions or Successor Franchises thereof, except as permitted under the Franchise Agreement, Principals and each Principal’s Immediate Family shall not be a Participant, assist, or serve in any other capacity whatsoever, or have any interest in a Competing Business in any capacity or location except with Franchisor’s prior

written consent.

3.1 Post-Term Covenant. Upon Termination of the Franchise Agreement and any extensions or Successor Franchises thereof, for any reason, or for a Principal's dissociation from the Franchise Business, and for a continuous, uninterrupted period of three years thereafter, Principals, and Principals' Immediate Family, shall not, directly or indirectly, be a Participant of a Competing Business in any capacity or location within the Territory or within 30 miles of the Territory or within 20 miles of the territory of any System franchise or Painter Bros® business operation at the time of Termination of the Franchise Agreement. The ownership of not more than 2% of the voting stock of a publicly held corporation will not be considered a violation of the foregoing provision.

4. Non-Solicitation of Customers. During the term of the Franchise Agreement and for three years after the Termination of the Franchise Agreement, Principals and each of Principals' Immediate Family shall not, directly or indirectly, contact any former or then-current customer of the Franchise Business, or any former or then-current customer of Franchisor or an affiliate of the Franchisor (with whom the Principal had contact during the term of the Franchise Agreement), or prospective customer, for the purpose of soliciting such customer to a Competing Business. All Customer Data belongs to Franchisor. For clarity, a "prospective customer" does not mean any possible customer. It means a potential customer who has been engaged in some way, or has provided some personal information, or has elected to receive some communication, but who has not yet done business to be considered an actual customer.

5. Survival of Covenants; Tolling of Covenants. The foregoing covenants survive the Termination of this Agreement and apply regardless of whether this Agreement was Terminated by lapse of time, by default of either party, or for any other reason. In addition to other remedies available to Franchisor, in the event a Principal violates a non-competition and/or non-solicitation covenant, the applicable non-competition or non-solicitation period will be tolled for the period of that Principal's violation.

6. Return of Materials. Upon the Termination of the Franchise Agreement, or a Principal's disassociation from the Franchise Business, each Principal agrees to deliver to Franchisor (and shall not keep a copy in his or her possession or deliver to anyone else) the Painter Bros® Manuals and any and all Confidential Information.

7. Irreparable Harm. Principals hereby acknowledge and agree that any breach by him or her any portion of Sections 1 through 6 above, inclusive, will cause damage to Franchisor in an amount difficult to ascertain. Accordingly, in addition to any other relief to which Franchisor may be entitled, Franchisor, will be entitled to temporary, preliminary, and/or permanent injunctive relief for any breach or threatened breach by any Principal of any of the terms of Section 1 through 6 above, inclusive, without proof of actual damages that have been or may be caused to Franchisor by such breach and without the requirement of posting bond. Additionally, Principal agrees that the existence or any claims Principal may have against Franchisor, whether or not arising from this Agreement of the Franchise Agreement, will not constitute a defense to Franchisor's ability to enforce the covenants set forth in this Agreement.

8. Reasonableness and Enforceability. Principals agree that the terms of this Agreement are fair and reasonable in light of the circumstances and were in part, based on the perceived or potential value of the System and the business relationship that Principals and/or his or her or their company have and will have with Franchisor. If any portion of this Agreement will be held invalid or inoperative, then, so far as is reasonable and possible, the remainder of this Agreement will be considered valid and operative, and effect will be given to the intent manifested by the portion held invalid or inoperative. Whenever the context so requires, the masculine will include the feminine and neuter and the singular will include the plural and conversely. Principals understand that a separate action may be brought or prosecuted against a Principal whether or not the action is brought or prosecuted against any other Principal or against the franchisee, or any or all of them, or whether any other Principal or the franchisee is or are joined in the action.

9. Governing Law and Jurisdiction. The validity, enforcement, construction, rights and liabilities of the parties and provisions of this Agreement will be governed by and interpreted in accordance

with the laws of the state of Utah without giving effect to its conflicts of law provisions. If for any reason court action is filed, Principals individually consent to the jurisdiction of the courts of record in the state of Utah and unless the enforcement of this Agreement is brought in connection with a dispute under the Franchise Agreement (in which case this matter may be handled through arbitration as set forth in the Franchise Agreement), Principals agree that proper jurisdiction and venue for all dispute resolution will be exclusively in the state and federal courts of Salt Lake County, Utah.

10. Attorneys' Fees and Costs. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties will be entitled to reasonable attorney's fees and other costs reasonably incurred in such action or proceeding.

11. Binding Agreement. This Agreement will bind the successors and assigns of a Principal's and his or her heirs, personal representative, successors and assigns. No rights under this Agreement are assignable by Principals and any purported assignment will be null and void and of no force or effect.

12. Survival of Covenants. All covenants made in this Agreement by Principals will survive the Termination of this Agreement or the Franchise Agreement or a Principal's disassociation with Principal's company or the System in any way.

13. Modification of Agreement. This Agreement may be amended in whole or in part only by an agreement in writing signed by the parties.

14. Counterpart and Electronic Signatures. This Agreement may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original.

[Signatures on the Following Page]

PRINCIPALS INDIVIDUALLY ACKNOWLEDGE THAT HE OR SHE HAS READ THIS AGREEMENT AND UNDERSTANDS ITS CONTENTS.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date below.

DATED _____.

FRANCHISOR:

Painter Bros Franchising, LLC

By: _____

Name: _____

Title: _____

PRINCIPALS:

By: _____

Name: _____

By: _____

Name: _____

By: _____

Name: _____

By: _____

Name: _____

By: _____

Name: _____

By: _____

Name: _____

[Brand Protection Agreement for Principals Signature Page]

EXHIBIT "A-5"
TO THE FRANCHISE AGREEMENT

EMPLOYEE BRAND PROTECTION AGREEMENT

This EMPLOYEE BRAND PROTECTION AGREEMENT ("Agreement") is entered into as of _____, between _____ ("Franchisee") and _____ ("Employee"), residing at _____.

A. Franchisee is the holder of a Painter Bros® franchise developed by Painter Bros Franchising, LLC ("Franchisor").

B. Franchisor has developed certain confidential and proprietary information for the operation of a Painter Bros® franchise, including without limitation, processes, methods, trade secrets, systems, software, pricing, financial information, customer data and lists, manuals, marketing techniques, and procedures ("Proprietary Information").

NOW, THEREFORE, in consideration of the employment of Employee by Franchisee, the parties hereto agree as follows:

1. Acknowledgement. Employee acknowledges that during the course of his or her employment by Franchisee he or she has obtained or may obtain knowledge of the Proprietary Information and other confidential matters and procedures developed, licensed to or owned by Franchisor and made available to Franchisee, which are necessary and essential to the operation of the business of Franchisee, which without such information, Franchisee could not efficiently, effectively and profitably operate its Painter Bros® franchise. Employee further acknowledges that such Proprietary Information was not known to him or her prior to the association with Franchisee or its Painter Bros® franchise.

2. Non-Use, Non-Disclosure. Except as may be required in the performance of duties for Franchisee, Employee shall not, during the course of his or her employment or at any time thereafter, directly or indirectly, use, or disclose to any third-party, or authorize any third-party to use any portion of the Proprietary Information, and agrees not to copy, transmit, recreate or otherwise reproduce all of any part of the Proprietary Information at any time.

3. Limited Use. Employee shall not use the Proprietary Information at any time, place, or circumstance, except as directed by Franchisee or its authorized representatives. In no event shall Employee use the Proprietary Information, whether in part or in whole, outside of Employee's specific employment duties.

4. Duty to Notify. Employee agrees to notify Franchisor or Franchisee or Employee's immediate superiors of any reasonably suspected attempts to violate the terms or purposes of this Agreement or to otherwise disclose, copy or reproduce any part of the Proprietary Information. In the event it is discovered that Employee knew or had reason to know of any suspected attempts to violate this Agreement and fails to report such knowledge, Employee agrees to indemnify Franchisor and Franchisee for all costs and fees associated with enforcement, and to reimburse Franchisor and Franchisee for those losses sustained due to such violation. Employee agrees to cooperate with Franchisor and Franchisee in its or their attempts to enforce the terms of this Agreement and to otherwise protect the Proprietary Information, and to cooperate with Franchisee and Franchisor to the extent Franchisee is obligated to cooperate with Franchisor's attempts to enforce its rights in and to the Proprietary Information.

5. Return of Materials. Immediately upon the termination of employment, Employee agrees to deliver to Franchisee (and shall not keep in his or her possession or deliver to anyone else whether in hard or electronic soft copy) any and all records, data, photographs, notes, manuals, lists, correspondence, specifications, materials, other documents or property, or reproductions relating to, directly or indirectly, to the Proprietary Information.

6. Management and Supervisor Employees. This Section 6 shall only apply if Employee is a management employee and/or acts in a supervisory role over other employees.

6.1 Non-Competition. Employee shall not, during the course of his or her employment by Franchisee, and for one year thereafter, directly or indirectly in any capacity, without Franchisee's prior written consent, engage in a business, or plan for or organize a business, or have any financial interest in, or become and owner, officer, director, shareholder, partner, associate, employee, contractor, agent, representative or consultant in a painting or construction business. Without limiting the generality of the foregoing, the minimum area of competitive nature will be that area within 20 miles of where Franchisee has an active Google My Business listing or similar listing for a Painter Bros Business at the time of Employee's termination of employment. The ownership of not more than 2% of the voting stock of a publicly held corporation will not be considered a violation of the foregoing provision.

6.2 Non-Solicitation of Customers. Employee shall not, during the course of his or her employment and for two years thereafter, directly or indirectly, contact any customer or former customer of Franchisee for the purpose of soliciting such customers to be a customer of a business that is the same as or similar to a Painter Bros® business.

7. Irreparable Harm. Employee hereby acknowledges and agrees that any breach by him or her of any portion of Sections 1 through 6 above, inclusive, will cause damage to Franchisee and Franchisor in an amount difficult to ascertain. Accordingly, in addition to any other relief to which Franchisee may be entitled, either Franchisee or Franchisor will be entitled to enforce this Agreement and to seek temporary, preliminary, and/or permanent injunctive relief for any breach or threatened breach by Employee of any of the terms of Section 1 through 6 above, inclusive, without proof of actual damages that have been or may be caused to Franchisee or Franchisor by such breach, and without the requirement of posting bond. The existence of a claim against Franchisee or Franchisor will not constitute a defense to enforce the covenants of this Agreement.

8. Modification. Employee hereby agrees that, without limitation, any modifications, alterations, changes, or improvements conceived, designed, devised, developed, perfected or made by Employee, whether alone or in conjunction with others, and related in any manner to the actual or anticipated operation of the Franchisee, or the Painter Bros® system, or to any area of research and development related to the operation of the business, must be promptly disclosed to the Franchisee and will become the property of Franchisor, and Employee hereby irrevocably assigns, transfers, and conveys any such to Franchisor.

9. Enforceability. If any portion of this Agreement will be held invalid or inoperative, then, so far as is reasonable and possible, the remainder of this Agreement will be considered valid and operative, and effect will be given to the intent manifested by the portion held invalid or inoperative.

10. Survival of Covenants. All covenants made in this Agreement by Employee survive the termination of Employee's employment with Franchisee or the expiration, transfer, or termination of this Agreement.

11. Modification of Agreement. This Agreement may be amended in whole or in part only by an agreement in writing signed by both parties.

12. Attorneys' Fees. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties will be entitled to reasonable attorney's fees and other costs reasonably incurred in such action or proceeding.

13. Counterpart and Electronic Signatures. This Agreement may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original.

14. Third-party Beneficiary. It is agreed and acknowledged that Franchisor is a third-party beneficiary to this Agreement.

EMPLOYEE ACKNOWLEDGES THAT HE OR SHE HAS READ THIS AGREEMENT AND UNDERSTANDS ITS CONTENTS.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the day and year first herein above written.

DATED _____.

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

EMPLOYEE (if a minor, see next page):

By: _____

Name: _____

Title: _____

Date: _____

Age: _____

For persons under 18 years of age, a parent or legal guardian must sign and complete the following section.

I, _____ (Parent/Guardian), the undersigned and the parent and natural guardian of _____ (minor's name), hereby acknowledge that I have executed the foregoing Employee Brand Protection Agreement for and on behalf of the minor named herein. I represent that I have legal capacity and authority to act for and on behalf of the minor named herein. As the natural or legal guardian of such minor, I hereby bind myself, the minor, and our successors and assigns to the obligations and liabilities of the foregoing Employee Brand Protection Agreement.

SIGNED AND WITNESSED _____.

Signature of Parent/Guardian: _____

Name of Parent/Guardian: _____

Address: _____

Phone: _____

**EXHIBIT "A-6"
TO FRANCHISE AGREEMENT**

AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS (ACH DEBITS)

Business Name: _____

I hereby authorize Painter Bros Franchising, LLC hereinafter called ("Company"), to initiate debit entries to my checking account or savings account as indicated below at the depository financial institution named below, hereinafter called ("Depository"), and to debit the same to such account. I acknowledge that the origination of ACH transactions to my account must comply with the provisions of United States law.

Depository Name: _____ Branch: _____

Phone: _____

City: _____ State: _____ Zip Code: _____

Routing Number: _____ Account Number: _____

Type of Account Checking/Savings: _____

This authorization is to remain in full force and effect until the Company has received written notification from me of its termination in such time and in such manner as to afford Company and Depository a reasonable opportunity to act on it.

Name: _____
(please print)

Title: _____

Signature: _____ Date: _____

NOTE: ALL WRITTEN DEBIT AUTHORIZATIONS MUST PROVIDE THAT THE RECEIVER MAY REVOKE THE AUTHORIZATION ONLY BY NOTIFYING THE ORIGINATOR IN THE MANNER SPECIFIED IN THE AUTHORIZATION.

EXHIBIT "A-7"
TO FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

This GUARANTY AND ASSUMPTION OF OBLIGATIONS ("Guaranty") is entered into and made effective as of _____ by and between Painter Bros Franchising, LLC ("We," "Us" or "Our") and the undersigned Guarantor(s) ("Guarantor(s)") owners of _____ (the "Business Entity") and their spouses or legal domestic partner (collectively and individually referred to as "spouse").

1. Scope of Guaranty. In consideration of and as an inducement to Our signing and delivering the Franchise Agreement dated _____ (the "Franchise Agreement"), each Guarantor(s) signing this Guaranty personally and unconditionally: (a) guarantees to Us and Our successors and assigns that the Business Entity will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Franchise Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, any provision in the Franchise Agreement, including confidentiality and the non-competition provisions. Each Guarantor acknowledges and agrees no subsequent amendment, modification, and/or extension of the Franchise Agreement by and between Franchisor and the franchisee thereunder will affect the enforcement or validity of this Guaranty.

2. Waivers. Each Guarantor waives: (a) acceptance and notice of acceptance by Us of Guarantor(s) obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by Guarantor(s); (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by Guarantor(s); (d) any right Guarantor(s) may have to require that an action be brought against the Business Entity or any other person as a condition of Guarantor(s) liability; (e) all rights to payments and claims for reimbursement or subrogation which Guarantor(s) may have against the Business Entity arising as a result of Guarantor(s)' execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which Guarantor(s) may be entitled in Guarantor(s)' capacity as guarantors.

3. Consents and Agreements. Each Guarantor consents and agrees that: (a) Guarantor(s)' direct and immediate liability under this Guaranty are joint and several; (b) Guarantor(s) must render any payment or performance required under the Franchise Agreement upon demand if the Business Entity fails or refuses punctually to do so; (c) Guarantor(s)' liability will not be contingent or conditioned upon Our pursuit of any remedies against the Business Entity or any other person; (d) Guarantor(s)' liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which We may from time to time grant to Business Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance of the compromise or release of any claims (including the release of other guarantors) and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will continue and is irrevocable during the term of the Franchise Agreement and, where required by the Franchise Agreement, after its termination or expiration.

4. Enforcement Costs. If We must enforce this Guaranty in any judicial or arbitration proceeding or any appeals, Guarantor(s) must reimburse Us for Our enforcement costs. Enforcement costs include reasonable fees from accountants, attorneys, attorney's assistants, arbitrators and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred before, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

5. Disputes. Guarantor(s) and its spouse acknowledge and represent that Guarantor(s) and its spouse have had an opportunity to review the Franchise Agreement and agree that the provisions of Article XVII (disputes and arbitration) of the Franchise Agreement have been reviewed by Guarantor(s) and its

spouse and by reference are incorporated herein and will govern this Guaranty and any disputes between Guarantor(s) and/or its spouse and Us. Each Guarantor(s) and its spouse irrevocably submits to the exclusive jurisdiction and venue of said arbitration and listed arbitrator and/or courts. Nevertheless, Guarantor(s) agree that We may also enforce this Guaranty and awards in the courts of the state or states in which a Guarantor(s) or a spouse is domiciled. Each Guarantor will be held personally, jointly, and severally liable. Any settlement made between Us and the Business Entity or any determination made pursuant to this Agreement will be binding upon the Guarantor(s).

6. Spouse's Signature. By signing below, the undersigned spouse acknowledges and consents to Guarantor(s) execution and performance under this Guaranty and the undersigned spouse also consents to his or her personal and marital assets securing the Business Entity's performance under the Franchise Agreement and Guarantor(s)' performance under this Guaranty.

7. Counterparts. This Guaranty may be signed in counterparts including by electronic signatures and other electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original.

IN WITNESS WHEREOF, the Guarantor(s) and its spouse have respectively signed and sealed this Guaranty effective as of the day and year first written above.

Guarantor(s)'s Signature	Spouse Signature	Contact Information for Notice
By: _____	By: _____	_____
Name: _____	Name: _____	_____
By: _____	By: _____	_____
Name: _____	Name: _____	_____
By: _____	By: _____	_____
Name: _____	Name: _____	_____
By: _____	By: _____	_____
Name: _____	Name: _____	_____

**EXHIBIT “A-8”
TO THE FRANCHISE AGREEMENT**

DIGITAL, AND SOCIAL MEDIA, AND LISTINGS AUTHORIZATION FOR ASSIGNMENT

This DIGITAL, SOCIAL MEDIA, AND LISTINGS ASSIGNMENT AUTHORIZATION (“Assignment”) is made and entered into as of the Effective Date (defined below), by and between the undersigned Franchisee and Painter Bros Franchising, LLC (“Franchisor”).

RECITALS

WHEREAS, Franchisee has entered into a franchise agreement (“Franchise Agreement”); and

WHEREAS, as part of the Franchise Agreement, Franchisee is granted limited rights to use the Painter Bros® trademark, trade names, trade dress, and other associated intellectual property (collectively, the “Marks”) in conjunction with Franchisee’s Franchise Business; and

WHEREAS, all capitalized terms used, but not defined, herein will have the respective meanings assigned to them pursuant to the Franchise Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, recitals, obligations, terms and conditions herein contained, and the acts to be performed by the respective parties hereto, the parties hereto agree as follows:

1. Franchisee hereby assigns all rights and interest, including all associated goodwill, in the Social Media and other digital media accounts used in the Franchise Business or used or created in any way by Franchisee or third parties to promote or use the Marks, including Franchisee’s Facebook, Instagram, Pinterest, Google listings, Twitter, LinkedIn, Tumblr, email accounts, email accounts, and the like (collectively the “Social Media Accounts”). Franchisee shall take all action necessary to grant exclusive access of the Social Media Accounts to Franchisor, including providing all passwords and administrative access to such Social Media Accounts.

2. Franchisee hereby assigns and transfers, (or in Franchisor’s sole discretion disconnects) the telephone listings, telephone numbers, including the telephone number(s) listed on Marketing and Social Media Accounts, URL’s, Internet sites, and web pages used in the Franchise Business or used or created in any way by Franchisee or third parties to promote or use the Marks to Franchisor (collectively “Listings”).

3. Franchisee represents, warrants, and covenants the following with regard to the Social Media Accounts and Listings:

- a. Franchisee has the right to assign the Social Media Accounts and Listings, and they are free and clear of all liens and encumbrances.
- b. Franchisee shall not, after Termination of the Franchise Agreements attempt to access, control, interfere with, or obstruct the Social Media Accounts and/or Listings.
- c. Franchisee shall not prevent or hinder Franchisor from enforcing its rights in or to the assigned Social Media Accounts.
- d. Franchisee has not taken, or permitted, and shall not take or permit any action that would prevent Franchisor from enjoying the full benefits of assignment of the Social Media Accounts and Listings to Franchisor hereunder whether during the term or after the Termination of the Franchise Agreement.

4. Franchisee hereby directs and authorizes each company associated with, or in control of, the Social Media Accounts and/or Listings to assign, transfer, set over and otherwise authorize Franchisor to take over and control the Social Media Accounts and/or Listings. If necessary, Franchisee shall execute all documents required by Franchisor to give effect to the assignment of the Social Media Accounts and Listings to Franchisor hereunder.

5. This Assignment applies to all Social Media Accounts and Listings regardless of whether Franchisee is allowed to manage under the Franchise Agreement or was allowed to create, use, manage, or even own Social Media Accounts and/or Listings in the past. To the extent Franchisor does not currently have administrative access to a Social Media Account or Listing of Franchisee, Franchisee shall immediately grant Franchisor such access.

6. Franchisor hereby appoints Franchisor as its attorney-in-fact for the above transfers, which appointment is coupled with an interest.

7. This Assignment is binding upon the heirs, administrators, personal representatives, assigns and successors in interest to the parties hereto.

8. This Assignment is governed, construed and interpreted in accordance with the laws of the state of Utah without giving effect to its conflicts of law provisions.

9. This Assignment may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original.

FRANCHISEE:

By: _____
(Signature)

Name: _____

Title: _____

Date: _____

FRANCHISOR:

Painter Bros Franchising, LLC

By: _____
(Signature)

Name: _____

Title: _____

Date: _____

**EXHIBIT “A-9”
TO THE FRANCHISE AGREEMENT
STATE ADDENDA**

**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA**

1. The California Franchise Relations Act, Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with California law, California law controls.
2. 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.)
3. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be fully enforceable under California law.
4. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
5. The franchise agreement requires binding arbitration. The arbitration will occur at Salt Lake City, Utah with the costs being borne by you for travel to, and lodging in, Salt Lake City, Utah, and other costs associated with arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and Federal laws (this or these as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 128a, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the state of California.
6. The franchise agreement requires application of the laws of Utah, but the California franchise laws may prevail in some instances. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California laws.
7. You must sign a general release if you transfer, renew or terminate your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).
8. The franchise agreement provides for waiver of a jury trial. This may not be enforceable in California.
9. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.
10. Late Fees in Exhibit "A-3" is amended to include the following: "The highest interest rate allowed in California is 10% annually."
11. No area representatives exists in California, and it is not anticipated that area representative agreements will be offered in California.

**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF FOR THE STATE OF ILLINOIS**

Illinois Law governs the franchise agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the state of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

No statement, questionnaire or 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.

IN WITNESS WHEREOF, the Franchisor and Franchisee have respectively signed and sealed this Franchise Agreement as of _____.

FRANCHISEE:

By: _____
(Signature)

Name: _____

Title: _____

FRANCHISOR:

Painter Bros Franchising, LLC

By: _____
(Signature)

Name: _____

Title: _____

ADDENDUM TO THE FRANCHISE AGREEMENT FOR THE STATE OF INDIANA

This Rider amends the Franchise Agreement dated _____ (the “Agreement”) between _____ (“Franchisor”) and _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Indiana Acts” means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

2. Certain Provisions Deleted. Any provision of the Agreement which would have any of the following effects is hereby deleted:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the Franchisor or sources designated by the Franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the Franchisor. However, the publication by the Franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the Franchisor does not constitute designation of a source nor does a reasonable right of the Franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the Franchisor.

(2) Allowing the Franchisor to establish a Franchisor-owned outlet engaged in a substantially identical business to that of the Franchisee within the exclusive territory granted the Franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the Franchisor to compete unfairly with the Franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the Franchisor without the consent in writing of the Franchisee.

(4) Allowing the Franchisor to obtain money, goods, services, or any other benefit from any other person with whom the Franchisee does business, on account of, or in relation to, the transaction between the Franchisee and the other person, other than for compensation for services rendered by the Franchisor, unless the benefit is promptly accounted for, and transmitted to the Franchisee.

(5) Requiring the Franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the Franchisee and the Franchisor to be referred to any person, if referral would be binding on the Franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the Franchisor which the Franchisee had ordered for private retail consumers prior to the Franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the Franchisor to fail to renew a franchise without good cause or in bad faith. This

chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the Franchisee meets certain conditions specified in the agreement.

(9) Requiring a Franchisee to covenant not to compete with the Franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the Franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the Franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the Franchisee may be required to pay.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

FRANCHISOR:

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND**

This Addendum dated _____, 20____, by and between Painter Bros Franchising, LLC, a limited liability company, hereinafter referred to as “Franchisor” and _____, hereinafter referred to as “Franchisee.”

1. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

2. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

3. 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.

4. 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.

5. This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

6. All initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

Except as expressly amended or modified herein, all terms, provisions and conditions of the original Franchise Agreement shall remain in full force and effect. In the event of a conflict or inconsistency between the provisions of this Addendum and any provisions of the original Franchise Agreement, the provisions hereof shall in all respects govern and control.

IN WITNESS WHEREOF, and by their signatures below, the Parties hereto acknowledge that they have read, understand and agree to all of the terms and provisions of this Agreement and have caused this Agreement to be effective as of the date listed above with the full authority of the Company principal they represent.

FRANCHISOR:

FRANCHISEE:

PAINTER BROS FRANCHISING, LLC

By: _____
(Signature)

By: _____
(Signature)

Name: _____

Name: _____

Title: _____

Title: _____

**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA**

The disclosure document, franchise agreement, and other related agreements are amended to conform to the following:

1. Governing law, choice of forum, and jurisdiction and venue provisions of the disclosure document and franchise agreements are amended to include the following:

Minnesota statute 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or 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 or the jurisdiction.

2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. 80C.14, subdivisions 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.
3. As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), franchisor will reimburse the franchisee for any costs incurred by the franchisee in the defense of the franchisee's right to use the Marks, so long as the franchisee was using the Marks in the manner authorized by franchisor, and so long as franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.
4. Minnesota Rule Part 2860.4400J prohibits requiring 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 Minnesota, or consenting to liquidated damages, termination penalties or judgment notes.
5. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.
6. Any limitation of claims must comply with Minn. Stat. 80C.17, subdivision 5.
7. Any fee regarding insufficient funds for a dishonored check must comply with Minn. Stat. § 604.113, subdiv. 2(a).

Franchisee (Signature)

**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF NORTH DAKOTA**

This Addendum to the Franchise Agreement is agreed to this ____ day of _____, 20____, between PAINTER BROS FRANCHISING, LLC and _____ to amend and revise said Franchise Agreement as follows:

1. The North Dakota Securities Commission requires that certain provisions contained in the Agreement be amended to be consistent with North Dakota Law, including the North Dakota Franchise Investment Law, North Dakota Century Code Addendum, Chapter 51-19, Sections 51-19-01 et seq. Such provisions in the Agreement are hereby amended as follows:

- No general release shall be required as a condition of renewal and/ or transfer which is intended to exclude claims arising under North Dakota Franchise Investment Law.
- In case of any enforcement action, the prevailing party is entitled to recover all costs and expenses including attorney's fees.
- The statute of limitations under North Dakota Law will apply.
- Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.
- A provision requiring litigation or arbitration to be conducted in a forum other than North Dakota is void with respect to claims under North Dakota Law.
- In the event of a conflict of laws, North Dakota Law will control.
- Franchise may not assent to a waiver of exemplary or punitive damages.
- Franchisee may not assent to a waiver of jury trial, waiver of rights to exemplary or punitive damages, or waiving his rights to any procedure, forum, or remedies provided for by the laws of North Dakota, or consenting to liquidated damages, termination penalties or judgment notes.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the North Dakota Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum understands and consents to be bound by all of its terms.

Painter Bros Franchising, LLC

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE COMMONWEALTH OF VIRGINIA**

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 ADDENDUM TO THE FRANCHISE AGREEMENT 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 the 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.

Article V of the franchise agreement is amended to add the following:

The franchisor has agreed to post a surety bond in the amount of \$100,000 pursuant to RCW 19.100.050.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Article XIII of the franchise agreement will be interpreted in accordance with RCW 19.100.180.

Section 14.2 of the franchise agreement empowers the franchisor to purchase the franchise before the termination of the franchise agreement. This is inconsistent with RCW 19.100.180(2)(j) and does not apply

to Washington franchisees.

The time limitations to initiate a claim as set forth in Section 17.2.3(iii) of the franchise agreement are hereby amended and extended to the time limits allowed under RCW 19.100.

Section 17.2.3(viii) of the franchise agreement is here by amended as follows:

Federal Arbitration Act. You and We mutually agree that all issues relating to arbitrability are governed exclusively by the Federal Arbitration Act and the federal common law of arbitration to the exclusion of any state statutes or common law and will be decided by the arbitrator. All provisions of this Agreement pertaining to venue, choice-of-laws, dispute avoidance and resolution will be strictly enforced (subject to state law).

Section 20.14 of the franchise agreement is not enforceable in Washington. Section 2 of the Form General Release Agreement (Exhibit "G" to the franchise disclosure document) is hereby omitted and not applicable in the state of Washington.

The undersigned does hereby acknowledge receipt of this addendum.

Dated _____.

FRANCHISOR:
PAINTER BROS. FRANCHISING, LLC

By: _____
(Signature)

Name: _____

Title: _____

FRANCHISEE:

By: _____
(Signature)

Name: _____

Title: _____

INDIVIDUALS:

Signature: _____

Print Name: _____

Signature: _____

Print Name: _____

**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF WISCONSIN**

The following shall apply to Franchise Agreements in the state of Wisconsin:

- a. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 (the "Act"), shall apply to and govern the provisions of Franchise Agreements issued in the state of Wisconsin.
- b. The Act's requirements, including that in certain circumstances a Franchisee receive ninety (90) days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, shall supersede the provisions of Section VIII of the Franchise Agreement to the extent they may be inconsistent with the Act's requirements.

EXHIBIT "B"
TO THE FDD

UNAUDITED FINANCIALS
(Attached)

Audited Financial Statements Dated December 31, 2022
Audited Financial Statements Dated December 31, 2021
Audited Financial Statements Dated December 31, 2020

Unaudited Interim Financials Dated April 7, 2023*

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



Painter Bros Franchising, LLC

**As of December 31, 2022, 2021, and 2020
and for the years then ended**

Financial Statements

And

Independent Auditor's Report

Painter Bros Franchising, LLC

Table of Contents

Independent Auditor's Report	1
Financial Statements	
Balance Sheets.....	3
Statements of Operations and Changes in Members' Equity	4
Statements of Cash Flows	5
Notes to Financial Statements	6



INDEPENDENT AUDITOR'S REPORT

To the Members
Painter Bros Franchising, LLC
American Fork, Utah

Opinion

We have audited the accompanying financial statements of Painter Bros Franchising, LLC (the "Company") (a Utah limited liability company) which comprise the balance sheet as of December 31, 2022, 2021, and 2020 and the related statement of operations and changes in member's equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Painter Bros Franchising, LLC as of December 31, 2022, 2021, and 2020 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Painter Bros Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement 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 Painter Bros Franchising, LLC'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 Painter Bros 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.

Bountiful Peak Advisors

Bountiful, Utah
April 29, 2023

Painter Bros Franchising, LLC

Balance Sheets

December 31, 2022, 2021, and 2020

	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 41,082	\$ 105,365	\$ 5,079
Accounts receivable	2,432	2,769	114,381
Accounts receivable, related party	32,081	195,948	-
Allowance for doubtful accounts	(5,000)	-	-
Prepaid expenses	<u>37,450</u>	<u>9,100</u>	<u>-</u>
Total current assets	<u>108,045</u>	<u>313,182</u>	<u>119,460</u>
Property and equipment	138,603	80,310	12,060
Less accumulated depreciation	<u>(17,869)</u>	<u>(7,973)</u>	<u>(4,405)</u>
Property and equipment, net	<u>120,734</u>	<u>72,337</u>	<u>7,655</u>
Total assets	<u>\$ 228,779</u>	<u>\$ 385,519</u>	<u>\$ 127,115</u>
LIABILITIES AND MEMBERS' EQUITY			
Current liabilities			
Accounts payable	\$ 45,905	\$ 9,916	\$ 3,000
Accounts payable, related party	22,000	78,881	10,000
Accrued payroll liabilities	5,784	3,736	2,105
Other accrued liabilities	13,407	-	-
Deferred revenue, current portion	25,200	9,500	9,500
Current portion of paycheck protection loan	<u>-</u>	<u>3,388</u>	<u>-</u>
Total current liabilities	<u>112,296</u>	<u>105,421</u>	<u>24,605</u>
Deferred revenue, net of current portion	177,358	49,875	59,375
Paycheck Protection loan, net of current portion	<u>-</u>	<u>20,332</u>	<u>-</u>
Total liabilities	<u>289,654</u>	<u>175,628</u>	<u>83,980</u>
Members' equity (deficit)	<u>(60,875)</u>	<u>209,891</u>	<u>43,135</u>
Total liabilities and members' equity	<u>\$ 228,779</u>	<u>\$ 385,519</u>	<u>\$ 127,115</u>

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

Painter Bros of Utah, LLC

Notes to Financial Statements December 31, 2022, 2021, and 2020

1. THE COMPANY

Painter Bros Franchising, LLC, was organized in the State of Utah on January 5, 2017, as a limited liability company and has an unlimited life. Painter Bros Franchising, LLC is referred to as “the Company” in these financial statements. The Company was organized to engage in the business of franchising in the painting industry.

Each franchisee is required to pay the Company an initial franchise fee as well as periodic royalty and advertising fees. The royalty and advertising fees are determined by a percentage of gross sales. The Company provides training, resources, and support to the franchisees.

During the year ended December 31, 2022, the Company sold two franchises. The number of franchised outlets in operation was seven, five, and two at December 31, 2022, 2021, and 2020, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Company is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Company’s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposits, and all highly liquid debt instruments with original maturities of three months or less.

The Company maintains its cash balances at a bank. Accounts at that institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Accounts Receivable and Franchise Notes Receivable

Accounts receivable are carried at their estimated collectable amounts. The Company’s trade accounts receivable are generally short-term in nature; thus accounts receivable do not bear interest. Accounts receivable are periodically evaluated for collectability based on past credit history with customers and their current financial condition.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from two to five years. Depreciation expense for the years ended December 31, 2022, 2021, and 2020 was \$17,092, \$3,568, and \$1,762, respectively.

Revenue and Cost Recognition

Franchise sales – Franchise fees are generally paid at the time a new franchise is purchased. The Company fulfills its performance obligations related to providing, training, and support over the course of the franchise agreement. The Company recognizes franchisee sale revenue ratably over the life of the franchise agreement, which ranges from five to ten years.

Royalties and administration – Royalties and administration fees are assessed on a monthly basis, based on a contracted percentage of the franchisee's gross sales (5%). Royalties and administration fees are recognized as revenue monthly.

Advertising – Advertising fees are assessed on a monthly basis, based on a contracted percentage of the franchisees gross sales (2%). Additional optional advertising fees are charged for services requested outside the scope of the franchise agreement. The Company provides advertising services and support on an ongoing basis. Advertising fees are recognized as revenue monthly.

Service and other – Service and other revenue primarily consists of short-term painting contracts and other sales. The Company recognizes revenue related to services and other at a point in time, when the services are completed or the goods are provided.

Deferred Revenue

Deferred revenue consists of the portion of franchisee fees for which performance obligations have not yet been fulfilled.

Income Taxes

The Company is not a taxpaying entity for income tax purposes, and accordingly, no provision for income taxes has been recorded in these financial statements as the income tax effects of the Company's activities flow directly to its members. The Company's federal tax returns are open for audit by the Internal Revenue Service for three years after they are filed. Accordingly, the Company's federal tax returns for 2021, 2020 and 2019 are subject to examination by the IRS.

Advertising Costs

Advertising costs are charged to operations when the advertising first takes place. Advertising expense for the years ended December 31, 2022, 2021, and 2020 was \$276,883, \$85,129, and \$8,209, respectively.

Use of Estimates

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

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, for the years indicated:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Vehicles	\$ -	\$ 8,810	\$ 8,810
Equipment	8,498	-	-
Website	31,500	6,500	3,250
Software	<u>98,605</u>	<u>65,000</u>	<u>-</u>
	138,603	80,310	12,060
Less accumulated depreciation	<u>(17,869)</u>	<u>(7,973)</u>	<u>(4,405)</u>
	<u>\$120,734</u>	<u>\$ 72,337</u>	<u>\$ 7,655</u>

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company's revenue from contracts with customers include franchise sales, royalties and administration, advertising fees, and services, as presented in the statement of operations and changes in member's equity (deficit). Contract assets consisted of the following at December 31, 2022, 2021, and 2020:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Accounts receivable			
Services and other	\$ 172	\$ -	\$114,381
Royalty fees	618	2,177	-
Advertising fees	1,642	592	-
Accounts receivable, related party			
Services and other	3,048	8,477	-
Royalty fees	19,660	126,887	-
Advertising fees	<u>9,373</u>	<u>60,584</u>	<u>-</u>
	<u>\$ 34,513</u>	<u>\$198,717</u>	<u>\$114,381</u>

Significant changes in contract assets during the years ended December 31, 2022, 2021, and 2020 were as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contract assets, beginning of year	\$198,717	\$114,381	\$ 4,338
Collection of beginning of year receivables	(198,717)	(114,381)	(4,338)
Increase due to services provided, excluding amounts for which cash was received	<u>34,513</u>	<u>198,717</u>	<u>114,381</u>
Contract assets, end of year	<u>\$ 34,513</u>	<u>\$198,717</u>	<u>\$114,381</u>

Contract liabilities consisted of the following at December 31, 2022, 2021, and 2020:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Deferred revenue – franchise fees	\$202,558	\$ 59,375	\$ 68,875

Significant changes in contract liabilities during the years ended December 31, 2022, 2021, and 2020 were as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contract liabilities, beginning of year	\$ 59,375	\$ 68,875	\$ 78,375
Amortization of deferred revenue, franchise fees	(13,817)	(9,500)	(9,500)
Cash received for franchise fees	<u>157,000</u>	<u>-</u>	<u>-</u>
Contract assets, end of year	<u>\$202,558</u>	<u>\$ 59,375</u>	<u>\$ 68,875</u>

Deferred revenue is expected to be recognized as revenue as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2023	\$ 25,200
2024	25,200
2025	25,200
2026	25,200
2027	25,200
Thereafter	<u>76,558</u>
	<u>\$202,558</u>

5. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2022, 2021, and 2020, the Company received royalty and administration income from affiliated companies of \$170,517, \$228,780, and \$96,486, respectively. The Company also received advertising and other income from affiliated companies of \$176,193, \$169,737, and \$27,493 for the years ended December 31, 2022, 2021, and 2020, respectively. At December 31, 2022, 2021, and 2020, accounts receivable due from affiliated companies totaled \$31,177, \$195,948, and \$0, respectively. At December 31, 2022, 2021, and 2020, amounts due to affiliated companies totaled \$22,000, \$70,434, and \$10,000, respectively.

The Organization's Vice President also held an ownership interest in one franchise, from which the Company recognized revenue totaling \$4,921, \$0, and \$0 during the years ended December 31, 2022, 2021, and 2020, respectively. Accounts receivable due from this franchise totaled \$904, \$0, and \$0 at December 31, 2022, 2021, and 2020, respectively.

6. COMMITMENTS AND CONTINGENCIES

The Company may become or be subject to investigations, claims, or lawsuits ensuing from the conduct of its business. In the opinion of management, at December 31, 2022, there are no contingencies that would have a material impact on the financial position of the Company.

7. LIMITED LIABILITY COMPANY

The Company is a limited liability Company. In a limited liability company, no member, manager, agent, or employee of the Company is personally liable for debts, obligations, or liabilities of the Company, whether arising from contract, tort, or otherwise, or for the acts of omission of any member, director, manager, agent or employee of the Company, unless the individual has signed a specific personal guarantee.

8. CONCENTRATIONS

The Company's revenue and accounts receivable is concentrated, as almost all revenue is from its franchisees.

9. SUBSEQUENT EVENTS

Subsequent events were evaluated through April 29, 2023, which is the date the financial statements were available to be issued. From their review, management has determined that there were no significant recognizable or unrecognizable subsequent events that were not properly disclosed.

Painter Bros Franchising

Balance Sheet

As of April 7, 2023

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Franchising Checking (3739)	214,876.42
Total Bank Accounts	\$214,876.42
Accounts Receivable	\$169,433.47
Other Current Assets	
Allowance for Bad Debts	-5,000.00
Painter Bro Vegas Receivable	0.00
Painter Bros Utah Receivable	0.00
Prepaid Expense	37,450.00
Undeposited Funds	1,911.42
ZT Investments Receivable	0.00
Total Other Current Assets	\$34,361.42
Total Current Assets	\$418,671.31
Fixed Assets	
Accumulated Depreciation	-9,581.29
Vehicle	8,810.00
Volanti Display	8,497.50
Total Fixed Assets	\$7,726.21
Other Assets	
Accumualted Amortization	-16,717.06
Consulting Fees	
FCC 11/17/22	30,000.00
Total Consulting Fees	30,000.00
Software Development	
NCAMEO 10/27/22	13,595.00
NCAMEO 5/2022	65,000.00
Regalix - not in service yet	20,010.00
Total Software Development	98,605.00
Website	
Scorpion 10/1/22	25,000.00
SEOteric 1/1/21	6,500.00
Total Website	31,500.00
Total Other Assets	\$143,387.94
TOTAL ASSETS	\$569,785.46

Painter Bros Franchising

Balance Sheet

As of April 7, 2023

	TOTAL
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	\$37,788.50
Credit Cards	\$22,189.28
Other Current Liabilities	
Accrued Payroll Liabilities	0.00
Child Support Liability	0.00
Deferred Revenue	202,558.33
Income in Litigation	8,448.88
Out Of Scope Agency Payable	0.00
Payroll Liability	0.00
PPP/SBA Loan	0.00
Utah State Tax Commission Payable	0.00
ZT Investments Loan	22,000.00
Total Other Current Liabilities	\$233,007.21
Total Current Liabilities	\$292,984.99
Total Liabilities	\$292,984.99
Equity	
Opening Balance Equity	0.00
Owner's Distribution	-2,000.00
Owner's Investment	0.00
Retained Earnings	-33,367.71
Net Income	312,168.18
Total Equity	\$276,800.47
TOTAL LIABILITIES AND EQUITY	\$569,785.46

Painter Bros Franchising

Profit and Loss

January 1 - April 7, 2023

	TOTAL
Income	
Advertising Fee Income	12,346.44
FM Flow Income	2,100.00
Franchise Purchase Income	343,000.00
Franchise Royalties Income	30,866.12
Software fee income	5,000.00
Total Income	\$393,312.56
GROSS PROFIT	\$393,312.56
Expenses	
Advertising & Marketing	22,291.18
Auto Expense	118.73
Bank Charges & Fees	116.27
Dues & Subscriptions	50.00
Insurance	1,426.58
Insurance (Dental,Vision,Health)	1,477.11
Interest Paid	1,319.56
Legal & Professional Services	4,500.00
Meals	149.24
Office Supplies & Software	3,131.92
Other Business Expenses	0.00
Payroll Expense	
Payroll Processing Fees	880.52
Payroll Tax	1,462.45
Wages and Salaries	19,606.91
Worker's Compensation	129.21
Total Payroll Expense	22,079.09
Travel	445.21
Total Expenses	\$57,104.89
NET OPERATING INCOME	\$336,207.67
Other Expenses	
Missing Receipts	24,039.49
Total Other Expenses	\$24,039.49
NET OTHER INCOME	\$ -24,039.49
NET INCOME	\$312,168.18

**EXHIBIT "C"
TO THE FDD**

**SCHEDULE OF FRANCHISEES:
(as of December 31, 2022)**

1. Franchisees

State	Market	Franchisee	Contact	Address	Phone
Idaho	Boise	Eagle Omni Contractors, LLC	Bailey Rayner	3118 W KANDICE ST Meridian, ID 83646	208-968-8699
North Carolina	Cary	Z Contractors, Inc	Stefan Zandelin	403 Cary Pines Drive Cary, NC 27513	814-659-5684
Texas	Houston	HPU Painting, LLC	Antonio Pugas	1610 Katy Shadow Lane, Katy, TX 77494	419-450-6298

2. Closed Franchises. Below are the franchisees that have been terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement in the last fiscal year. This franchisee never opened its territory and was terminated in the same year it purchased a franchise.

State	Market	Franchisee	Contact	Address	Phone
Florida	Lakeland	Jago Construction	Joel Guzman	410 E. Thelma St. Lake Alfred, FL 33850	615-593-4305

**EXHIBIT “D”
TO THE FDD**

LIST OF AGENTS FOR SERVICE OF PROCESS

STATE	CONTACT	DEPARTMENT	ADDRESS	PHONE NUMBER
California	Commissioner of Financial Protection and Innovation	Department of Financial Protection and Innovation	2101 Arena Blvd., Sacramento, CA 95834	(916) 445-7205 (866) 275-2677
Georgia	Secretary of State of Georgia	Corporations Division	2 Martin Luther King Jr. Dr., SE, Suite 315, West Tower, Atlanta, GA 30334	
Hawaii	Commissioner of Securities	Department of Commerce and Consumer Affairs Business Registration Division, Securities Compliance Branch	335 Merchant Street, Room 203, Honolulu, HI 96813	(808) 586-2722
Illinois	Chief, Franchise Division	Office of Attorney General	500 South Second Street, Springfield, IL 62706	(217) 782-4465
Indiana	Indiana Secretary of State		210 State House, Indianapolis, IN 46204	
Maryland	Maryland Securities Commissioner	Division of Securities; Office of Attorney General	200 St. Paul Place, 20 th Floor, Baltimore, MD 21202-2020	(410) 576-6360
Michigan	Antitrust and Franchise Business	Michigan Department of the Attorney General's Office; Franchise Administrator; Consumer Protection Division	6546 Mercantile Way, Lansing, MI 48910	(517) 373-7117
Minnesota	Commissioner of Commerce	Minnesota Department of Commerce	85 7 th Place East, Suite 280, St. Paul, MN 55101	(651) 539-1500
New York	Secretary of State		99 Washington Avenue, Albany, NY 12231	(518) 473-2492
North Dakota	North Dakota Securities Department		600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414, Bismarck, ND 58505-0510	(701) 328-4712
Oregon	Director of Insurance & Finance	Business Service Division of Finance and Corporate Securities Labor and Industries Building	Salem, OR 97310	(503) 378-4387
Rhode Island	Chief Securities Examiner of Business Regulation	Department of Business Regulation Securities Division	1511 Pontiac Avenue, John O. Pastore Complex – Building 69-1, Cranston, RI 02920	(401) 462-9527
South Dakota	Division of Insurance	Securities Regulation	124 South Euclid Avenue, 2 nd Floor, Pierre, SD 57501-3185	(605) 773-3563

Virginia	Clerk of the State Corporation Commission		1300 East Main Street, 1 st Floor, Richmond, VA 23219	
Washington	Director of Financial Institutions		150 Israel Road SW, Tumwater, WA 98501	(360) 902-8760
Wisconsin	Wisconsin Commissioner of Securities	Franchise Investment Division	101 East Wilson Street, Fourth Floor, Madison, WI 53702	

If a state is not listed, Painter Bros Franchising, LLC has 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 Painter Bros Franchising, LLC has appointed an agent for service of process.

**EXHIBIT "E"
TO THE FDD**

**LIST OF STATE AGENCIES RESPONSIBLE FOR
FRANCHISE DISCLOSURE/REGISTRATION LAWS**

STATE	CONTACT	DEPARTMENT	ADDRESS	PHONE NUMBER
California		Department of Financial Protection and Innovation	<u>Sacramento:</u> 2101 Arena Blvd., Sacramento, CA 95834 <u>San Diego:</u> 1455 Frazee Road Suite 315, San Diego, CA 92108 <u>San Francisco:</u> One Sansome Street, Ste. 600, San Francisco, CA 94101 <u>Los Angeles:</u> 320 West 4 th Street, Ste. 750, Los Angeles, CA 90013-2344	<u>Sacramento:</u> (916) 445-7205 <u>San Diego:</u> (619) 525-4233 <u>San Francisco:</u> (415) 972-8559 <u>Los Angeles:</u> (213) 576-7500 <u>Toll Free:</u> (866) 275-2677
Connecticut	Securities and Business Investment Division	Connecticut Department of Banking	260 Constitution Plaza, Hartford, CT 06103-1800	(860) 240-8233
Florida	Division of Consumer Services	Department of Agriculture and Consumer Services	P.O. Box 6700, Tallahassee, FL 23214-6700	(805) 488-2221 Fax: (805) 410-3804
Georgia	Secretary of State of Georgia	Corporations Division	2 Martin Luther King Jr. Dr., SE, Ste. 315, West Tower, Atlanta, GA 30334	
Hawaii	Business Registration Division, Commissioner of Securities	Department of Commerce and Consumer Affairs	P.O. Box 40, Honolulu, HI 96810	(808) 586-2744
Illinois	Franchise Bureau	Office of Attorney General	500 South Second Street, Springfield, IL 62706	(217) 782-4436
Indiana	Franchise Section	Indiana Securities Division, Secretary of State	302 West Washington Street, Room E-111, Indianapolis, IN 46204	(317) 232-6681
Iowa	Iowa Securities Bureau		340 Maple, Des Moines, Iowa 50319-0066	(515) 287-4441
Maryland	Office of the Attorney General	Division of Securities	200 St. Paul Place, 20 th Floor, Baltimore Maryland 21202-2020	(410) 576-6360
Michigan	Michigan Attorney General's Office	Consumer Protection Division; Attn: Franchise Section	525 West Ottawa Street, Williams Building, 6 th Floor, Lansing, MI 48933	(517) 373-7117

Minnesota	Minnesota Department of Commerce	Securities – Franchise Registration	85 7 th Place East, Suite 280, St. Paul, Minnesota 55101-2198	(651) 539-1600
Nebraska	Bureau of Securities/Financial Institutions Division	Department of Banking and Finance	1526 K Street, Suite 300, Lincoln, NE 68508-2732	(402) 471-3445
New York	NYS Department of Law	Investor Protection Bureau	28 Liberty St. 21 st Floor, New York, NY 10005	(212) 416-8222 Fax: (212) 416-6042
North Dakota	Franchise Examiner	North Dakota Securities Department	600 East Boulevard Avenue, State Capital 5 th Floor, Dpt 414, Bismarck, ND 58505-0510	(701) 328-4712
Oregon	Division of Finance and Corporate Securities	Department of Consumer and Business Services	Labor and Industries Building	(503) 378-4140 Fax: (503) 947-7862
Rhode Island	Securities Division	Department of Business Regulation	1511 Pontiac Avenue, John O. Pastore Complex 69-1, Cranston, RI 02920-4407	(401) 462-9527
South Dakota	Division of Insurance	Securities Regulation	124 S. Euclid 2 nd Floor, Pierre, SD 57501-3185	(605) 773-3563 Fax: (605) 773-5953
Texas	Secretary of State	Registration Division	P.O. Box 13193, Austin, TX 78711-3193 1719 Brazos, Austin, TX 78707	(512) 475-1769
Utah	Division of Consumer Protection	Utah Department of Commerce	160 East 300 South, SM Box 146704, Salt Lake City, UT 84114-6704	(801) 530-6601 Fax: (801) 530-6001
Virginia	State Corporation Commission	Division of Securities and Retail Franchising	1300 East Main Street, 9 th Floor, Richmond, VA 23219	(804) 371-9051
Washington	Securities Division	Department of Financial Institutions	P.O. Box 9033, Olympia, WA 98507-9033	(360) 902-8760
Wisconsin	Division of Securities	Department of Financial Institutions	P.O. Box 1768, Madison, WI 53701	(608) 266-2801
Federal Trade Commission	Division of Marketing Practices	Bureau of Consumer Protection	Pennsylvania Avenue at 6 th Street, NW, Washington DC 20580	(202) 326-3128

**EXHIBIT "F"
TO THE FDD**

TABLE OF CONTENTS FOR THE PAINTER BROS OPERATIONS MANUAL

Operations Manual

Table Of Contents

Book 1 - Introduction..... 1-4

- Introduction
- Manual Revisions
- Operations Manual Confidentiality Agreement

Book 2 - Welcome.....5-9

- Letter from the Painter Bros Founder and CEO
- Executive Team
- Support Team
- Support Matrix
- Mission and Principles

Book 3 - Opening Your Business 10-23

- Setting Up Your Entity
- Legal Business Structures
- Setting Up the New Corporation
- Legal Status of the Franchisee
- Financing Arrangements
- Hours of Operation
- Vehicle Wrap
- Required Appearance
- Mandated Vendors and Software
- Un-Approved Vendors

Book 4 - Training..... 24-28

- Orientation Training Overview
- Orientation Training Outline
- Subsequent Training
- Certifications
- Annual Company Meeting

Book 5 - Staffing Your Franchise..... 29-47

- Legal Compliance
- US Department of Labor
- US Department of Homeland Security

- EEOC Guidelines
- Harassment and Discrimination
- Prevention and Handling of Harassment and Discrimination
- Recruitment and Selection Process
- Recommended Positions

Book 6 - Client Interaction..... 48-51

- Standard of Excellence
- Customer Satisfaction
- Handling Typical Complaints and Problems

Book 7 - Operating Your Business..... 52-68

- Employee Appearance
- Visitors in the Workplace
- Phones
- Computer Usage
- General Guidelines
- Project Management
- Miscellaneous Franchise Duties and Responsibilities
- Administration Checklist
- Management Checklist
- Alarms, Locks, and Keys
- Inventory Levels
- Safety
- Vehicle Administration

Book 8 - Accounting and Protecting Your Business 69-83

- Record Keeping
- Requirements of a Good System
- Payroll and Taxes
- Accounting Services
- Accounting: What You Should Know
- Collections and Accounts Receivable
- Insurance
- Risk Management
- Franchisee Site Security
- Reporting Incidents

Book 9 - Reporting and Accountability..... 83-86

- Franchise Reports
- Records
- Failure to Report

- Audits and Inspections
- Contact With Others
- Job Costing
- Royalties
- Accounts Payable

Book 10 - Marketing..... 87-97

- Marketing
- Marketing Requirements
- Exclusive Use of Logos and Likenesses
- Getting Started
- Creating a Plan
- Target Marketing With Selected Media
- Grand Opening
- Regional Advertising
- Customer Databases
- Executing your Marketing Plan
- Record your Results

Book 11 - Sales and Pricing..... 98-119

- Pricing Policy and Fees Structure
- Estimating
- Contracts
- Collecting Payment
- Up-Selling
- Best Practices and Selling Tips

Book 12 - Trademarks and Trade Secrets..... 120-123

- Patents, Copyrights, and Proprietary Information
- Trademark Usage and Guidelines
- Examples of Trademark Misuse

Book 13 - Renewal, Transfer, Closing, and Expansion..... 124-131

- Conditions of Renewal
- Continuation
- Assignment or Transfer
- Termination
- Franchise Expansion

**EXHIBIT "G"
TO THE FDD**

FORM RELEASE AGREEMENT

**PAINTER BROS®
RELEASE AGREEMENT
(Form)**

This RELEASE AGREEMENT ("Agreement") is made and entered into as of _____ by and between **PAINTER BROS FRANCHISING, LLC**, ("Franchisor") and _____, **LLC/INC.**, _____, **AND** _____ (jointly and severally "Franchisee"). The above will collectively at times be referred to as "Parties" and individually as "Party." Capitalized terms used herein will have the meanings set forth in the Franchise Agreement, unless defined otherwise herein.

RECITALS

WHEREAS, Franchisee entered into a Painter Bros® franchise agreement on _____ with Franchisor ("Franchise Agreement"); and

WHEREAS, the Franchise Agreement was personally guaranteed by _____ and _____ ("Personal Guarantor(s)"); and

WHEREAS, the Franchise Agreement has been terminated effective as of _____.

NOW THEREFORE, in consideration of the recitals, premises and other provisions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, Franchisor, Franchisee and Personal Guarantor(s) hereby agree as follows:

1. Franchisee and Personal Guarantor(s) hereby, fully and irrevocably, release, acquit and forever discharge Franchisor and its successors, affiliates, directors, officers, members, managers, employees, shareholders, representatives and agents and each of them, individually and collectively, of and from any and all claims, demands, obligations, causes of action, suits or liabilities of any kind and nature, whatsoever, whether known or unknown, suspected or unsuspected, and in whatever legal theory or form which Franchisee and Personal Guarantor(s) have or claim to have, or at any time heretofore, had or claimed to have had, or which may hereafter accrue or arise, against Franchisor, its successors, affiliates, directors, officers, members, managers, shareholders, employees and agents, and each of them, by reason of, or in any way connected with the Franchise Agreement, the relationship described therein and any business transaction, agreement or occurrence, act or omission relating thereto prior to the date hereof. Franchisee and Personal Guarantor(s) further waive any and all state law provisions limiting the effect of a general release.

2. Franchisee and Personal Guarantor(s) hereby covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court agency, or other forum, either affirmatively or by way of crossclaim, defense, or counterclaim against any person or entity released under Section 1 above with respect to any claim released under Section 1.

3. Franchisee and Personal Guarantor(s) represent that each of them fully understands the broad coverage of the release provisions of this Agreement, and that they execute the same with respect to all claims, causes of action and demands, as set forth above, they have or may have against the Franchisor, fully intending that the provisions hereof be given the broadest interpretation permitted by law or the English language. Franchisee and Personal Guarantor(s) acknowledge and expressly agree that they will make no claim, and hereby waive any right they may now have, or may hereafter have, based upon any alleged oral or written alteration, amendment, or modification of this Agreement, fully waiving any right they may have to refer to extrinsic matters in the interpretation hereof, whether to establish fraud, duress, mistake, undue influence, or for any other purpose.

For California only: These releases are intended to waive, release and discharge all claims, other than those expressly reserved herein, with the express waiver of any statute, legal doctrine or other similar limitation upon the effect of general releases. In particular, the parties waive the benefit of any applicable statutory provision such as by illustration, California Civil Code Section 1542, which states:

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

The parties, with the advice of their respective counsel, waive the benefit of both statute and other legal doctrine or principle of similar effect in any jurisdiction.

4. This Agreement may be pleaded as a full and complete defense to, and may be used as the basis for, an injunction against any action, suit or other proceeding which may be instituted, prosecuted or maintained in breach of this Agreement.

5. Nothing in this Agreement releases Personal Guarantor(s) or Franchisee from their obligations under the non-competition clauses of the Franchise Agreement or their Non-Competition Agreements signed with Franchisor.

6. Miscellaneous.

6.1 Cooperation. Franchisee and Personal Guarantor(s) will make, execute and deliver to Franchisor, promptly upon request and without additional consideration, any document or instrument necessary to carry out and effectuate the purposes of this Agreement.

6.2 Choice of Law and Jurisdiction. This Agreement will be construed in accordance with and all disputes hereunder will be governed by the laws of the state of Utah without giving effect to its conflicts of law provisions. Franchisee, Personal Guarantor(s), and Franchisor hereby irrevocably consent to the exercise of general personal jurisdiction in the courts of record of the state of Utah even though it may be otherwise possible to obtain jurisdiction elsewhere, and we both agree that Salt Lake City, Utah will be the exclusive venue for any litigation between us. Each party waives any objection they may have to the personal jurisdiction of or venue in the state and federal courts of Salt Lake County.

6.3 Arbitration. In the event any controversy or dispute arises between the Parties hereto in connection with, arising from or with respect to the provisions hereof, the relationship of the Parties hereto, or the validity of this Agreement or any provision hereof, such dispute or controversy will, on the request of any Party hereto be submitted for arbitration to the American Arbitration Association in accordance with its commercial arbitration rules. All arbitration hearings will be conducted exclusively in Salt Lake City, Utah, and the laws of the state of Utah will govern, without giving effect to its conflicts of law provisions. The arbitrator will have the power and jurisdiction to decide such controversy or dispute solely in accordance with the express provisions of this Agreement. The prevailing Party in any arbitration suit or action to enforce this Agreement, will be entitled to recover the administrative costs of the arbitration proceeding and the fee for the arbitrator. The Parties agree that any claim hereunder will result in an award not more than 120 days from the date of the statement of claim filed with the American Arbitration Association, unless otherwise waived by the Parties. The award and findings of the arbitrators will be conclusive and binding upon all Parties hereto and the judgment upon the award may be entered in any Court of competent jurisdiction.

6.4 Attorneys' Fees and Costs. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties will be entitled to reasonable attorney's fees and other costs reasonably incurred in such action or proceeding.

6.5 Amendment. This Agreement may be amended, modified or changed only by a written instrument signed by duly authorized representatives of both Parties.

6.6 Company Authority. The persons signing below warrant that they are authorized to enter into this Agreement on behalf of their respective principals identified below and that by their signatures they bind such principals to this Agreement.

6.7 Binding Agreement. This Agreement and all its terms, conditions and stipulations will be binding upon and will inure to the benefit of the Parties hereto and their respective legal representatives, heirs, successors and permitted assigns.

6.8 Confidentiality. Franchisee and Personal Guarantor(s) agree to maintain this Agreement, the terms hereof, and any and all information obtained or provided by either Party in order to initiate a contractual relationship, in the strictest of confidence.

6.9 Counterparts. This Agreement, and those contemplated herein, may be executed in counterparts, including by means of telefaxed, emailed pdf or other electronically delivered signature page, each of which will be deemed an original, but all of which together will constitute one and the same document.

6.10 Entire Agreement. This Agreement contains the entire agreement and only understanding between the Parties with respect to the subject matter hereof and supersedes all previous negotiations, agreements and understandings between the Parties and affiliates of the Parties, in connection with the subject matter covered herein, whether oral or written, and any warranty, representation, promise or condition in connection therewith not incorporated herein will not be binding upon either Party. The Parties hereby agree that all prior agreements with between the Parties regarding the subject matter hereof are hereby terminated with no continuing duties or obligations on the part of the other Party.

6.11 Paragraph Headings. The paragraph headings appearing in this Agreement are inserted only as a matter of convenience and reference and in no way define, limit, construe or describe the scope, interpretations or extent of such paragraph or in any way affect such paragraph or this Agreement. Words in the masculine gender include the feminine and neuter. Use of the singular will include the appropriate plural numbers.

6.12 Enforceability. Any provision of this Agreement, which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, not be effective to the extent of such prohibition, but such prohibition will not invalidate the remaining provisions hereof or affect the validity or enforceability of such provisions in any other jurisdiction.

7. This Agreement will be effective when all the parties have signed it. The date of this Agreement will be the date this Agreement is signed by the last party to sign it as provided in the signature block below.

8. The Franchisee and Personal Guarantor(s) acknowledge that they have carefully read the foregoing Agreement and know and understand the contents of this Agreement, have been represented by counsel, or had the opportunity to be represented by counsel, and sign this Agreement as their own free act, fully intending to be legally bound thereby.

9. **For franchisees located in Washington only:** this Agreement does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and any rule or order adopted thereunder.

[Signatures on the Following Page]

IN WITNESS WHEREOF, and by their signatures below, the Parties hereto acknowledge that they have read, understand and agree to all of the terms and provisions of this Agreement and have caused this Agreement to be executed as of the date provided below written with the full authority of the company principal they represent.

FRANCHISOR:

PAINTER BROS FRANCHISING, LLC

By: _____
(Signature)

Name: _____

Title: _____

Date: _____

FRANCHISEE:

_____, **LLC/Inc.**

By: _____
(Signature)

Name: _____

Title: _____

Date: _____

PERSONAL GUARANTOR(S):

By: _____
(print name) _____, personally

Date: _____

By: _____
(print name) _____, personally

Date: _____

By: _____
(print name) _____, personally

Date: _____

By: _____
(print name) _____, personally

Date: _____

[Signature Page to the Release Agreement]

**EXHIBIT "H"
TO THE FDD
SIGNING CHECKLIST**



Franchise Documents Signing Checklist

The following items need to be filled out, signed, or dated by the party indicated

1. When you receive the FDD

DOCUMENT	PAGE OR SECTION NUMBER	INSTRUCTIONS	CHECK WHEN COMPLETED
FDD Receipt pages	(last 2 pages of the entire FDD packet)	There are two receipt pages at the very end of the FDD. You must sign and date both copies. You will keep the copy labeled “Franchisee Copy” and return the other copy (“Franchisor Copy”) to the franchisor.	_____

2. When you sign the Franchise Agreement and other documents

DOCUMENT	PAGE OR SECTION NUMBER	INSTRUCTIONS	CHECK WHEN COMPLETED
Franchise Agreement	(page 1)	Fill in the franchisee name	_____
Franchise Agreement	(page 3)	In first paragraph fill in date and franchisee name.	_____
Franchise Agreement	(page 34)	Fill in the franchisee name, address, and email	_____
Franchise Agreement	(page 40)	<p>1. If the franchisee is an entity, (1) fill in the entity name on the line before LLC/INC., and have the president, manager, etc. sign on behalf of the entity.</p> <p>2. If there is no entity, the franchisee will sign on the lower lines and print his or her name on the line before “personally.”</p>	_____
Territory	Exhibit A-1 (page 41)	Fill in the boundaries of the territory.	_____
Company Reps. and Warranties	Exhibit A-2 (page 42-43)	The franchisee must fill in the appropriate fields, date, and sign.	_____
Brand Protection Agreement for Principals	Exhibit A-4 (page 46-49)	Each owner and principal manager of the franchisee must fill out and sign and date a separate form.	_____
Employee Brand Protection Agreement	Exhibit A-5 (page 50-52)	Franchisee’s employees fill in the blanks, date, and sign. Each separate employee needs to sign and date.	_____
ACH Agreement	Exhibit A-6 (page 53)	This must be filled out with all the appropriate bank information and signed.	_____

Guaranty and Assumption of Obligations	Exhibit A-7 (page 54-55)	This must be filled out and signed by each owner of the franchise and their spouse	_____
Digital and Social Media Authorization for Assignment	Exhibit A-8 (pages 56-57)	Fill in franchise name, title, date and signature on page 63.	_____
State Addenda (If applicable)	Exhibit A-9	Sign and date acknowledgment of receipt	_____

3. Items to complete after you sign the franchise agreement.

DOCUMENT	INSTRUCTIONS	CHECK WHEN COMPLETED
Proof of insurance	The franchisee must get and maintain insurance and provide proof of insurance that lists the franchisor as an additional insured. The franchisee must provide this annually .	_____
Franchisee's d.b.a.	In the state where your franchise is located, you need to file for a dba or "doing business as" under the name "Painter Bros _____." The blank line will be the city or neighborhood where your franchise is located or as assigned by the franchisor. For example, if your franchise is located in Irvine, California, your filed dba could be "Painter Bros – Irvine." The franchisor must approve your dba before you file it. You must send a copy of the dba filing to the franchisor after it is filed. Please note that a dba is different from your company name if you have a company that is the franchisee. Please note that also you <u>cannot</u> use the name "Painter Bros" as part of your company name.	_____
Franchisee's Entity Documents	Articles of Incorporation or Organization along with Bylaws or Operating Agreement sent to franchisor.	_____

State Effective Dates

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

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

<u>State</u>	<u>Effective Date</u>
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	May 19, 2022
Maryland	Pending
Michigan	May 23, 2022
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	August 26, 2022
South Dakota	Pending
Virginia	November 21, 2022
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.

RECEIPT
(Franchisee's 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 Painter Bros Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Painter Bros Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator listed in Exhibit "E." Painter Bros Franchising, LLC authorizes the respective state agencies identified on Exhibit "D" to receive service of process for it in the particular state.

The issuance date of this disclosure document is April 29, 2023.

Painter Bros Franchising, LLC is located at 880 North 100 East, Lehi, Utah 84043. Its telephone number is (801) 995-2513. The names, business addresses, and phone numbers of each franchise seller offering this franchise is:

Name	Address	Phone Number
Zach Tanner	880 North 100 East, Lehi, Utah 84043	(801) 995-2513
Bailey Rayner	880 North 100 East, Lehi, Utah 84043	(801) 995-2513

If your franchise seller's name and contact information is not listed above, please list the name, address, and phone number of the franchise seller below:

I received a disclosure document dated April 29, 2023 that included the following Exhibits:

- | | |
|--|--|
| A. Franchise Agreement and Its Exhibits | F. Table of Contents for the Operations Manual |
| B. Financial Statements | G. Form Release Agreement |
| C. Schedule of Franchisees | H. Signing Checklist |
| D. List of Agents for Service of Process | |
| E. List of State Agencies Responsible for Franchise Disclosure and Registration Laws | |

Date: _____
(Do not leave blank)

By: _____
(Signature)

Title: _____

Name: _____
(Print name)

Please keep this copy for your records.

RECEIPT
(Franchisor's 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 Painter Bros Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Painter Bros Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator listed in Exhibit "E." Painter Bros Franchising, LLC authorizes the respective state agencies identified on Exhibit "D" to receive service of process for it in the particular state.

The issuance date of this disclosure document is April 29, 2023

Painter Bros Franchising, LLC is located at 880 North 100 East, Lehi, Utah 84043. Its telephone number is (801) 995-2513. The names, business addresses, and phone numbers of each franchise seller offering this franchise is:

Name	Address	Phone Number
Zach Tanner	880 North 100 East, Lehi, Utah 84043	(801) 995-2513
Bailey Rayner	880 North 100 East, Lehi, Utah 84043	(801) 995-2513

If your franchise seller's name and contact information is not listed above, please list the name, address, and phone number of the franchise seller below:

I received a disclosure document dated April 29, 2023 that included the following Exhibits:

- | | |
|--|--|
| A. Franchise Agreement and Its Exhibits | F. Table of Contents for the Operations Manual |
| B. Financial Statements | G. Form Release Agreement |
| C. Schedule of Franchisees | H. Signing Checklist |
| D. List of Agents for Service of Process | |
| E. List of State Agencies Responsible for Franchise Disclosure and Registration Laws | |

Date: _____
(Do not leave blank)

By: _____
(Signature)

Title: _____

Name: _____
(Print name)

If you do not sign this receipt via our electronic signature platform, then you need to send us a signed and dated copy. You may return the signed and dated receipt by mailing it to 880 North 100 East, Lehi, Utah 84003, or by emailing it to info@painterbros.com.