

FRANCHISE DISCLOSURE DOCUMENT



WOODCRAFT FRANCHISE, LLC
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As a franchisee, you will operate a retail store under the name WOODCRAFT® (“Woodcraft Retail Store”) dedicated to the sale of woodworking products and services including tools, supplies, books, seminars, classes, demonstrations and other educational programs along with related products and services.

The total investment necessary to begin operation of a Woodcraft Retail Store ranges from \$573,789 to \$752,692. This includes \$55,277 to \$55,450 that must be paid to the franchisor or an affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Woodcraft Franchise, LLC, Andrew V. Bondi, 1177 Rosemar Road, Parkersburg, West Virginia 26105, (304) 422-5412.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “[A Consumer’s Guide to Buying a Franchise](#),” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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 also be laws on franchising in your state. Ask your state agencies about them.

Issuance date of this Franchise Disclosure Document: March 6, 2024

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit G.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit H 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 Woodcraft 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 Woodcraft franchisee?	Item 20 or Exhibit G lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

Out-of-State Dispute Resolution. The Franchise Agreement requires you to resolve disputes with the franchisor by mediation and arbitration only in West Virginia. 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 West Virginia than in your own state.

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.

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

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, “Woodcraft”, “we” “us” or “our” means Woodcraft Franchise, LLC, the Franchisor. “You” means the person who buys the franchise. If you are a corporation, limited liability company or another type of entity, certain provisions also apply to your owners and will be noted.

The Franchisor

We were organized under the laws of the State of Delaware on March 8, 2006. Our principal business address is 1177 Rosemar Road, Parkersburg, West Virginia, 26105. We do business under our entity name and the name “WOODCRAFT” and do not conduct business under any other name. We have offered Woodcraft franchised businesses since September 2006. We are not engaged in any other line of business and have never offered franchises in any other line of business. Except through our affiliate, Woodcraft Supply, LLC (“Woodcraft Supply”), we have never operated a business similar to the franchises we offer. As of December 31, 2023, there were 64 franchised Woodcraft Retail Stores and ten Woodcraft Retail Stores owned and operated by Woodcraft Supply, LLC.

Our agents for service of process in various states are listed in Exhibit A. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents in some of the states listed.

Our Parents, Predecessors and Affiliates

We are a wholly owned subsidiary of our parent, Woodcraft, LLC, a Delaware limited liability company organized on March 8, 2006. Woodcraft, LLC’s principal business address is 1177 Rosemar Road Parkersburg, West Virginia 26105. Woodcraft, LLC does not currently and has not previously offered franchises in this or any other line of business. Woodcraft, LLC does not and has never operated a business similar to the franchises we offer.

Our predecessor is Woodcraft Franchise Corporation (“WFC”). WFC offered franchises for Woodcraft franchised businesses from March 1997 to July 2006. Effective June 3, 2006, we merged with WFC with Woodcraft Franchise, LLC being the name of the surviving company. WFC was not engaged in any other line of business and did not offer franchises in any other line of business. WFC did not operate a business of the type to be operated by our franchisees. WFC maintained its principal business address at 1177 Rosemar Road, Parkersburg, West Virginia, 26105.

Our affiliate, Woodcraft Supply, was organized in the State of Delaware on March 15, 2006. Woodcraft Supply’s business address is 1177 Rosemar Road, Parkersburg, West Virginia, 26105. As of the date of this disclosure document, Woodcraft Supply operates ten Woodcraft Retail Stores that are substantially similar to the franchised business you will operate. Woodcraft Supply has operated a Woodcraft Store since 2006. Woodcraft Supply also provides various products and services to our franchisees including Woodcraft and other branded products for resale as well as computer system support services. Additional information on Woodcraft Supply and the products and services it provides is included in Item 8. Woodcraft Supply has never offered franchises in this or any other line of business.

We have no other affiliates that provide products or services to our franchisees or that offer franchises in any line of business.

The Franchise Offered

We offer franchises for Woodcraft Retail Stores, which specialize in providing woodworking products and services, including woodworking products and services including tools, supplies, books, seminars, classes, demonstrations and other educational programs along with related products and services (the “Products”) under the terms of a Franchise Agreement attached to this Disclosure Document as Exhibit B. Among the products and services Woodcraft Retail Stores typically provide are power and hand woodworking tools such as saws, drills, lathes, planes, do-it-yourself kits, how-to books, seminars, classes and other educational programs geared toward woodworking. Franchised Woodcraft Retail Stores operate under our “Woodcraft” trademarks, trade names, service marks and logos (the “Marks”) and use the methods, processes and operating systems developed by us in connection with the franchise (the “System”). Franchised Woodcraft Retail Stores operating under our Marks and System are referred to as “Woodcraft Retail Stores” or “Retail Stores”. At this time, we offer franchises for a single Woodcraft Retail Store, though, in the future, we may decide to offer certain qualified persons the right to develop multiple Woodcraft Retail Stores.

We may offer you a renewal franchise agreement which grants you the right to continue operating your existing Retail Store upon expiration of your Franchise Agreement and upon satisfaction of the renewal conditions stated in your Franchise Agreement (the “Renewal Franchise Agreement”), the form of which is attached as Exhibit C. In this disclosure document, references to the “Franchise Agreement” apply to the Franchise Agreement and the Renewal Franchise Agreement unless otherwise noted.

Market and Competition

Your Woodcraft Retail Store will compete with local businesses, as well as local, regional or national chains of retail stores selling woodworking products including hardware stores, building supply businesses, home improvement showrooms and other specialty retailers. Our customers tend to be woodworking professionals, hobbyists and enthusiasts. The market for specialized woodworking products is growing and likely to become more competitive. Your business may be seasonal with peaks occurring during the fall and winter months.

Licenses and Permits

You also must comply with all local zoning, business licensing and other regulations applicable to your Woodcraft Retail Store. Additionally, there are laws and regulations governing privacy and data protection including the Payment Card Industry (PCI) Data Security Standards and (if applicable) state data and privacy laws. You are advised to examine all of these laws before purchasing a franchise from us. We are not aware of any regulations specific to the industry in which Woodcraft Retail Stores operate.

ITEM 2 BUSINESS EXPERIENCE

Employees of Woodcraft Supply, LLC

President: Tom Huntington

Mr. Huntington has served as Woodcraft Supply’s President in Parkersburg, West Virginia since February 2024. From February 2019 to February 2024, he served as Executive Vice President, Sales for Joyride Coffee in Woodside, New York.

Chief Financial Officer: Amanda Harris Silvus

Ms. Silvus has served as Woodcraft Supply's Chief Financial Officer since January 2021. From May 2007 through December 2020, Ms. Silvus held various positions at Woodcraft Supply including that of Director of Accounting from January 2011 until December 2020. All positions have been in Parkersburg, West Virginia.

Vice President of Sales & Marketing: Beth Coffey

Ms. Coffey has served as Woodcraft Supply's Vice President of Sales & Marketing since April 2019 in Parkersburg, West Virginia. From February 2015 until February 2019, she served as Director of Sales, Marketing and eCommerce with Mardel Division of Hobby Lobby, Inc in Oklahoma City, Oklahoma.

Senior Director of Distribution & Logistics: Michael Townsend

Mr. Townsend has been Woodcraft Supply's Senior Director of Distribution & Logistics since January 2023. He was Woodcraft Supply's Director of Warehouse Operations from January 2018 to January 2023. He had held various positions with Woodcraft Supply since September 1994.

Senior Director of Supply Chain: Jason Guthrie

Mr. Guthrie has been Woodcraft Supply's Senior Director of Supply Chain since March 2005.

Senior Director of Systems Development: Ryan Knost

Mr. Knost has been Woodcraft Supply's Senior Director of Systems Development since January 2019. Mr. Knost has held various positions at Woodcraft Supply since October 2013, including that of Chief Information Officer from June 2017 until January 2019 and as Director of Business Applications and Technology from October 2013 until June 2017. All positions have been in Parkersburg, West Virginia.

Employees of Woodcraft Franchise, LLC

Vice President -- Retail and Franchise Operations: Andrew V. Bondi

Mr. Bondi has been our Vice President of Retail and Franchise Operations since February 2021. Mr. Bondi has held various positions at Woodcraft including Director of Retail Operations from November 2020 until February 2021, Director Multi-Channel Sales from July 2017 through October 2020 and Power Tool Manager from August 2009 through June 2017. All positions have been in Parkersburg, West Virginia.

Franchise Compliance Manager: Connie Harmon

Ms. Harmon has held various positions with us since 1997 and has been our Franchise Compliance Manager since February 2009. All positions have been in Parkersburg, West Virginia.

Field Consultant: Brian Taylor

Mr. Taylor has been our Field Consultant since January 2018 in Winston Salem, North Carolina. From January 2017 until December 2017, he was our New Store Coordinator in Winston Salem, North

Carolina. From 2006 until January 2017, he was our Field Consultant based in Pittsburgh, Pennsylvania and Winston Salem, North Carolina. From May 2001 to June 2006, he was Ohio Valley Region Field Consultant with WFC and was based in Parkersburg, West Virginia.

Field Consultant: Pat Burton

Mr. Burton has been our Field Consultant since January 2017 and is based in Tucson, Arizona. From January 2016 until December 2016, he was a Field Consultant in Training in Cincinnati, Ohio. From April 2009 until December 31, 2015, he was employed by Woodcraft Supply as the Store Manager for the Woodcraft Store located in Cincinnati, Ohio.

Field Consultant: Scott Dixon

Mr. Dixon has been our Field Consultant since March 2006. From September 2001 to June 2006, he was Eastern Region Field Consultant with WFC. All positions have been in Peabody, Massachusetts.

Field Consultant: Dan Habjanetz

Mr. Habjanetz has been our Field Consultant since April 2019 and is based in North Strabane, Pennsylvania. From August 2016 until April 2019, he was a Store Manager for Woodcraft Supply in Pittsburgh, Pennsylvania.

Field Consultant: Keith VanCamp

Mr. VanCamp has been our Field Consultant since January 2017. From January 2012 until December 2016, he was employed as a Drop Ship Coordinator with Woodcraft Supply. All positions have been in Parkersburg, West Virginia.

Retail Operations Manager: James W. Day

Mr. Day has been our Retail Operations Manager since January 2018. He was our Training Manager from March 2006 until January 2018 and continues to oversee franchisee training. From July 2005 to June 2006, he was Training Manager with WFC. All positions have been in Parkersburg, West Virginia.

**ITEM 3
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4
BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item.

**ITEM 5
INITIAL FEES**

Initial Franchise Fee

When you sign the Franchise Agreement, you must pay an Initial Franchise Fee of \$50,000 for your first Woodcraft Retail Store franchise. For each additional Woodcraft Retail Store franchise you

purchase, we will reduce the Initial Franchise Fee by \$5,000 to a minimum of \$25,000. The Initial Franchise Fee is payable in a lump sum and except as stated above is uniform for all franchisees currently acquiring a Woodcraft Retail Store franchise. You are not required to pay an Initial Franchise Fee under the Renewal Franchise Agreement; however, you will pay the Renewal Fee due under the expiring Franchise Agreement (see Item 6).

If you fail to secure a site for the operation of your Woodcraft Retail Store within 90 days after the effective date of the Franchise Agreement, then we may terminate the Franchise Agreement. If so, we will refund 75% of the Initial Franchise Fee (or 50% if we have furnished our Initial Training Program to you).

Initial Inventory of Branded Products

You must purchase an initial inventory of Branded Products from our affiliate Woodcraft Supply equal to approximately \$5,000. A representative copy of the Woodcraft Supply Product Supply Agreement is included as Exhibit D. If we terminate the Franchise Agreement, Woodcraft Supply will repurchase all salable Branded Products at 90% of their current wholesale price.

Retail System Support Fee

You will enter into a Retail System Support Agreement with Woodcraft Supply and pay the first month’s fee which ranges from approximately \$289 to \$450 based on the actual configuration of your Woodcraft Retail Store. Additional information on the Retail System Support Fee is included in Item 6. A copy of the Retail System Support Agreement is included as Exhibit E. The Retail System Support Fee is not refundable under any circumstances.

These fees are typically uniform for all new franchisees in the system; however, in certain circumstances, we may reduce or waive a fee. We did not waive or reduce these fees in our last fiscal year.

**ITEM 6
OTHER FEES**

TYPE OF FEE ⁽¹⁾	AMOUNT	DUE DATE	REMARKS
Royalty Fee ⁽²⁾	5% of Gross Revenues	Monday of each week	The “Royalty Fee” is based on “Gross Revenues” during the previous week.
Marketing Fund Contribution	Franchise Agreement: Year 1 and Year 2 - 1% of Gross Revenues; Year 3 and thereafter – 1.5% of Gross Revenues Renewal Franchise Agreement: 1.5% of Gross Revenues	Same as Royalty Fee	Collected by us for the Marketing Fund. See Item 11 for more details.

TYPE OF FEE ⁽¹⁾	AMOUNT	DUE DATE	REMARKS
Local Advertising	Prior Annual Local <u>Gross Revenues</u> <u>Adv.</u> \$0 – < \$1.3M 5.0% \$1.3M – <\$1.6M 4.5% \$1.6M – <\$1.8M 4.0% \$1.8M – <\$2.0M 3.75% >\$2.0M Min of \$75K	Monthly	This local advertising expenditure requirement is imposed by us. You will pay suppliers directly for advertising services subject to our approval (as to content). For your first year of operation, you must spend 5% of the prior month’s Gross Revenues for Local Advertising. Thereafter, the required expenditure is based on your prior annual Gross Revenues.
Branded Product Purchases	Will vary under circumstances. You will typically maintain approximately \$5,000 of Branded Products in inventory.	As invoiced; payable within 30 days	You will purchase Branded Products from Woodcraft Supply in order to meet your Store’s anticipated customer demand
Cooperative Advertising	Proportional share not to exceed 5% of Gross Revenues	Same as Royalty Fee	Payable to the advertising cooperative. You will receive a credit toward your Local Advertising requirement for amounts that you pay to the cooperative. Though we do not anticipate they would have controlling voting power, Woodcraft Stores owned by us and our affiliates are entitled to vote on matters as part of the cooperative. We have not established any advertising cooperatives at this time.
Audit	Deficiency in Royalty Fees and Marketing Fund Contributions, plus interest	As invoiced	If an audit or inspection is made necessary by your failure to furnish reports or supporting records, or to furnish such reports or records on a timely basis, or if there is an understatement of Gross Revenues of more than 5%, then you must pay the costs of the audit or inspection.
Relocation	Our costs and expenses	As invoiced	If we approve a relocation of your Woodcraft Retail Store, we have the right to charge you for our reasonable expenses and costs in connection with your relocation.
Interest	Highest rate permitted by applicable law, not to exceed 1.5% per month	After due date	Applies to all Royalty Fees, Marketing Fund Contributions, Branded Product purchases or any other overdue amounts owed to us or our affiliates.

TYPE OF FEE ⁽¹⁾	AMOUNT	DUE DATE	REMARKS
Supplier Approval	Our reasonable costs of inspection and testing	As invoiced	Applies to new suppliers you wish to purchase from that we have not previously approved.
Reimbursement of monies paid or incurred by us on your behalf	Varies	As invoiced	Payable only if you fail to make and we make certain payments on your behalf, plus expenses incurred by us in doing so.
Transfer Fee	50% of our then-current Initial Franchise Fee	Before we approve the transfer	This transfer fee does not apply to a transfer to a corporation or limited liability company you control, where the beneficial owners are the same individuals who initially signed the Franchise Agreement
Renewal Fee	\$1,000	Prior to obtaining successor franchise	You must pay a Renewal Fee in order to obtain a successor franchise.
General Manager Training	\$3,000	Before training	Payable if you hire a general manager after completion of the Initial Training Program or for training a replacement general manager.
Ongoing Training Costs	Reasonable amount to cover our costs of providing training	Before training	You will only be required to pay a fee for optional training. Mandatory training will be provided at no charge. You must pay all travel and living expenses whether training is mandatory or optional.
Indemnification	Will vary under circumstances	As incurred	You must indemnify us against claims resulting from your operation of the Store and our cost of defending against them.
Retail System Support Fee	Approximately \$289 - \$450 per month	Monthly	This fee may vary based on the configuration of your computer system as well as Woodcraft Supply's costs in providing support services.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	You must reimburse us if we incur costs due to your default.
Gift Card Program	Flat fee of \$20 per month plus 34-36¢ Production Fee per card; 15¢ Transaction Fee per transaction; 5¢ per month per card if card is not redeemed within two years after issuance.	Monthly	This fee is imposed by us but payable to third party vendor. See Item 8 for additional information on the Gift Card Program

TYPE OF FEE ⁽¹⁾	AMOUNT	DUE DATE	REMARKS
Enforcement Expenses	Damages, costs and expenses, including reasonable attorneys' fees, incurred as a result of your default of the Franchise Agreement	Upon demand	Payable if you breach the Franchise Agreement.

NOTES

1. Except as indicated above, all fees are imposed by, collected by and payable to us, are non-refundable, and are uniformly imposed.
2. "Gross Revenues" means the total of all sales (not including taxes collected) related to or arising from the operation of your Woodcraft Retail Store including, without limitation, all revenue from the sale of all products and services, including Branded Products. Gross Revenues shall be deemed to include cash, checks, drafts, money orders, credit card payments and other forms of payments. Gross Revenues shall not include the amount of any refunds and adjustments that you give in good faith to customers of the Retail Store which were previously included in calculating Gross Revenues or any applicable sales, use or service taxes.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT (LOW)	AMOUNT (HIGH)	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Initial Franchise Fee ¹	\$50,000	\$50,000	Lump sum	At signing of Franchise Agreement	Us
Retail System Support Fee ²	\$289	\$450	Lump sum	Before beginning operations	Woodcraft Supply
First Month's Rent ³	\$0	\$10,000	As arranged	As arranged	Landlord
Security Deposits ⁴	\$9,000	\$10,000	As arranged	As arranged	Landlord, Utilities
Initial Inventory ⁵	\$342,500	\$408,242	As arranged	At signing of Franchise Agreement/ As arranged	Woodcraft Supply/ Third parties
Leasehold Improvements ⁶	\$10,000	\$50,000	As arranged	As arranged	Third parties
Furniture and Fixtures ⁷	\$55,000	\$75,000	As arranged	As arranged	Third parties
Insurance ⁸	\$3,000	\$10,000	As arranged	As arranged	Insurers
Training Expenses ⁹	\$1,000	\$3,000	As incurred	As arranged	Providers of transportation, food

TYPE OF EXPENDITURE	AMOUNT (LOW)	AMOUNT (HIGH)	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
					and lodging
Grand Opening Advertising ¹⁰	\$25,000	\$25,000	As arranged	First 6 months of operation	Third parties
Signage ¹¹	\$6,000	\$9,000	As arranged	As arranged	Third parties
Office Equipment and Supplies ¹²	\$22,000	\$27,000	As arranged	As arranged	Third parties
Additional Funds ¹³ (3 Months)	\$50,000	\$75,000	As arranged	As needed	Third parties
TOTAL ¹⁴	\$573,789	\$752,692			

NOTES

Except for security deposits which may be refundable, all payments are non-refundable.

1. Initial Franchise Fee. The Initial Franchise Fee is described in Item 5.
2. Retail System Support Fee. The Retail System Support Fee is described in greater detail in Items 5, 6 and 11. This fee will vary depending upon the hardware, software and modules contained in your point of sale and back-office computer system.
3. First Month's Rent. You must provide a site from which to operate your Woodcraft Retail Store. Normally, a site is obtained on a leasehold basis. This estimate is based on one month's rent for a space of approximately 6,500 to 7,000 square feet. There may be other lease acquisition costs such as prepaid rent and security deposits. It is extremely difficult to estimate lease costs because of the wide variation in costs between locations.
4. Security Deposits. Security deposits generally are required by utilities, the landlord and equipment lessors. Amounts will vary depending on the requirements under the various leases, utilities' policies and your credit rating.
5. Initial Inventory. The amount of your investment attributable to the initial store inventory will vary depending upon the size of your store. Approximately \$5,000 of this amount is for Branded Products. Payments are due according to the suppliers' policies and requirements.
6. Leasehold Improvements. Certain leasehold improvements are generally required. These costs will vary based on the size of the facility, local materials costs, and labor costs. Examples of the types of leasehold improvements include electrical, plumbing, flooring, and general finish-out (except for fixtures as described below) of the leased premises.
7. Furniture and Fixtures. This fee includes the furniture and fixtures necessary to outfit your Woodcraft Retail Store. Amounts may vary due to transportation costs, availability and installation costs.
8. Insurance. The estimated cost covers the first year's insurance premium for required coverages for business liability insurance. This amount may vary based on location, prior loss history, costs

of build-out and the amount of inventory you carry.

9. Training Expenses. You are responsible for arranging transportation and paying the living expenses for yourself and any other persons attending the Initial Training Program. These costs may vary based on the distance you travel and the type of accommodations you choose. The estimate contemplates attendance by two persons traveling to our headquarters for approximately two weeks.
10. Grand Opening Advertising. You will need to spend this amount locally to help establish recognition in your local trade area.
11. Signage. This fee covers the cost of interior and exterior signage for a typical Woodcraft Retail Store. Costs may vary depending on local materials and labor costs.
12. Office Equipment and Supplies. This amount includes the computer system, telephone, facsimile machine, computer, safe, and miscellaneous supplies.
13. Additional Funds. This is an estimate of the operating expenses, including employees' salaries, rent and utilities, for the first three months of operation. This is only an estimate, however, and we cannot assure you that you will not need additional funds during or after the start-up phase of your Woodcraft Retail Store. In compiling this chart, we relied on Woodcraft Supply's experience in operating other Woodcraft Retail Stores.
14. Total. You should review these estimates carefully with a business advisor or accountant before making any decision to buy a franchise. Neither we nor our affiliates offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Branded Products and Retail System Support

You must operate your Woodcraft Retail Store according to our System, which includes (among other things) using and offering for sale only certain products and services that we require and products and services that meet our specifications. In some cases, we require that you purchase those products and services only from specific vendors and suppliers, which may include or be exclusively us or one of our affiliates. Our affiliate, Woodcraft Supply, is the sole supplier of Branded Products which you will offer for retail sale. The Branded Products consist mainly of woodworking tools, woodworking supplies and other related products. The majority of the Branded Products are labeled with one or more of the Marks. You must carry a 30-day supply of Branded Products in order to meet customer demand. In addition, you must maintain a representative inventory of all Branded Products. A representative copy of the Woodcraft Supply Product Supply Agreement is included as Exhibit D.

In addition to the Branded Products, Woodcraft Supply is currently the sole provider of help-desk support in connection with your use of the Computer System (described below) in the operation of your Woodcraft Retail Store. You must pay the Retail System Support Fee described in Items 5 and 6 and enter into a Retail System Support Agreement directly with Woodcraft Supply. This fee, which varies based on your configuration and the level of service you select, entitles you to help desk support for the retail management and point-of-sale system during regular business hours. The current Retail System

Support Fee is payable monthly prior to beginning operation of your Woodcraft Retail Store. This fee may increase at any time due to vendor price increases and on a quarterly basis based on Woodcraft Supply's anticipated cost of providing support services to the franchise system. A representative copy of the Retail System Support Agreement is included as Exhibit E.

We do not receive revenue as a result of your purchases of Branded Products or your payment of the Retail System Support Fee, however, Woodcraft Supply will derive revenue equal to the purchase price you pay.

Credit Card Processing & Gift Card Program

We require franchisees to accept credit cards and participate in a gift card program and issue stored value cards to their customers for use as gift certificates, promotional cards and store credit. You will enter into a Participation Agreement directly with Total System Services, Inc. ("TSYS") or other vendor that we designate, who will serve as your credit card processor and with Stored Value Solutions ("SVS") who administers the gift card program. Both TSYS and SVS will provide you and other franchisees with account settlement services each month via ACH or other electronic debits and credits. We and our affiliates do not derive revenue as a result of your credit card processing services or your participation in the gift card program.

Other Inventory Items and Operating Supplies

In addition to the Branded Products, various services and products used in establishing and in operating your Woodcraft Retail Store including, but not limited to, inventory other than Branded Products, stationery, business forms, calling cards and other materials shall comply with our specifications and quality standards and, if required by us, shall be purchased only from "Approved Suppliers" that we designate or approve. For these services and products described in the preceding sentence, we, Woodcraft Supply, or one or more of our other affiliates may be an Approved Supplier. Presently, Woodcraft Supply is an Approved Supplier of certain inventory items including power tools and accessories, hand tools, hardware, wood, and wood finishing products. Neither we nor any of our other affiliates are currently Approved Suppliers of any services or products.

We will provide you, in the Manual or other written or electronic form, with a list of the approved services and/or products and, if required, a list of Approved Suppliers for some or all of these services and/or products. From time to time, we may revise this list. If you desire to use any service and/or product that we have not approved (for services or products that require supplier approval), you shall first send us sufficient information, specifications and/or samples to enable us to determine whether the service or product complies with our standards and specifications or the proposed supplier meets our criteria. We may charge a reasonable fee for inspection and/or testing and will decide within a reasonable time after receiving the required information whether you may purchase the service or product from such proposed supplier. Approval of a supplier may be conditioned on requirements related to, among others, competitive pricing, the frequency of delivery, standards of service, consistency, reliability, and general reputation. We reserve the right to review from time to time our approval of any suppliers and may revoke our approval of any supplier who fails to meet our criteria.

We or our affiliates may receive fees, commissions, or other payments or consideration from suppliers based on sales to you and other franchisees. Our affiliate, Woodcraft Supply manages and administers its Sales Opportunities and Rewards ("SOAR") program. Under the terms of the SOAR program, suppliers are asked to provide Woodcraft Supply with a credit ranging from 1-5% of total system-wide purchases based on the total increase in sales from the prior year's like quarter. Participation by suppliers in the SOAR program is voluntary. There are approximately 630 suppliers providing

products and services to Woodcraft Supply and us who have been invited to participate. Unless a supplier designates that the payments are to be used only for advertising and promotions, we or Woodcraft Supply may use these payments without restriction for any purpose deemed appropriate. In addition, based on the system-wide purchasing power, we and Woodcraft Supply may negotiate contracts with suppliers enabling you, Woodcraft Supply and other franchisees to purchase products at reduced prices.

For our fiscal year ended December 31, 2023, our affiliate, Woodcraft Supply received \$2,174,539 or approximately 3.6% of its total revenue of \$60,896,126 as a result of franchisee purchases of Branded Products including warehouse fulfillment fees, the Retail System Support Fee, custom marketing materials, and other products and services. These numbers are derived from Woodcraft Supply's year-end unaudited financial statements.

Required purchases or leases of all products and services including Branded Products are estimated to make up 50% to 54% of your total initial investment and approximately 2% of your annual operating expenses.

We do not provide or withhold material benefits to you (such as renewal rights or the right to open additional Retail Stores) based on whether or not you purchase through the sources we designate or approve. However, purchases of unapproved products or from unapproved vendors in violation of the Franchise Agreement will entitle us, among other things, to terminate your Franchise Agreement.

There are no officers of ours who own an interest in any supplier.

There are no purchasing cooperatives in existence at this time.

Insurance

You must procure, at your expense, and maintain in full force and effect during the term of the Franchise Agreement, the minimum insurance coverage as required in your Franchise Agreement and Manual and as required under the terms of the lease for your Woodcraft Retail Store. Currently we require, at a minimum, the following minimum insurance coverages and limits:

1. Comprehensive general liability insurance, including coverage for bodily injury, personal injury, products liability, blanket contractual liability, broad form property damage, non-owned automobiles, completed operations and property damage on an occurrence basis with policy limits of not less than \$1,000,000.00;
2. Property Insurance written on an "All Risks" policy for fire and related peril (including floods and earthquakes where applicable) with limits of insurance of not less than the full replacement value of the Retail Store, its furniture, fixtures, equipment, inventory and other tangible property;
3. Workers' Compensation and Employer's Liability coverage that complies with the statutory requirements of the state in which the Retail Store is located; and
4. Builder's All Risks insurance in connection with any construction, renovation, refurbishment, or remodeling of the Retail Store.

The types of coverage and minimum coverage limits we specify are minimums as to the types of coverage and coverage limits to protect your Woodcraft Retail Store. We recommend that you consult with your insurance advisor regarding the appropriate types of coverage and coverage limits in order to protect your Woodcraft Retail Store. All policies you are required to maintain shall contain a separate

endorsement naming us as an additional insured. All policies shall be written by an insurance carrier or carriers approved by us that has received and maintains an “A+” or better rating by Best’s Insurance Rating Service. No policy of insurance shall be subject to cancellation except upon 30 days’ written notice to us. The insurance policies described above are minimum requirements and you may purchase and maintain additional insurance policies or insurance policies with greater coverage limits.

You agree to provide us annually with a certificate of insurance with the original policy attached showing full compliance with our insurance requirements. Should you, for any reason, not procure and maintain such insurance coverage as required by this Agreement, we shall have the right and authority (without, however, any obligation to do so) to immediately procure such insurance coverage and to charge same to you together with a reasonable fee for expenses incurred by us in connection with such procurement.

The policy or policies must be written by an insurer acceptable to us and conform to the specifications described in the Manual or otherwise in writing. All insurance policies must name us and our affiliates, and their respective members, managers, shareholders, directors, employees and agents as an additional insured.

If you, for any reason, do not procure and maintain the required insurance coverage, we have the right (without, however, any obligation to do so) to procure the insurance coverage and to charge you, together with a reasonable fee for our services.

Computer System

You are required to install and utilize the computer system, including all existing or future components and associated services that we have developed and /or selected for the System (the “Computer System”). You must purchase, use, maintain and update computer hardware and software (including management system, point-of-sale, back-office and other systems) and Internet access services which meet our specifications as they evolve over time.

**ITEM 9
FRANCHISEE’S OBLIGATIONS**

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

OBLIGATION	SECTION IN FRANCHISE AGREEMENT (FA), RENEWAL FRANCHISE AGREEMENT (RFA), PRODUCT SUPPLY AGREEMENT (PSA) AND RETAIL SYSTEM SUPPORT AGREEMENT (RSSA)	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	FA: 4 RFA: Not applicable PSA: Not applicable RSSA: Not applicable	Item 12
b. Pre-opening purchases/leases	FA: 3, 4 and 8 RFA: Not applicable PSA: Not applicable RSSA: 2	Items 7 and 8

OBLIGATION	SECTION IN FRANCHISE AGREEMENT (FA), RENEWAL FRANCHISE AGREEMENT (RFA), PRODUCT SUPPLY AGREEMENT (PSA) AND RETAIL SYSTEM SUPPORT AGREEMENT (RSSA)	DISCLOSURE DOCUMENT ITEM
c. Site development and other pre-opening requirements	FA: 4 RFA: Not applicable PSA: Not applicable RSSA: Not applicable	Items 6, 7 and 11
d. Initial and on-going training	FA and RFA: 6 PSA: Not applicable RSSA: Not applicable	Items 6 and 11
e. Opening	FA: 4 RFA: Not applicable PSA: Not applicable RSSA: Not applicable	Item 11
f. Fees	FA and RFA: 3, 6, 8, 9, 10, 11, 12 and 14 PSA: 3 and 4 RSSA: 4	Items 5 and 6
g. Compliance with Standards and Policies/Operating Manual	FA and RFA: 5, 10 and 15 PSA: Not applicable RSSA: Not applicable	Item 11
h. Trademarks and Proprietary Information	FA and RFA: 5 and 7 PSA: Not applicable RSSA: Not applicable	Items 13 and 14
i. Restrictions on Products/Services Offered	FA and RFA: 10 PSA: Not applicable RSSA: Not applicable	Items 8 and 16
j. Warranty and Customer Service Requirements	FA and RFA: 10 PSA: 7 RSSA: 8	N/A
k. Territorial Development and Sales Quotas	Not Applicable	Item 12
l. On-going Product/Service Purchases	FA and RFA: 10 PSA: 2 RSSA: 3	Items 8 and 11
m. Maintenance, Appearance and Remodeling Requirements	FA and RFA: 4 PSA: Not applicable RSSA: Not applicable	Items 6 and 17
n. Insurance	FA and RFA: 11 PSA: Not applicable RSSA: Not applicable	Items 6, 7 and 8
o. Advertising	FA and RFA: 8 PSA: Not applicable	Items 6 and 11

OBLIGATION	SECTION IN FRANCHISE AGREEMENT (FA), RENEWAL FRANCHISE AGREEMENT (RFA), PRODUCT SUPPLY AGREEMENT (PSA) AND RETAIL SYSTEM SUPPORT AGREEMENT (RSSA)	DISCLOSURE DOCUMENT ITEM
	RSSA: Not applicable	
p. Indemnification	FA and RFA: 5 and 12 PSA: Not applicable RSSA: Not applicable	Item 6
q. Owner's Participation / Management / Staffing	FA and RFA: 6 and 10 PSA: Not applicable RSSA: Not applicable	Item 15
r. Records/Reports	FA and RFA: 9 PSA: Not applicable RSSA: Not applicable	Items 8 and 11
s. Inspections/Audits	FA and RFA: 9 PSA: Not applicable RSSA: Not applicable	Items 6, 11 and 13
t. Transfer	FA and RFA: 14 PSA: 10 RSSA: 10	Items 6 and 17
u. Renewal	FA and RFA: 2 PSA: Not applicable RSSA: 3	Item 17
v. Post-Termination Obligations	FA and RFA: 16 and 17 PSA: Not applicable RSSA: 9	Item 17
w. Non-Competition Covenants	FA and RFA: 17 PSA: Not applicable RSSA: Not applicable	Item 17
x. Dispute Resolution	FA and RFA: 18 PSA: 15 RSSA: 12	Item 17
y: Other: Guaranty	FA and RFA: 13 PSA: Not applicable RSSA: Not applicable	Item 15

**ITEM 10
FINANCING**

We do not offer direct or indirect financing to franchisees. We will not guarantee your note, lease, or other obligation.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, Woodcraft Franchise, LLC is not required to provide you with any assistance.

Pre-Opening Obligations

Before you open your Woodcraft Retail Store, we will:

1. Determine the exact boundaries of your Territory as described in Item 12. (Franchise Agreement, Section 1.B.).
2. Provide assistance to you in evaluating potential sites for the location of your Woodcraft Retail Store along with general information regarding prospective leases in connection with the site. You generally will propose a site for our review and are solely responsible for site selection and securing a lease for the premises. We must approve your site before you enter into a lease or begin operating your Woodcraft Retail Store. We do not typically own the premises or enter into a lease with you. We will advise you in writing within 15 days after receipt of your site documentation whether we have approved a particular site. Factors we will consider when approving or disapproving a proposed site includes general location, traffic patterns, parking, size, physical characteristics of the building and lease terms. (Franchise Agreement, Section 4.).
3. Provide you with a layout for the interior of your Woodcraft Retail Store along with specifications for the interior design, layout and décor including equipment, signs, fixtures and graphics. We will provide a Woodcraft representative on-site before you open your Store to assist you with equipment setup, advertising and promotional plans, in Store layout and merchandising. (Franchise Agreement, Section 4.C.).
4. Make available to you or your general manager our Initial Training Program which is conducted over approximately eight to nine days as described in this Item. (Franchise Agreement, Section 6.A.) We do not charge a fee for the Initial Training Program, however all travel and living expenses incurred by you and your general manager are your responsibility.
5. Loan you one copy of the Manual, the Table of Contents of which is Exhibit F. As of the date of this FDD, the Manual consists of 684 pages. (Franchise Agreement and Renewal Franchise Agreement, Section 6.E.).
6. Provide specifications and a list of Approved Suppliers for your opening inventory including Branded Products as well as other products and services we require you to purchase (or lease) in the establishment of your Store. (Franchise Agreement and Renewal Franchise Agreement, 10.N.)
7. Make available to you the Computer System that we have developed or selected for the System. (Franchise Agreement and Renewal Franchise Agreement, 10.F.)

Continuing Obligations

During the operation of your Woodcraft Retail Store, we will:

1. For approximately seven to eight days around the opening of your Woodcraft Retail Store, provide you with on-site assistance and guidance, at our expense, in order to facilitate the initial operations of your Woodcraft Retail Store. The assistance and guidance that we provide will

center around compliance with brand standards. (Franchise Agreement, Section 6.B.).

2. Provide you with guidelines for local advertising and promotion. You must submit to us for prior approval all promotional materials and advertising you intend to use. (Franchise Agreement and Renewal Franchise Agreement, Section 8.B.).
3. Provide additional training programs and courses to you, your general manager and other employees, which may be optional or mandatory. We reserve the right to charge a tuition fee for optional training programs. Mandatory training programs will be provided to you without tuition charge. You will be required to pay for all travel and living expenses incurred by you and your employees while attending training. (Franchise Agreement and Renewal Franchise Agreement, Section 6.C.).
4. Send a field representative to visit your Woodcraft Retail Store, from time to time, as we deem necessary for purposes of consultation, assistance and guidance in Store operations. (Franchise Agreement and Renewal Franchise Agreement, Section 6.D.).
5. Provide you with our System standards regarding the business operations of a Woodcraft Retail Store. (Franchise Agreement and Renewal Franchise Agreement, Section 10.A.).
6. Seek to make available for purchase by you, either directly or indirectly from us, the Branded Products and other Products that we approve in writing for sale at your Woodcraft Retail Store as well as changes and additions to approved or designated suppliers and the approved products and services, as generally made available to all franchisees (Franchise Agreement and Renewal Franchise Agreement, Section 10.D.).
7. Provide advisory services relating to your Woodcraft Retail Store operations, including products and services offered for sale, selecting, purchasing and marketing woodworking products and services as well as operational methods, accounting procedures, and marketing and sales strategies. (Franchise Agreement and Renewal Franchise Agreement, Section 10.A.). We may, from time to time, make suggestions to you with regard to your pricing policies for products and services. Notwithstanding any suggestions, you have the sole and exclusive right as to prices you charge at your Woodcraft Retail Store.

Site Selection

You are responsible for selecting the site for your Woodcraft Retail Store which must be within the geographic area designated in the Franchise Agreement. Though you are solely responsible for selecting the site, we will provide site evaluation assistance at your request. The assistance consists of overall evaluation of alternative sites. Our prior approval of the site is required. The factors we consider in approving a site include general suitability, traffic pattern, ease of ingress and egress, visibility, availability of parking, proximity of similar business and the general lease terms. We will approve or disapprove a proposed site within 15 days of receiving all requested information.

If no acceptable site is found by you and approved by us within 90 days after you sign the Franchise Agreement, we have the right to terminate the Franchise Agreement. If we elect to terminate the Franchise Agreement, we will return to you 75% of the Initial Franchise Fee to you (or 50% if we have furnished you with the Initial Training Program).

The typical length of time between the signing of the Franchise Agreement and the opening of a Woodcraft Retail Store is approximately 120 to 180 days. The factors that may affect this time include

your ability to obtain zoning approval, build-out of the site, weather conditions and other special circumstances.

Advertising

Woodcraft Marketing and Advertising Fund

We administer the Woodcraft Marketing and Advertising Fund (the “Fund”). You are required to contribute, each week, an amount equal to: (i) 1% of the Gross Revenues of your Woodcraft Retail Store for the first two years of operation; and (ii) 1.5% of the Gross Revenues of your Woodcraft Retail Store thereafter for the term of the Franchise Agreement (and the Renewal Franchise Agreement). Your Fund contribution shall be made at the same time and in the same manner as the Royalty Fee. We have the right to maintain and administer the Fund in our sole discretion in accordance with the following provisions:

We intend to use the Fund for national and/or regional marketing activities to promote the System (including, without limitation, the cost of preparing and conducting television, radio, magazine, newspaper, digital, social media and Internet advertising campaigns) and related business purposes including employing advertising agencies to assist in these activities. We may charge the Fund fees at reasonable market rates for administrative or marketing services that we provide. We will not use the Fund to offer to sell franchises to prospective franchisees.

If less than the total of all contributions to the Fund are expended during any fiscal year, such excess may be accumulated for use during subsequent years. In addition, the Fund may borrow from us or other lenders to cover deficits in any fiscal year.

We will endeavor to manage the Fund in a way that benefits the System and increases public recognition of the Products, including Branded Products, and services offered as part of the System. However, we cannot, and do not, ensure that any particular franchisee will benefit directly or pro rata from the placement of advertising or from any expenditure by the Fund. All contributions by franchisees to the Fund shall be maintained in a separate account from our general operating account. Although we intend the Fund to be of perpetual duration, we maintain the right to terminate the Fund and return all unexpended funds to you and other franchisees on a pro rata basis based on contributions for the last 12 months prior to the Fund being terminated. An accounting of the operation of the Fund shall be prepared annually and shall be made available to you and other franchisees upon written request. Although the Fund has not been audited, we may elect to do so in the future.

All Woodcraft Retail Stores which we or our affiliates own or operate will be required to contribute to the Fund on the same basis as our franchisees. In addition, we and our affiliates will make contributions to the Fund based on our sale of Products through the Internet and from catalogue sales.

The Fund is not a trust and we are not a fiduciary with respect to the Fund. We are not required to spend any money on advertising in your Territory, or elsewhere. We may collect for remittance to the Fund any advertising or promotional monies offered by any supplier based upon purchases by you or otherwise. We do not currently have an advertising council composed of franchisees; however, we may establish one in the future.

During the one-year period ending on December 31, 2023, the Fund spent approximately 2.1% of its total expenditures for production, 46.4% for media placement, 17.2% for administration, and 34.3% for other items including market research, internet development, product sweeps, trade show participation, signs and packaging and email programs.

Local Advertising

You must advertise your Woodcraft Retail Store at your own expense in your local trade area. Depending on your level of sales, you are required to spend 3.75 to 5% of your annual Gross Revenue (or a minimum of \$75,000 if your annual Gross Revenues are over \$2,000,000) on local advertising. In addition, you must list your Woodcraft Retail Store in the online directories that we specify. We may review and approve (or disapprove) all advertising and promotional materials you propose to use. You may not use any advertising or promotional materials that we have not approved or have disapproved. You may not develop, maintain, or authorize any website that mentions the Marks. (Franchise Agreement, Section 8)

We offer our franchisees the opportunity to participate in optional advertising and marketing programs that we develop from time to time. These programs are designed to assist you and other franchisees with local advertising and marketing. Should you elect to participate in any optional programs, we will credit your cost of participation toward your Local Advertising requirement. Currently, we offer an optional Direct Mail Marketing Program. As part of the Direct Mail Marketing Program, you may purchase mailing lists consisting of actual and potential customers within the vicinity of your Woodcraft Retail Store. The cost of the list typically ranges from .07-.09¢ per name depending on availability and the number of names purchased. Though you are not required to participate in the Direct Mail Marketing Program, we highly recommend that you do so.

You shall comply with the standards and procedures developed by us for the System, in the manner directed by us in the Manual or otherwise in writing, with regard to your authorization to use, and use of, blogs, common social networks (such as Facebook, YouTube, LinkedIn, X, and Threads), virtual worlds, file, audio and video sharing sites and other similar social networking media or tools (“Social Media”) that in any way references the Marks or involves the System or the Woodcraft Store. We reserve the right to require you to obtain our approval of any message you compose for a social media website or commentary for any other website before you post such message or commentary. If requested by us, you agree to cease posting on any social media website in connection with your or any other WOODCRAFT Retail Store, the Marks, or the System.

Advertising Cooperatives

We may, from time to time, establish (and may then discontinue or modify) one or more regional advertising cooperatives for a geographic area which encompasses two or more Woodcraft Retail Stores (each an “Advertising Cooperative”). There currently are no Advertising Cooperatives in our franchise system. We will furnish you with written notice of the establishment of any Advertising Cooperative for your Territory. The notice will specify the date you are to begin contributions and the amount of the contributions. Contributions may be a flat fee or calculated as a percentage of Gross Revenues. We may modify the amount of your required contributions to an Advertising Cooperative from time to time; provided however, you will not be required to spend more than 5% of your monthly Gross Revenues in any combination of expenditures that we designate for Local Advertising and Cooperative Advertising. Any Advertising Cooperative will be governed by bylaws in a form designated or approved by us.

The Advertising Cooperatives may expend funds for any and all of the following purposes: (i) development of advertising ideas and concepts; (ii) development of market research and merchandising programs; (iii) preparation of advertising campaigns; (iv) development of promotional ideas and strategies; (v) preparation of collateral creative materials; (vi) preparation of advertisements; (vii) placing and paying for regional marketing and advertising; (viii) employing advertising agencies to assist in these activities and securing other technical and professional advice in connection with the above; (ix) other public relations; and, (x) administration of the Cooperative, including legal and accounting services. It

will not be a requirement that expenditures made by an Advertising Cooperative be proportionate to your contributions or those of any other franchisee.

Computer System

The Computer System you must use in your Woodcraft Retail Store consists of hardware and software for the implementation and utilization of a computerized retail management system and point-of-sale system (“POS System”) including credit, debit and gift card processing. We will require that you purchase and use computer system hardware, point-of-sale system hardware and software, accessories, Internet connectivity, wi-fi, as well as phone line, gift card programs, hardware and software, peripheral equipment, PCI compliant credit card processing hardware and software, and any other equipment or software as we may specify, require, or otherwise approve in writing. We may periodically update or change the Computer System to meet operational needs and in response to changes in technology. As of the effective date of this disclosure document, it will cost about \$20,000 to \$23,000 to acquire the Computer System’s components.

As part of your Store’s retail management system, we require you to implement and use Microsoft Dynamics 365 (“Microsoft Dynamics”). Microsoft Dynamics is specifically designed to track various aspects of your Store including sales, inventory, and customer information. We may require you to upgrade your hardware or purchase software updates when new versions of Microsoft Dynamics are released. The POS System is intended for processing sales transactions including credit, debit, and gift cards. You will be responsible for installing and maintaining the necessary cabling, Internet connectivity, wireless internet, telephone line and dedicated electrical circuits that meet our specifications.

The standard Woodcraft Store configuration and requirements are:

Software:

- Microsoft Dynamics 365
- TSYS/Cayan Credit Card Processing Software
- New West Technologies (various applications)
- Quickbooks (most recent version)

Hardware:

Point-of-Sale

- Windows Professional Operating System
- Minimum 3 year warranty
- Cash Drawer, Terminal and Flat Panel monitor
- Pinpad from Tsys

Back Office

- Windows Professional Operating System
- Minimum 3 year warranty
- Flat Panel Monitor

Server

- Microsoft Windows Server
- Minimum 3yr warranty
- Hyper-V

Networking

- Switch
- 24 Gigabit capable ports
- Web Managed
- Firewall
- Facilities VPN connectivity to franchisor
- Cellular Backup Modem

You will be required to upgrade any hardware component or software program at any time during the term of the Franchise Agreement to be compatible with any software we may require. We will have

the right to independently access all data collected by the retail management system, POS System or any other aspect of your Computer System. There is no contractual limit on the frequency or cost of required updates or upgrades to the Computer System; however, we will use reasonable business judgment in determining whether any hardware or software updates or upgrades are required.

Your Computer System will use a customized configuration to operate over a Wide Area Network/WAN. To allow you and other franchisees to obtain economical support for the Computer System, you are required to enter into a Retail System Support Agreement with Woodcraft Supply covering certain initial and ongoing services and maintenance. As part of the services provided Woodcraft Supply will do the initial setup of your Store’s Computer System and provide ongoing helpdesk assistance to you in connection with the Computer System. The monthly fee ranges from \$289 to \$450, as further described in Items 5, 6, 7 and 11. Currently, the Retail System Support consists of the following services:

- Set-up and integration of Microsoft Dynamics with required hardware and software components;
- Initial training on the use of Computer System including Microsoft Dynamics and POS System;
- Limited upgrades or updates to the POS System software as they are made generally available;
- Ongoing help desk support for the Computer System during regular business hours; and
- Optional customized support services for an additional fee.

You are not required to enter into any other support contracts.

Training

We conduct an Initial Training Program which you and your general manager, if applicable, must attend and complete to our satisfaction before beginning operations of the Retail Store. The Initial Training Program is conducted over approximately eight to nine days and is described in the chart below. We conduct training on an as needed basis. Though we do not have a fixed training schedule, we will work with you to schedule a mutually agreeable time for training and you must satisfactorily complete training prior to beginning operation of your Woodcraft Retail Store. We provide most of the training at our affiliate’s training Woodcraft Retail Store in Parkersburg, West Virginia. We use the Manual and other written classroom guides as training materials. Any training provided by us to any of your employees will be limited to training or guiding the employees regarding the delivery of approved services to clients in a manner that reflects the customer and client service standards of the System. You are, and will remain, the sole employer of your employees during all training programs, and you are solely responsible for all employment decisions and actions related to your employees. You must ensure that your employees receive adequate training.

The experience of our trainer is outlined below:

Trainer	Title	Years of Training Experience with Woodcraft	Years of Training Experience with Other Businesses
James Day	Retail Operations Manager	18	15

We may provide and, if so, require that you or your general manager attend and successfully complete ongoing training programs including refresher training, seminars, informational classes and/or meetings. Attendance at such training programs will be at your sole expense, as to travel and living expenses. We will not charge a tuition fee for any mandatory courses but may, in our discretion, charge a reasonable fee for any optional training.

If you hire a new general manager after completing Initial Training Program, we will provide training to your general manager for an additional fee of \$3,000. Any general manager hired by you must attend and successfully complete the Initial Training Program.

TRAINING PROGRAM

Subject	Hours Of Classroom Training	Hours Of On-The-Job Training	Location
Orientation/ Organization	1	0	Parkersburg, West Virginia
Store Operations Report	2	0	Parkersburg, West Virginia
Power BI/Trend Reports	1	0	Parkersburg, West Virginia
D365 Back Office System	17	0	Parkersburg, West Virginia
D365 Point of Sale System	4	0	Parkersburg, West Virginia
Customer Service	2	0	Parkersburg, West Virginia
Power Tools/Initial Order	2	0	Parkersburg, West Virginia
Merchandising	1.5	0	Parkersburg, West Virginia
Email	1	0	Parkersburg, West Virginia
Class Builder	1	0	Parkersburg, West Virginia
IT-Computer Network	1	0	Parkersburg, West Virginia
Woodcraft Webpage	.5	0	Parkersburg, West Virginia
Marketing-DMA/Tabs/PM	2	0	Parkersburg, West Virginia
Product Development	1	0	Parkersburg, West Virginia
Wood/Ordering	1	0	Parkersburg, West Virginia
Seminar/Classroom	.5	0	Parkersburg, West Virginia
Woodcraft Intranet Teams	.5	0	Parkersburg, West Virginia
Accounting	3	0	Parkersburg, West Virginia
TOTALS	42	0	Parkersburg, West Virginia

**ITEM 12
TERRITORY**

You will receive an exclusive geographic area (the “Territory”) within an area outlined in the map or otherwise described in Exhibit A to the Franchise Agreement. So long as you are not in breach of the Franchise Agreement, we will not establish or operate or license others to establish or operate a Woodcraft Retail Store within the Territory granted to you. The perimeter of the Territory may be described by zip codes, county boundaries, highways and other similar boundary descriptions. The typical Territory will include a population of approximately 350,000 persons. You will operate your Woodcraft Retail Store from a site within the Territory approved by us. You must receive our permission before relocating your Woodcraft Retail Store. We may condition our permission upon your paying our costs and expenses in connection with the relocation (see Item 6) and fulfilling our then-current requirements for the Woodcraft Retail Store’s appearance and required fixtures and equipment at the new location.


Except as stated above, we reserve all rights not specifically granted to you, for ourselves and our affiliates, on any terms we deem advisable, and without granting any rights to you, including the right to:

1. Own, acquire, establish, and/or operate, and license others to establish and operate, Woodcraft Retail Stores outside the Territory regardless of their proximity to your Woodcraft Retail Store or their impact on your Woodcraft Retail Store;
2. Own, acquire, establish, and/or operate, businesses under other proprietary marks or other systems including businesses which provide products and services similar to those provided by a Woodcraft Retail Store at any location outside the Territory regardless of their proximity to your Woodcraft Retail Store or their impact on your Woodcraft Retail Store;
3. Sell or distribute through any other distribution channel including, but not limited to, the Internet, direct mail, and mail order catalogues, at retail or wholesale, directly or indirectly, or license others to sell or distribute, any products, including Branded Products, under the Marks or other marks, whether within or outside the Territory and regardless of the impact on your Woodcraft Retail Store. There are no restrictions on our right to solicit or accept orders from customers inside your Territory and we are not required to compensate you for soliciting or accepting orders within the Territory.
4. Be acquired (whether through acquisition of assets, membership or other ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at Woodcraft Retail Stores, or by another business, even if such business operates franchises and/or licenses competitive businesses in the Territory.

There is no minimum sales quota. Continuation of your Territory does not depend on the achievement of a certain sales volume, market penetration or other contingency. We may not alter your Territory without your written consent. You do not have any options or right of first refusal or similar rights to acquire additional franchises, although you may apply for the right to operate additional Woodcraft Retail Stores under separate Franchise Agreements.

ITEM 13 TRADEMARKS

Under the Franchise Agreement we grant you the right to operate your Woodcraft Retail Store under certain Marks that we authorize you to use. Woodcraft Supply has registered and filed all required affidavits for the following principal Marks on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

MARK	REGISTRATION NUMBER	REGISTRATION DATE
	1,127,711	March 21, 1978
WOODCRAFT	1,367,546	October 29, 1985

MARK	REGISTRATION NUMBER	REGISTRATION DATE
HELPING YOU MAKE WOOD WORK	2,173,162	July 14, 1998

Under the terms of a Trademark License Agreement dated September 8, 2006, Woodcraft Supply has licensed us the rights to use the principal Marks and to sublicense our franchisees to use the principal Marks in the operation of Woodcraft Retail Stores. The License Agreement is for a term of 30 years and may be terminated by Woodcraft Supply if we fail to cure within 30 days, after having received written notice, any violation of the terms of the License Agreement, including improper use of the Marks or in a manner not expressly permitted under the terms of the Trademark License Agreement. There are no other agreements currently in effect which significantly limit our rights to use or license the use of the principal Marks.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court involving the principal mark, nor any pending infringement, opposition, or cancellation proceedings or material litigation involving the Marks. We are not aware of any infringing uses that could materially affect your use of the Marks. There are no agreements that limit our rights to use or license the use of the Marks and we are not aware of any superior rights that could affect your use of the Marks.

You will not receive any interest in the Marks. You may not at any time contest the validity or ownership of the Marks.

You must notify us immediately when you learn about an infringement of or challenge to your use of the Marks. We will take whatever action we deem appropriate. We will indemnify you against any third party claim, suit or demand arising out of your use of the Marks, provided you have used the Marks in accordance with the Franchise Agreement. You must modify or discontinue using any Mark upon direction to do so from us. Under the terms of the Franchise Agreement, we are not required to reimburse you for the costs of any modifications or your discontinuance of the use of any of the Marks.

You must not use any Mark or part of any Mark as part of any corporate or entity name, in any modified form with the sale of any unauthorized product or service, or in any other manner not authorized in writing by us. You must give notices of trademark and service mark registration as we specify and obtain fictitious or assumed name registrations as may be required.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents or copyrights are material to the franchise. You must operate your Woodcraft Retail Store in accordance with our standards, specifications, policies, and procedures as stated in the Manual or otherwise communicated to you.

The Manual contains confidential information and you must maintain the confidentiality of this information. You will divulge confidential information only to employees who must know it to operate your Woodcraft Retail Store. All information, knowledge and know-how which we designates as confidential will be deemed confidential for purposes of the Franchise Agreement, except information which you can demonstrate lawfully came to your attention before disclosure of it by us; or which, at the time of disclosure by us to you, had lawfully become a part of the public domain, through publication or

communication by others; or which, after disclosure to you by us, lawfully becomes a part of the public domain, through publication or communication by others. Any employees having access to the confidential information may be required to sign a non-disclosure agreement in a form we approve.

We have not filed an application for copyright registration for the Manual or any other materials and need not do so to protect them. We claim a copyright and the information is propriety. You must promptly notify us if you learn of an unauthorized use of any of our confidential information. We are not obligated to take any action against any unauthorized user of the confidential information, however, we will respond as we deem appropriate. We are not obligated to indemnify you for losses brought by a third party concerning your use of the Manual or the confidential information. The Manual belongs to us and you must return it upon the expiration or termination of the Franchise Agreement.

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

You or your general manager must directly supervise your Woodcraft Retail Store. If you employ a general manager, you will remain obligated to oversee the operations of your Woodcraft Retail Store. You must keep us informed of the identity of your general manager. If you select a substitute general manager, he or she must successfully complete to our satisfaction the Initial Training Program we provide.

Your general manager need not have an equity interest in you if you are a legal entity. However, he or she must agree to maintain our confidential information to which he or she has access and may be required to sign a confidentiality and non-competition agreement in a form we approve.

Your owners must sign a personal guaranty of your obligations under the Franchise Agreement and agree to be bound by the non-competition provision of the Franchise Agreement. The Personal Guaranty and Assumption of Obligations is attached as Exhibit C to the Franchise Agreement.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell only those categories of products and services that we have authorized. In addition, you must offer all products and services that we designate as required for all franchisees. We may add, delete, and/or change the products and services that we have approved as well as change or modify other aspects of the System. You will be obligated to accept, use and display any of these changes in the System. You will be obligated to make all necessary expenditures for such changes or modifications as we may reasonably require.

You are not limited to whom you may sell your products and services, but you may not sell any of the products or services offered in connection with your Woodcraft Retail Store on a wholesale basis, at any location other than your Woodcraft Retail Store, or through the Internet, catalogue, mail order or other method of sales or distribution.

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Franchise Agreement (FA), Renewal Franchise Agreement (RFA), Product Supply Agreement (PSA) and Retail System Support Agreement (RSSA)	Summary
a.	Length of the franchise term	FA and RFA: Section 2.A. PSA: Section 1 RSSA: Section 3	The Franchise Agreement's term is 10 years (5 years under the Renewal Franchise Agreement). The Product Supply Agreement remains in effect until the Franchise Agreement expires or is terminated. The Retail System Support Agreement is for a 1-year term.
b.	Renewal or extension of the term	FA and RFA: Section 2.B. PSA: Not applicable RSSA: Section 3	If you have complied with the provisions in the Franchise Agreement, you can obtain a successor franchise for successive terms of 5 years each. Woodcraft Supply can renew the Retail System Support Agreement.
c.	Requirements for franchisee to renew or extend	FA and RFA: Section 2.B. PSA: Not applicable RSSA: Not applicable	You have provided us with notice of your intention to renew, substantially complied with all of the provisions in the Franchise Agreement; made the capital expenditures to bring your Woodcraft Retail Store into compliance with our current standards; paid a Renewal Fee of \$1,000; signed a general release (which is included in the Renewal Franchise Agreement); met current qualification and training requirements; and signed our then-current form of Franchise Agreement which may contain materially different terms than those in your original agreement.
d.	Termination by franchisee	FA and RFA: Not applicable PSA: Not applicable RSSA: Not applicable	Subject to state law, you may not terminate the Franchise Agreement.
e.	Termination by franchisor without cause	FA and RFA: Section 15 PSA: Not applicable RSSA: Not applicable	We may not terminate the Franchise Agreement without cause.
f.	Termination by franchisor with cause	FA and RFA: Sections 15.A. and B. PSA: Section 8 RSSA: Section 9	We may terminate the Franchise Agreement if you commit a breach of the Franchise Agreement. Woodcraft Supply may terminate the Product Supply Agreement or Retail System Support Agreement if you commit a breach of the agreement.
g.	"Cause" defined – curable defaults	FA and RFA: Section 15.A. PSA: Section 8 RSSA: Section 9	Under the Franchise Agreement, except for certain defaults listed in (h) below, you generally have 30 days to cure all defaults that can be cured.

	Provision	Section in Franchise Agreement (FA), Renewal Franchise Agreement (RFA), Product Supply Agreement (PSA) and Retail System Support Agreement (RSSA)	Summary
			Under the Product Supply Agreement, you generally have 15 days to cure defaults not listed in (h) below. Under the Retail System Support Agreement, you have 15 days to cure any failure to pay any sums owed to our affiliate.
h.	“Cause” defined – non-curable defaults	FA and RFA: Section 15.B. RSSA: Section 8 RSSA: Section 9	<p>Franchise Agreement: Non-curable defaults include: failure to obtain a suitable site, begin operations of a Woodcraft Retail Store or complete training; abandonment of the business; making a material misrepresentation or omission in the application for the franchise; conviction or plea of no contest to a felony or other crime or offense that can adversely affect your reputation or that of your Woodcraft Retail Store; misuse of our confidential information, the Mark or the Manual; loss of possession of the site without relocation; your or your guarantors bankruptcy; violations of covenants concerning the confidential information and non-competition; failure to accurately report Gross Revenues or make payments due us or our affiliates within 10 days after notice to cure; maintenance of false books or records; failure to cure a default under the lease; failure on three or more occasions within any period of twelve months to comply with the Franchise Agreement; pose a threat or danger to the public health; refuse us permission to inspect.</p> <p>Product Supply Agreement: Non- curable defaults include: bankruptcy related events, commencement of bankruptcy proceeding, consent to order in involuntary proceedings, consent to or appointment of receiver, admit inability to pay debts, liquidation; expiration or termination of Franchise Agreement.</p> <p>Retail System Support Agreement: Non-curable defaults include: breach of any obligation after receipt of notice and loss of right to operate your Woodcraft Retail Store.</p>
i.	Franchisee’s obligation on termination/non-renewal	FA and RFA: Section 16 PSA: Section 8 RSSA: Section 9	Franchise Agreement. Your obligations include: pay all sums owed to us and our affiliates; cease operation the Woodcraft Retail Store; return the

	Provision	Section in Franchise Agreement (FA), Renewal Franchise Agreement (RFA), Product Supply Agreement (PSA) and Retail System Support Agreement (RSSA)	Summary
			<p>Manual, confidential information and all other materials to us; at our option, assign your telephone number, lease and any assumed names to us; abide by the covenants not to compete; de- identify the premises; sell to us, at our option, any or all assets of the Woodcraft Retail Store.</p> <p>Product Supply Agreement. All sums owed are immediately due and payable.</p> <p>Retail System Support Agreement. Maintain confidentiality of all information, pay all amounts owed.</p>
j.	Assignment of contract by franchisor	FA and RFA: Section 14.A. PSA: Section 10 RSSA: Section 10	There are no restriction on our right to assign.
k.	“Transfer” by franchisee – defined	FA and RFA: Section 14.B. PSA: Not applicable RSSA: Section 10	Includes transfer of Franchise Agreement or ownership interest in you or the assets of your Woodcraft Retail Store.
l.	Franchisor approval of transfer by franchisee	FA and RFA: Section 14.B. PSA: Section 10 RSSA: Section 10	We have the right to approve all transfers but will not unreasonably withhold our approval. The Product Supply Agreement and Retail System Support Agreement may not be transferred or assigned except in connection with the Franchise Agreement.
m.	Conditions for franchisor approval of transfer	FA and RFA: Section 14.C. PSA: Not applicable RSSA: Not applicable	For a transfer to a third party you must pay all sums owed to us or our affiliates, all other remaining obligations must be assumed by the transferee, the transferee must meet our qualifications, sign a general release (see Exhibit G) and execute a then-current form of Franchise Agreement, pay a Transfer Fee of one-half of the then-current Initial Franchise Fee, successfully complete the Initial Training Program, our then-current form Franchise Agreement and sign a general release. If you are transferring to an entity owned by you and formed solely for the purposes of operating the Retail Store, you must remain the owner of the majority interest of that entity.

	Provision	Section in Franchise Agreement (FA), Renewal Franchise Agreement (RFA), Product Supply Agreement (PSA) and Retail System Support Agreement (RSSA)	Summary
n.	Franchisor's right of first refusal to acquire franchisee's business	FA and RFA: Section 14.E. PSA: Not applicable RSSA: Not applicable	We may match any offer for your Woodcraft Retail Store or its assets, or any ownership interest in you.
o.	Franchisor's option to purchase franchisee's business	FA and RFA: Section 16 PSA: Not applicable RSSA: Not applicable	We have the right to purchase any or all assets used in the operation of your Woodcraft Retail Store business for 30 days from the date of termination or expiration of the Franchise Agreement.
p.	Death or disability of franchisee	FA and RFA: Section 14.C. PSA: Not applicable RSSA: Not applicable	Upon death or permanent disability of the owner of more than 50% of the stock or membership interest of you, the executor, administrator, conservator or personal representative of such person must assign the Franchise Agreement or the ownership interest to a third party approved by us within six months.
q.	Non-competition covenants during the term of the franchise	FA and RFA: Section 17.B. PSA: Not applicable RSSA: Not applicable	No involvement in a competing business anywhere.
r.	Non-competition covenants after the franchise is terminated or expires	FA and RFA: Section 17.C. PSA: Not applicable RSSA: Not applicable	No involvement in a competing business for two years at the site of your Woodcraft Retail Store or within the Territory or within 10 miles of any other Woodcraft Retail Store.
s.	Modification of the agreement	FA and RFA: Section 18.G. PSA: Section 11 RSSA: Section 11	The Agreements can be modified only by written agreement signed by both parties.
t.	Integration/merger clause	FA and RFA: Section 18.G. PSA: Section 11 RSSA: Section 10	Only the terms of the Agreements are binding (subject to state law). Any representations or promises outside of this disclosure document and the Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	FA and RFA: Section 18.D. PSA: Section 15 RSSA: Section 12	Except for certain claims, all disputes must be mediated and if necessary arbitrated at a location within 10 miles of our principal business address (subject to state law as to Franchise Agreement).
v.	Choice of forum	FA and RFA: Section 18.E. PSA: Section 14 RSSA: Not applicable	Subject to state law, litigation must be brought in the district where we have our principal business address (currently, Wood County, West Virginia).
w.	Choice of law	FA and RFA: Section 18.E. PSA: Section 14 RSSA: Section 12	Except for Federal Arbitration Act and subject to state law, West Virginia law applies.

**ITEM 18
PUBLIC FIGURES**

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

**ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

The chart below contains an unaudited statement of average annual Gross Revenues, expenses and profit information for 63 franchisee-owned Woodcraft Retail Stores that were open for the entire 12-month period ended December 31, 2023. The information is derived from financial reports submitted to us by our franchisees as part of our reporting requirements. There were 63 Stores open as of December 31, 2024. We have not included the performance of one franchisee-owned Woodcraft Retail Store that opened in 2023 and one franchisee-owned Woodcraft Retail Store that closed in 2023. We have not included the performance of our affiliate-owned Woodcraft Stores.

In the following table, we have classified the franchisee-owned Woodcraft Retail Stores as being Low, Medium or High based on the Store’s annual Gross Revenues for 2023.

AVERAGE GROSS REVENUE, EXPENSE AND PROFIT OF 63 FRANCHISEE-OWNED WOODCRAFT RETAIL STORES¹			
For the Period January 1 - December 31, 2023			
Gross Revenue Category	Low <\$1.5 Mil	Medium \$1.5 - \$2.3 mil	High >\$2.3 mil
Number and Percentage of Stores	13 / 20.63%	34 / 53.97%	16 / 25.40%
Average Gross Revenues²	\$1,316,451	\$1,932,793	\$2,845,239
Range of Gross Revenues	\$965,255 - \$1,463,798	\$1,504,646 - \$2,299,413	\$2,330,068 - \$3,991,009
Median Gross Revenues	\$1,397,414	\$2,018,233	\$2,654,135
Average Cost of Goods Sold	\$800,779	\$1,196,634	\$1,760,128
Range of Costs Goods Sold	\$580,393 - \$908,225	\$936,729 - \$1,456,059	\$1,389,053 - \$2,534,300
Median Costs of Goods Sold	\$858,337	\$1,192,593	\$1,647,805
Average Gross Profit	\$515,672	\$736,159	\$1,085,111
Range of Gross Profit	\$384,862 - \$587,984	\$539,962 - \$965,867	\$799,595 - \$1,597,794
Median Gross Profit	\$528,687	\$720,704	\$997,102
Average Operating Expenses³	\$521,765	\$670,341	\$980,228
Range of Operating Expenses	\$383,849 - \$717,848	\$411,981 - \$1,064,460	\$692,286 - \$1,495,340
Median Operating Expenses	\$514,664	\$648,328	\$939,227
Average Store Profit	(\$6,093)	\$65,818	\$104,883
Range of Store Profit	(\$142,919) - \$106,077	(\$98,593) - \$311,716	(\$101,929) - \$280,743
Median Store Profit	\$1,013	\$61,200	\$104,529
Number and Percentage of Stores that	48 / 76.19%	27 / 42.86%	16 - 25.40%

**AVERAGE GROSS REVENUE, EXPENSE AND PROFIT OF 63
FRANCHISEE-OWNED WOODCRAFT RETAIL STORES¹**

For the Period January 1 - December 31, 2023

Gross Revenue Category	Low <\$1.5 Mil	Medium \$1.5 - \$2.3 mil	High >\$2.3 mil
Met or Exceeded the Average Store Profit Above			

NOTES

1. The Statement provides revenue and expense information based on the following calculation:
Average Gross Revenues - Cost of Goods Sold = Gross Profit – Operating Expenses = Average Store Profit.
2. “Gross Revenues” means the total of all sales (not including taxes collected) related to or arising from the operation of your Woodcraft Retail Store including, without limitation, all revenue from the sale of all products and services, including Branded Products. Gross Revenues shall be deemed to include cash, checks, drafts, money orders, credit card payments and other forms of payments. Gross Revenues shall not include the amount of any refunds and adjustments that you give in good faith to customers of the Retail Store which were previously included in calculating Gross Revenues or any applicable sales, use or service taxes.
3. We included general types of expenses that you will likely incur in Operating Expenses including wages, rent, utilities, office supplies, equipment maintenance, royalty fees, etc. In determining Operating Expenses, we did not include costs for travel and entertainment, professional services, or depreciation.

Some stores have sold and earned this amount. Your individual results may differ. There is no assurance that you’ll sell or earn as much. 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, Woodcraft Franchise, 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 Andrew Bondi at 1177 Rosemar Road, Parkersburg, West Virginia 26105, (304) 422-5412, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NO. 1
Systemwide Outlet Summary
For Years 2021 to 2023
(As of December 31 of each year)**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	63	65	+2
	2022	65	64	-1
	2023	64	64	0
Affiliate-Owned ¹	2021	11	10	-1
	2022	10	10	0
	2023	10	10	0
Total Outlets	2021	74	75	+1
	2022	75	74	- 1
	2023	74	74	0

¹All company-owned outlets are owned by our affiliate Woodcraft Supply, LLC.

**TABLE NO. 2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For Years 2021 to 2023
(As of December 31 of each year)**

State	Year	Number of Transfers
Total	2021	0
	2022	0
	2023	0

**TABLE NO. 3
Status of Franchised Outlets
For Years 2021 to 2023
(As of December 31 of each year)**

State	Year	Outlets At Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations Other Reasons	Outlets At End of The Year
Alabama	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

State	Year	Outlets At Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations Other Reasons	Outlets At End of The Year
Arizona	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
California	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	1	3
	2023	3	0	0	0	0	1	2
Colorado	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Connecticut	2021	2	0	0	0	0	0	2
	2022	2	0	0	1	0	0	1
	2023	1	0	0	0	0	0	1
Delaware	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Florida	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Idaho	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Illinois	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Indiana	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Iowa	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Kansas	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Kentucky	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Maryland	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Mass.	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

State	Year	Outlets At Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations Other Reasons	Outlets At End of The Year
Michigan	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Minnesota	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Missouri	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Nevada	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New Hampshire	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Nebraska	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New York	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
North Carolina	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Ohio	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Oklahoma	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Oregon	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Penn.	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
South Carolina	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Tennessee	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3

State	Year	Outlets At Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations Other Reasons	Outlets At End of The Year
Texas	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
Utah	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Virginia	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Washington	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Wisconsin	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Totals	2021	63	2	0	0	0	0	65
	2022	65	1	0	1	0	1	64
	2023	64	1	0	0	0	1	64

TABLE NO. 4
Status of Affiliate-Operated Outlets¹
For years 2021 to 2023
(As of December 31 of each year)

State	Year	Outlets At Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets At End of The Year
Georgia	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
Hawaii	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Massachusetts	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
Nebraska	2021	1	0	0	0	1	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Ohio	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1

State	Year	Outlets At Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets At End of The Year
Pennsylvania	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Virginia	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Washington	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
West Virginia	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Totals	2021	11	0	0	0	1	10
	2022	10	0	0	0	0	10
	2023	10	0	0	0	0	10

¹All company owned units are owned by our affiliate Woodcraft Supply, LLC..

**Table No. 5
Projected Openings as of December 31, 2023**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In Next Fiscal Year	Projected Affiliate Owned Outlets In Next Fiscal Year
New Mexico	0	0	1
Arkansas	0	1	0
TOTAL	0	1	1

The names, addresses and telephone numbers of all current Woodcraft Retail Store franchisees are attached to this disclosure document as Exhibit H. The name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with the franchisor within 10 weeks of the disclosure document issuance date appear at Exhibit H. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No franchisees have signed confidentiality clauses during the last three fiscal years.

The following trademark specific franchisee organization is endorsed by the franchisor:

Woodcraft Franchise Council
Wayne Lousteau, President
1809 Sheely Drive
Fort Collins, Colorado 80506
ph: (757) 685-5242
owner@woodcraftcolorado.com

**ITEM 21
FINANCIAL STATEMENTS**

Attached as Exhibit I are our audited financial statements for fiscal years ended December 31, 2023, 2022 and 2021.

**ITEM 22
CONTRACTS**

The following agreements related to a Woodcraft Retail Store are attached as exhibits to this disclosure document:

- Exhibit B Franchise Agreement with Exhibits (Territory, Conditional Assignment of Lease, Guaranty and Assumption of Obligations)
- Exhibit C Renewal Franchise Agreement with Exhibits (Territory, Guaranty and Assumption of Obligations)
- Exhibit D Woodcraft Supply Product Supply Agreement
- Exhibit E Retail System Support Agreement
- Exhibit G General Release

**ITEM 23
RECEIPTS**

Two copies of a receipt form appear at the end of this disclosure document. Please fill out and sign both receipts, return one copy to us and keep the other for your records.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF CALIFORNIA

1. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

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. SEE THE COVER PAGE OF THE DISCLOSURE DOCUMENT FOR OUR URL ADDRESS. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

3. Item 3 of the FDD is amended to add the following:

Neither the franchisor nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such person from membership in such association or exchange.

4. Item 17 of the FDD is amended to add the following:

The California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, and the law applies, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 *et seq.*).

The Franchise Agreement requires Franchisee to sign a general release as a condition of renewal and/or transfer. 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 Professions Code 2000 through 20043). This general release shall exclude claims arising under California law.

The Franchise Agreement contains a covenant not to compete which extends beyond the term of the agreement. This provision might not be enforceable under California law.

The Franchise Agreement requires most disputes be submitted to arbitration. The arbitration will be conducted at the Office of the American Arbitration Association closest to our then-current principal business address (currently Parkersburg, West Virginia) with the costs being borne by the

respective party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of the State of West Virginia. This provision might not be enforceable under California law.

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

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

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF HAWAII

1. The FDD is amended to add the following:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING 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 YOU 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 WOODCRAFT FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH YOU AND US.

The name and address of our agent in this state authorized to receive service of process is: Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF ILLINOIS

1. Item 17 of the FDD is amended to add the following:

Your right upon termination and non-renewal of a Franchise Agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that 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 any statement made by the franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF MARYLAND

1. Item 5 of the FDD 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.

2. Item 17 of the FDD is amended to add the following:

Under the Maryland Franchise Registrations and Disclosure Law, Md. Code Ann. Bus. Reg. §14-201 et seq., no general release shall be required as a condition of renewal and/or transfer will not apply to claims 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.

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

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF MICHIGAN

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

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

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

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

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

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

Any questions regarding these Additional Disclosures shall be directed to the Department of the Attorney General, Consumer Protection Division, 670 Law Building, 525 West Ottawa Street, Lansing, Michigan 48913, (517) 373-7717.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF MINNESOTA

1. Item 13 of the FDD is amended as follows:

To the extent required by Minnesota Stat. Sec. 80C.12, Subd. 1 (g), we will protect your right to use the Marks and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

2. Item 17 of the FDD is amended as follows:

Any release required as a condition of renewal or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400(J). Also, a court will determine if a bond is required.

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5 which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J), may prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the FDD or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

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.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY 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 State Cover Page is amended to include the following risk factor:

2. 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 franchised business.

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

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

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding

brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective Rev. March 17, 2021 2 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.

4. 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.

5. 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.
6. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF NORTH DAKOTA

1. This disclosure document is amended to add the following:

Sections of the disclosure document requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the disclosure document requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

The Commissioner has determined that provisions consenting to termination or liquidated damages are unfair, unjust and inequitable within the meaning of Section 51.19.09 of the North Dakota Franchise Investment Law.

Sections of the disclosure document requiring 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.

Sections of the disclosure document requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the disclosure document relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the disclosure document requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

The Commissioner has determined that requiring a franchisee to consent to limit its claims to those that are brought within a certain time frame is unfair, unjust and inequitable within the intent of Section 51.19.09 of the North Dakota Franchise Investment Law.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF OHIO

1. Item 17 of the Franchise Disclosure Document is amended to add the following:

The Ohio Business Plan Opportunity Plan Law provides that a provision in a Franchise Agreement restricting venue to a forum outside the state of Ohio or requiring the application of the laws of another state other than Ohio is void with respect to a claim otherwise enforceable under the Ohio Business Opportunity Plan Law.

THE OHIO BUSINESS OPPORTUNITY PLAN LAW SECTION 1334.05 REQUIRES US TO GIVE YOU NOTICE OF YOUR RIGHT TO CANCEL THE FRANCHISE AGREEMENT AT ANY TIME BEFORE MIDNIGHT ON THE FIFTH (5TH) BUSINESS DAY AFTER THE DAY ON WHICH YOU SIGN THE FRANCHISE AGREEMENT.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF RHODE ISLAND

1. ITEM 17 of the FDD is amended to add the following:

The Rhode Island Franchise Investment Act, R.I. Gen. Law Ch. 395 Sec. 19-28.1-1 through 34 provides that a provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF WASHINGTON

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or 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.

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.

EXHIBIT A

LIST OF STATE AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

<p>CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677 Email: ASK.DFPI@dfpi.ca.gov Website: http://www.dfpi.ca.gov</p>	<p>NEW YORK NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Fl New York, NY 10005 (212) 416-8222</p>
<p>HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p>NORTH DAKOTA North Dakota Securities Department State Capitol Department 414 600 East Boulevard Avenue, Fourteenth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712</p>
<p>ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>	<p>RHODE ISLAND Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527</p>
<p>INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681</p>	<p>SOUTH DAKOTA Division of Insurance Securities Regulation 124 South Euclid Avenue, 2nd Floor Pierre, South Dakota 57501 (605) 773-3563</p>
<p>MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360</p>	<p>VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051</p>
<p>MICHIGAN Michigan Attorney General’s Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 335-7567</p>	<p>WASHINGTON Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, Washington 98504-1200 (360) 902-8760</p>
<p>MINNESOTA Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600</p>	<p>WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139</p>

AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents in some of the states listed.

<p>CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677 Email: ASK.DFPI@dfpi.ca.gov Website: http://www.dfp.ca.gov</p>	<p>NEW YORK New York Secretary of State One Commerce Plaza 99 Washington Avenue Albany, NY 12231 (518) 473-2492</p>
<p>HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p>NORTH DAKOTA North Dakota Securities Commissioner State Capitol Department 414 600 East Boulevard Avenue, Fourteenth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712</p>
<p>ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>	<p>RHODE ISLAND Director of Department of Business Regulation Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527</p>
<p>INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681</p>	<p>SOUTH DAKOTA Division of Insurance Director of the Securities Regulation 124 South Euclid Avenue, 2nd Floor Pierre, South Dakota 57501 (605) 773-3563</p>
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EXHIBIT B
FRANCHISE AGREEMENT

WOODCRAFT FRANCHISE, LLC
FRANCHISE AGREEMENT

Franchisee: _____

Retail Store No.: _____

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EXHIBITS

- A. TERRITORY
- B. CONDITIONAL ASSIGNMENT OF LEASE
- C. OWNERSHIP INTERESTS
- D. GUARANTY AND ASSUMPTION OF OBLIGATIONS

**WOODCRAFT FRANCHISE, LLC
FRANCHISE AGREEMENT**

This Franchise Agreement (this “Agreement”) is made and entered into as of the effective date noted on the signature page of this Agreement (the “Effective Date”) by and between WOODCRAFT FRANCHISE, LLC, a Delaware limited liability company, having its principal place of business at 1177 Rosemar Road, Parkersburg, West Virginia 26105 (“Franchisor,” “we,” “us” or “our”), and , a [an] [insert state] [in the following space insert one of the following: individual(s), partnership, corporation, limited liability company or other entity] whose principal address is _____ (“Franchisee,” “you” or ”your”).

RECITALS

A. We and our affiliates have developed a proprietary system, as may be modified, improved and further developed from time to time (the “System”), relating to the establishment and operation of retail businesses (“Woodcraft Retail Store(s)”) specializing in the sale of woodworking products and services including tools, supplies, books, seminars, classes, demonstrations and other educational programs along with related products and services (the “Products”);

B. Our affiliate, Woodcraft Supply, LLC (“Woodcraft Supply”) owns and has licensed us the right to use and sublicense certain trademarks, service marks, and other commercial symbols including the mark WOODCRAFT which are used in connection with and to identify the System (the “Marks”);

C. The System includes, without limitation, a proprietary line of products that bear the Marks (“Branded Products”); business technics, methods and procedures, items of trade dress including fixtures, signs and equipment design, as well as business tools for the development and operation of Woodcraft Retail Store(s), all of which may be changed, improved and further developed by us from time to time;

D. You wish to obtain a franchise to develop and operate a Woodcraft Retail Store using the System and Marks (“Retail Store”) and, as such understand and acknowledge the importance of our high standards of quality, appearance and service, and the necessity of operating the Retail Store in conformity with our standards and specifications; and

E. We are willing to grant you this franchise, but only in strict compliance with the terms and conditions contained in this Agreement.

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other set forth herein, mutually agree as follows.

1. GRANT OF FRANCHISE; FRANCHISED LOCATION.

A. Grant of Franchise.

We grant to you, and you accept, the non-exclusive right, license and privilege (the “Franchise”) to use the System and Marks, solely in connection with the operation of a Woodcraft Retail Store at the following site (the “Site”):

Street: _____

City: _____ State _____ Zip Code _____

If, on the Effective Date, a particular site has not been approved by us, we will assist you in selecting a site for the operation of the Retail Store, as set forth in Section 4 of this Agreement. After we have approved a particular site for your Retail Store, we will unilaterally insert the specific address of the site which will automatically become the Site. You agree you will not lease or otherwise acquire any site without our prior written approval.

B. Territory.

Provided you are in full compliance with this Agreement, neither we nor any of our affiliates will during the term of the Agreement own, operate or grant a franchise for the operation of a Woodcraft Retail Store within the Territory described on Exhibit A (the "Territory") other than the franchise granted to you under this Agreement.

C. Rights We Reserve.

We and our affiliates retain all rights not otherwise granted to you, including the right to:

- (1) Own, acquire, establish, and/or operate, and license others to establish and operate, Woodcraft Retail Stores outside the Territory regardless of their proximity to the Site or their impact on the Retail Store;
- (2) Own, acquire, establish, and/or operate, businesses under other proprietary marks or other systems including businesses which provide products and services similar to those provided by a Woodcraft Retail Store at any location outside the Territory regardless of their proximity to the Site or their impact on the Retail Store;
- (3) Sell or distribute through any other distribution channel including, but not limited to, the Internet, direct mail, and mail order catalogues, at retail or wholesale, directly or indirectly, or license others to sell or distribute, any Products, including Branded Products, whether within or outside the Territory and regardless of the impact on the Retail Store.
- (4) Be acquired (whether through acquisition of assets, membership or other ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at Woodcraft Retail Stores, or by another business, even if such business operates franchises and/or licenses competitive businesses in the Territory.

2. TERM AND RENEWAL.

A. Initial Term.

This Agreement shall be effective and binding for an initial term equal to ten (10) years from the Effective Date.

B. Renewal.

As long as we continue to offer franchises for Woodcraft Retail Store(s), you may, at your option, obtain a successor Franchise for additional successive terms of five (5) years each, provided that all of the following conditions have been fulfilled:

- (1) You have given us written notice at least one hundred eighty (180) days, but not more than two hundred seventy (270) days prior to the end of the term of this Agreement of your intention to obtain a successor Franchise;
- (2) You have substantially complied with all provisions of this Agreement or any other agreement between you and us (including any agreement between you and our affiliates) including the payment of all monetary obligations and operating and quality standards and procedures;
- (3) You have made the necessary capital expenditures to remodel, modernize and redecorate the Retail Store, as we may reasonably require, so that it reflects the then-current physical appearance of a new Woodcraft Retail Store;
- (4) You pay a Renewal Fee of One Thousand Dollars (\$1,000) at least thirty (30) days prior to the expiration of the initial term of this Agreement to compensate us for direct and indirect costs and expenses associated with the renewal;
- (5) You execute a general release of any and all claims you may have against us and our Affiliates and their respective officers, directors, shareholders, agents, attorneys, employees and representatives arising out of or related to this Agreement;
- (6) You execute our then-current form of the Franchise Agreement and all additional agreements and exhibits, including the Guaranty and Assumption of Obligations, which will supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, a different percentage Royalty Fee and Marketing Fund Contribution; provided however, you shall not be required to pay the then-current Initial Franchise Fee; and
- (7) You comply with our then-current qualification and training requirements for renewing franchisees.

3. FEES.

In consideration of our signing this Agreement, you must pay us the following fees, in addition to any other fees required under this Agreement.

A. Initial Franchise Fee.

You agree to pay us upon execution of this Agreement an “Initial Franchise Fee” in the amount of FIFTY THOUSAND DOLLARS (\$50,000). The Initial Franchise Fee shall be fully earned by us upon execution of this Agreement and is non-refundable in whole or in part except as provided in this Agreement.

B. Royalty Fee.

You agree to pay us a continuing “Royalty Fee” equal to five percent (5%) of your prior week’s Gross Revenues, as defined below. The Royalty Fee shall be paid on such date and in the manner set forth in the Manual. We reserve the right to change the manner in which payment shall be made from time to time, at our sole discretion, upon notice to you.

C. Marketing Fund Contribution.

You must also pay a “Marketing Fund Contribution” on a weekly basis to the Woodcraft Marketing Fund as this Agreement provides in more detail in Section 8.D. The amount of the Marketing Fund Contribution shall be equal to (i) one percent (1%) of Gross Revenues for the first two years after the Effective Date and (ii) one and one-half percent (1½%) of Gross Revenues thereafter for the term of this Agreement.

D. Retail System Support Fee.

Prior to beginning operations, and monthly thereafter, you will pay our affiliate Woodcraft Supply a non-refundable Retail System Support Fee (“Support Fee”), as compensation for access to a “Help Desk” which Woodcraft Supply currently staffs and maintains as well as other services provided in connection with the retail computer system used in the operation of the Retail Store. The current amount of the monthly Support Fee is provided in the Retail System Support Agreement. You acknowledge that under the terms of the Retail System Support Agreement, the Support Fee may be adjusted at any time based on vendor price increases. In addition, Woodcraft Supply may adjust the monthly fee on quarterly basis to cover the anticipated help desk support service costs that it expects to incur in the subsequent quarter. You acknowledge and agree that hardware costs and all software/hardware maintenance fees and costs are in addition to this fee and will be your sole responsibility. You acknowledge and agree that we have the right to change approved suppliers of services in connection with the retail computer system, at any time and at our sole option, and that we and our affiliates may be an approved supplier or the only approved supplier of some or all of the computer system.

E. Definition of Gross Revenues.

“Gross Revenues” means the total of all sales (except as specifically stated in this Section 3.E. below) related to or arising from the operation of the Retail Store including, without limitation, all monies and receipts from the sale of all products and services, including Branded Products. Gross Revenues shall be deemed to include checks, drafts, money orders, credit card payments and other forms of payments. Gross Revenues shall not include the amount of any refunds and adjustments that you give in good faith to customers of the Retail Store which were previously included in calculating Gross Revenues or any applicable sales, use or service taxes collected by you from your customers and paid directly to the appropriate taxing authority.

F. Interest on Late Payments.

All Royalty Fees, Marketing Fund Contributions, amounts due for purchases by you from us or our affiliates, and other amounts which you owe to us or our affiliates which are not received by the due date and are still owing more than five (5) days past the due date shall bear interest from the due date until paid at the rate of one and one half percent (1.5%) per month, or the highest rate allowed by law, whichever is lower, from the date payment is due to the date payment is received. You understand that failure to pay all such amounts when due shall constitute grounds for termination of this Agreement as provided herein, notwithstanding the provisions of this Section 3.F.

G. Application of Payments.

Notwithstanding any designation by you, we may, in our sole discretion, apply any payments received from you to any past due indebtedness for Royalty Fees or Marketing Fund Contributions, Support Fees, purchases from us or our affiliates, or any other indebtedness of you to us or our affiliates.

H. You May Not Withhold Payment.

You may not withhold payment of any Royalty Fee, Marketing Fund Contribution, amount due for purchases from us or our affiliates, or any other amount due to us or our affiliates on the grounds of alleged non-performance or breach of any of our obligations under this Agreement or any related agreement. You agree that such claims will, if not otherwise resolved by us, be submitted to arbitration as required in Section 18.D. of this Agreement.

I. Taxes.

We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property or other taxes, whether levied upon you or the Retail Store (except any taxes we are required by law to collect from you with respect to purchases from us or our affiliates). Payment of any and all such taxes are your responsibility.

J. System Modifications.

You acknowledge and agree that We shall be entitled from time to time to change or modify the System, including, but not limited to, the addition of Products for resale, the adoption or use of new or modified Marks or copyrighted materials, and modification of methods for operation of the Retail Store or other changes as we deem appropriate. You agree to implement any System changes upon receiving notice from us of such changes and will complete their implementation within such time as we may reasonably specify.

4. SITE ACQUISITION, DEVELOPMENT AND OPENING OF RETAIL STORE.

A. Lease of Premises.

If you have suggested a site for the Retail Store which we have approved before the execution of this Agreement, then the Site will be set forth in Section 1.A. of this Agreement. If you have not suggested a site for the Retail Store which we have approved before the execution of this Agreement, then you agree to locate, within sixty (60) days of the Effective Date of this Agreement, a site acceptable to us for the operation of the Retail Store. Any site you propose must be within the Territory. Upon location of a site which you believe to be suitable for development as a Woodcraft Retail Store, you agree to submit to us for review and approval complete site documentation, including any proposed lease or purchase agreement. We will use reasonable efforts to evaluate and provide notice of our acceptance or non-acceptance of a proposed site within twenty (20) days after we receive complete site documentation and any other information that we may reasonably request. We will not unreasonably withhold our approval of a proposed site that meets our site selection criteria.

B. Site Acceptance.

You agree that you will not execute a lease or purchase contract for a proposed site until we have approved such site in writing. you acknowledge and agree that our approval of any proposed site does not constitute an express or implied assurance, representation or warranty of any kind as to the suitability of the proposed site for a Retail Store or for any other purpose or of the financial success of operating the Retail Store at the site. You and the landlord must sign our form of Conditional Assignment of Lease which is attached as Exhibit B to this Agreement. It is of the essence of this Agreement that you select a site for the Retail Store, obtain our prior written approval and execute a lease approved by us (or provide proof of ownership) for the Site within ninety (90) days from the Effective Date of this Agreement. If you do not secure a Site within the time prescribed and following the procedures specified in this Section, then such

failure to do so will be a material breach of this Agreement which, unless we waive the breach, will entitle us to terminate this Agreement immediately on notice to you, with no opportunity to cure. If we terminate the Agreement for this reason, then all of the funds you have paid to us will be considered earned by us, except that we will return to you 75% of the Initial Franchise Fee (or 50% if we have furnished the Initial Training Program to you). It is your sole responsibility to evaluate, negotiate and enter into a lease or a purchase agreement for the Site.

C. Site Development.

We will design and provide you with a layout for the interior of your Retail Store along with specifications for the interior design, layout and decor of the Retail Store. You must employ a qualified licensed architect or engineer to prepare final plans and specifications adapting our standard plans and specifications to the Site and to applicable laws, lease requirements and restrictions. You shall submit all modified plans and specifications to us for approval. You shall not begin development of the Retail Store until we approve your final plans and specifications in writing. You must obtain all necessary permits, zoning classifications, licenses and certifications required for the construction, signage, occupancy and operation of the Retail Store and certify in writing to us that all such items have been obtained.

D. Construction and Build Out Obligations.

You agree to use a licensed general contractor to perform construction and build out work of the Site. You must promptly begin construction and build out after the Site is obtained, and continue uninterrupted until all necessary work is completed in accordance with the approved plans and specifications as to furnishings, fixtures, signage and other trade dress as set forth in the Manual. We shall have the right, but not the obligation, at all reasonable times to inspect the Site to ensure it complies with the final plans and specifications approved by us. We have the right, but not the obligation, to conduct a final inspection of the completed Retail Store. We may require any corrections and modifications we consider necessary to bring the Site into compliance with the plans and specifications we approved. If you do not promptly correct any unauthorized variation from the approved plans and specifications, this will be grounds for termination of this Agreement.

E. Equipment, Fixtures, Furnishings and Signs.

We will furnish you with plans and specifications for furnishings, fixtures, equipment and other trade dress required to be utilized by you in the operation of the Retail Store. You must obtain our prior written consent prior to making any changes. All exterior and interior signs used in connection with the Retail Store must conform to our sign criteria as to appearance, size, design, location and color.

F. Retail Store Opening.

Time is of the essence in connection with the construction and build out of the Site. You shall open the Retail Store to the public no later than sixty (60) days from the day you obtain possession of the Site. You must use the Site only for the operation of the Retail Store.

G. Retail Store Maintenance and Updates.

You agree to maintain the Retail Store and the site it occupies in a clean and orderly condition, and in excellent repair. You agree, at your expense, to perform any required maintenance or repairs, as we may reasonably direct by written notice to you, in a timely manner. Without limiting the foregoing, you agree to refurbish the Retail Store to our standards and specifications after the Retail Store has been in operation

for five (5) years. Refurbishing may include upgrades in interior and exterior signage, floor covering, wall covering, interior décor features and lighting.

H. Relocation.

Once the Retail Store is established in accordance with this Agreement, you may relocate the Retail Store only upon our prior written consent. We will not unreasonably withhold our approval of such relocation if: (i) you have provided us with at least ninety (90) days prior written notice of your intent to relocate; (ii) you are not in default under this Agreement; (iii) you have reimbursed us for our costs in connection with the relocation; and (iv) the new site is within the Territory. We will provide you with written notification of our decision regarding relocation of the Retail Store. Upon approval by us, you must relocate and begin operation of the Retail Store within one hundred and eighty (180) days.

5. **MARKS.**

A. Ownership and Goodwill.

The Marks are our and our affiliates' exclusive property. You acknowledge that your right to use the Marks is derived solely from this Agreement and is limited to the conduct of business by you pursuant to and in compliance with this Agreement and all applicable standards, specifications and operating procedures prescribed by us during the term of the Franchise. Any unauthorized use of the Marks by you is a breach of this Agreement and an infringement of our rights in and to the Marks. All usage of the Marks by you and any goodwill arising from your use of the Marks shall inure solely and exclusively to our and our affiliates' benefit. This Agreement does not confer any goodwill or other interests in the Marks upon you. You shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks. All provisions of this Agreement applicable to the Marks apply to any additional trademarks, service marks and/or commercial symbols authorized for use by and licensed to you by us at any time during the term of this Agreement.

B. Limitations on Your Use of the Marks.

You agree that the Retail Store herein franchised shall be named WOODCRAFT without any suffix or prefix attached hereto and that you shall use and display the Marks as we may from time to time prescribe or approve. You agree not to use any Mark or any variation thereof (a) as part of any corporate or trade name; (b) in connection with the sale of any unauthorized product or service; (c) as part of a domain name or electronic address of any website; (d) in any manner not authorized by us. You agree to display the Marks and only the Marks in connection with the operation of the Retail Store as authorized by us. If required to do so, you shall file a notice of intent to conduct business under the name WOODCRAFT and obtain such fictitious or assumed name registrations as may be required under applicable law. Promptly upon the expiration or termination of this Agreement for any reason whatsoever, you shall execute and file such documents as may be necessary to revoke or terminate such registrations.

C. Notification of Infringement and Claims.

You agree to immediately notify us in writing of any known apparent infringement or challenge based upon or arising from any attempt by any person or legal entity to use the Marks or any colorable imitation thereof. You shall not directly or indirectly communicate with any person other than us or our counsel in connection with any such infringement, challenge or claim. We shall have the sole discretion to take any action as we deem appropriate and the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising out of such infringement,

challenge or claim or otherwise relating to any Mark. We shall have the exclusive right to contest or bring action against any third party regarding the third party's use of any of the Marks and shall exercise such right in our sole discretion. In any defense or prosecution of any litigation relating to the Marks undertaken by us, you agree to cooperate with us and execute any and all documents and take all actions as may be desirable or necessary, in the opinion of our counsel, to carry out such defense or prosecution.

D. Litigation.

In the event any person or entity improperly uses or infringes the Marks or challenges your use or our use or ownership of the Marks, we will control all litigation and we have the right to determine whether suit will be instituted, prosecuted or settled, the terms of settlement and whether any other action will be taken. You must promptly notify us of any such use or infringement of which you are aware or any challenge or claim arising out of your use of any Mark. You must take reasonable steps, without compensation, to assist us with any action we undertake. We will be responsible for our fees and expenses with any such action, unless the challenge or claim results from your misuse of the Marks in violation of this Agreement, in which case you must reimburse us for our fees and expenses.

E. Discontinuing Use of Mark.

If it becomes advisable at any time, in our sole discretion, for you to modify or discontinue the use of any of the Marks or to use one or more additional or substitute trademarks or service marks, you agree to promptly do so within a reasonable time after notice from us to do so, and we shall have no liability or obligation whatsoever with respect to your modification or discontinued use of any Mark or expenses incurred therewith.

F. Our Right of Inspection.

In order to preserve the validity and integrity of the Marks and copyrighted material licensed herein and to assure that you are properly employing the same in the operation of the Retail Store, we, or our representatives, shall have the right of entry and inspection and to confer with your employees and clients to make certain that the services meet the performance standards we have established.

6. TRAINING AND OPERATION ASSISTANCE.

A. Initial Training.

After you secure the Site and at least four weeks before the scheduled opening of the Retail Store, you (or if you are an entity, your General Manager as defined in Section 10.B) must attend and successfully complete to our satisfaction an initial training program (the "Initial Training Program"). We will provide the Initial Training Program to you or your General Manager without an additional charge. You are responsible for all travel and living expenses in connection with attending the Initial Training Program. The Initial Training Program shall consist of approximately eight to nine (8-9) days (Monday thru Friday) of training at our corporate headquarters in Parkersburg, West Virginia. The Initial Training Program is designed to provide instruction on various aspects of the operations of a WOODCRAFT Retail Store. Any replacement General Manager hired by you after the beginning of operation of the Retail Store must attend and successfully complete the next scheduled Initial Training Program. You shall pay an additional fee of \$3,000 to us for the training of your replacement General Manager. You are required to pay all travel and living expenses in connection with your General Manager's attending the Initial Training Program. You and/or your General Manager must attend and successfully complete all required training as set forth in this Agreement. You acknowledge that all training, assistance and guidance is designed to protect the Woodcraft brand and reputation and is not designed to control the day-to-day operation of the Retail Store.

B. On-Site Assistance.

For approximately seven to eight (7-8) days in conjunction with the opening of the Retail Store, we will provide a representative to assist in the opening and initial operation of the Retail Store. Our representative will assist you in training Retail Store personnel in compliance with our brand standards. We will not charge you for the services of our representative in providing on-site assistance pursuant to this Section 6.B.

C. Additional Training.

We may, from time to time, at our discretion, make available to you additional training programs or courses during the term of this Agreement. We have the right to make attendance mandatory with respect to certain training courses and optional with respect to other training courses. We will not charge for mandatory courses but may, in our discretion, charge a reasonable fee for optional training courses. With respect to either mandatory or optional training courses, you are required to pay all travel and living expenses incurred in connection with attendance at such courses.

D. Guidance and Assistance.

We may, from time to time, at our discretion, cause our field representative to visit your Retail Store for the purpose of rendering guidance and assistance and/or training, with respect to the Retail Store, its operation and performance. In addition, you shall have the right to inquire of our headquarters staff with respect to problems relating to the operation of the Retail Store, by telephone or correspondence, and we shall use best efforts to diligently respond to such inquiries, in order to assist you in the operation of the Retail Store.

E. Operations Manual.

In order to protect the reputation and goodwill of Woodcraft and to maintain high standards of operation under the System, you agree to operate your Retail Store in accordance with the standards, methods, policies, guidelines and procedures specified in the Manual, some of which may be mandatory and others of which may be suggestions. While this Agreement is in effect, we will loan you one (1) copy of the Manual which may consist of one or more handbooks or manuals and may be in the form of printed text, computed disks, or other electronically stored media. The Manual includes, in part, mandatory and suggested standards, operating procedures, specifications, technical advice, and rules and regulations for operating the Retail Store. The Manual shall, at all times, remain our sole property and shall promptly be returned upon expiration or termination of this Agreement. We have the right to add to or otherwise modify the Manual from time to time to reflect changes in the specifications, standards and operating procedures; however, no such addition or modification shall alter your fundamental status and rights under this Agreement. You must keep your copy of the Manual current. We may make additions or modifications without prior notice to you. You agree to immediately, upon notice, adopt any such changes by inserting all modified pages and (at our option) destroying or returning to us all superseded material. You shall treat all information contained in the Manual as confidential and shall not, at any time, copy or otherwise reproduce any part of the Manual. In the event of a dispute about the contents of the Manual, the master copies maintained by us at our principal office shall be controlling. Any required standards, operating procedures, specifications, technical advice, and rules and regulations exist to protect our interest in the System and the Marks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those day-to-day operational matters that are reserved to you.

F. Hiring and Training of Employees

You are responsible for hiring all employees of the Store and are exclusively responsible for the terms of their employment, compensation, scheduling, benefits, disciplining and all other personnel decisions respecting Store employees without any influence or advice from us. Any training provided by us will focus on compliance with brand standards. You agree to maintain at all times a staff of trained, competent and courteous employees sufficient to operate the Store in compliance with our brand standards.

7. **CONFIDENTIAL INFORMATION.**

We possess (and will continue to develop and acquire) certain confidential information which includes proprietary and non-public information, materials and know how owned by us relating to the development and operation of Woodcraft Retail Stores including, but not limited to: (i) methods, techniques, formats, specifications, procedures, information, systems, sales and marketing techniques and programs, (ii) advertising, marketing and promotional programs; (iii) specifications for and suppliers of certain equipment, materials and supplies, including the Products and Branded Products; (iv) the customer list and customer database (the "Confidential Information"). We will disclose certain Confidential Information to you in the Initial Training Program, the Manual and in guidance furnished to you during the term of the Franchise. You acknowledge that the Confidential Information is proprietary and includes trade secrets of ours, and that you will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Retail Store during the term of this Agreement. You further acknowledge and agree that the Confidential Information is disclosed to you only on the condition that you agree to: (i) use the Confidential Information only in operating the Retail Store and not in any other business or capacity; (ii) keep all Confidential Information absolutely confidential during and after the term of this Agreement; (iii) make no unauthorized copies of any materials containing in whole or part the Confidential Information whether via electronic medium or in written or other tangible form; and (iv) adopt and implement all reasonable procedures periodically prescribed by us to prevent unauthorized use or disclosure of Confidential Information including, without limitation, restrictions on disclosure to employees and use of non-disclosure and non-competition provisions in employment agreements with employees who may have access to the Confidential Information. Confidential Information does not include any information that is or becomes a part of the public domain through publication or communication by third parties not bound by any confidentiality obligation or information which you obtained prior to its being provided to you directly or indirectly by us or any of our affiliates.

You agree and grant to us the perpetual right to use and authorize other Woodcraft franchisees to use, all ideas, concepts, methods and techniques relating to the development and/or operation of a Woodcraft Retail Store conceived or developed by you and/or your employees during the term of this Agreement. Franchisee acknowledges that such product and marketing ideas, concepts, methods and techniques will become Confidential Information and the property of Franchisor. Franchisee will not be entitled to receive any compensation from Franchisor for the same, but Franchisee will not be required to pay any compensation to Franchisor for use of the same.

8. **MARKETING.**

We have the right to direct all marketing programs, and to determine the concepts, materials and media (including Social Media) used in such programs and the placement and allocation thereof. Recognizing the value of marketing, and the standardization of marketing programs to the furtherance of the goodwill and public image of the System, we and you agree as follows:

A. Grand Opening Advertising.

You agree to expend the sum of \$25,000 for grand opening advertising and promotion. You agree to make this expenditure using the advertising and promotion material, media, and other public relations activities that we require or approve, in the Manual or otherwise in writing.

B. Local Advertising.

You agree to spend each month after beginning operations of the Retail Store, a percentage of your Gross Revenues on local advertising and promotion in your local trade area (“Local Advertising”). This amount shall be equal to (i) 5% of your prior month’s Gross Revenues for the first year of operation (ii) the percentage as specified below based on the Retail Store’s prior annual Gross Revenues for the second and each subsequent year of operation.

ANNUAL GROSS REVENUE (\$ MIL.)	LOCAL ADVERTISING REQUIREMENT (% OF GROSS REVENUE)
0 – < \$1.3M	5.0%
\$1.3M – < \$1.6M	4.5%
\$1.6M – < \$1.8M	4.0%
\$1.8M – < \$2.0M	3.75%
\$2.0M and above	Minimum of \$75,000

You agree to provide us with copies of all requested statements, invoices and checks evidencing the expenditures of the required sums for Local Advertising. You must submit to us for prior approval all advertising and promotional materials to be used for Local Advertising, unless such materials have been approved before or they consist only of materials we provide. If you do not receive our approval within five (5) business days after we receive the materials, they shall be deemed not to have received the required approval. The submission of advertising to us for approval does not affect your right to determine the prices you sell any Products.

C. Advertising Cooperative.

We may, from time to time, establish (and may then discontinue or modify) one or more regional advertising cooperatives for a geographic area which encompasses two or more Woodcraft Retail Stores (each an “Advertising Cooperative”). We will furnish you with written notice of the establishment of any Advertising Cooperative for the Territory. The notice will specify the date you are to begin contributions and the amount of the contributions. Contributions may be a flat fee or calculated as a percentage of Gross Revenues. We may modify the amount of your required contributions to an Advertising Cooperative from time to time; provided however, that as Section 8.B. provides, you will in no event be required to spend more than 5% of your monthly Gross Revenues in any combination of expenditures that we designate for Local Advertising and an Advertising Cooperative. Any Advertising Cooperative will be governed by bylaws in a form designated or approved by us.

The Advertising Cooperative may expend its funds for any and all of the following purposes: (i) development of advertising ideas and concepts; (ii) development of market research and merchandising programs; (iii) preparation of advertising campaigns; (iv) development of promotional ideas and strategies; (v) preparation of collateral creative materials; (vi) preparation of advertisements; (vii) placing and paying for regional marketing and advertising; (viii) employing advertising agencies to assist in these activities and securing other technical and professional advice in connection with the above; (ix) other public relations; and, (x) administration of the Cooperative, including legal and accounting services. It will not be a requirement that expenditures made by an Advertising Cooperative be proportionate to your contributions or those of any other franchisee.

Your failure to make any required payments to any Advertising Cooperative will be a material breach of this Agreement which, unless you cure the breach as provided in Section 15.B, will result in this Agreement being immediately terminated.

D. Woodcraft Marketing and Advertising Fund.

We have established a marketing and advertising fund (the “Woodcraft Marketing and Advertising Fund” or “Fund”) and as Section 3.C. provides, you are required to contribute, each week, an amount equal to (i) one percent (1%) of Gross Revenues for the first two years after the Effective Date and (ii) one and one-half percent (1½%) of Gross Revenues thereafter for the term of this Agreement. Your contribution shall be made at the same time and in the same manner as the Royalty Fee. We have the right to maintain and administer the Fund in our sole discretion in accordance with the following provisions:

We intend to use the Fund for national and/or regional marketing activities to promote the System (including, without limitation, the cost of preparing and conducting television, radio, magazine, newspaper, digital, social media, and Internet advertising campaigns) and related business purposes including employing advertising agencies to assist in these activities. We may charge the Fund fees at reasonable market rates for administrative or marketing services provided by us. We will not use the Fund to offer to sell franchises to prospective franchisees.

If less than the total of all contributions to the Fund are expended during any fiscal year, such excess may be accumulated for use during subsequent years. In addition, the Fund may borrow from us or other lenders to cover deficits in any fiscal year.

We will endeavor to manage the Fund in a way that benefits the System and increases public recognition of the System, including Branded Products and services offered as part of the System. However, we cannot, and do not, ensure that any particular franchisee will benefit directly or pro rata from the placement of advertising or from any expenditure by the Fund. All contributions by franchisees to the Fund shall be maintained in a separate account from our general operating account. Although we intend the Fund to be of perpetual duration, we maintain the right to terminate the Fund and return all unexpended funds to you and other franchisees on a pro rata basis based on contributions for the last 12 months prior to the Fund being terminated. An accounting of the operation of the Fund shall be prepared annually and shall be made available to you and other franchisees upon written request. All Woodcraft Retail Stores which we or our affiliates own or operate will be required to contribute to the Fund on the same basis as similarly situated Woodcraft franchisees. In addition, we or our affiliates will contribute on the same basis as Woodcraft franchisees based on sales of Products through the Internet and catalogue sales. The Fund is not a trust and we are not a fiduciary with respect to the Fund. You authorize us to collect for remittance to the Fund any advertising or promotional monies offered by any supplier based upon purchases by you or otherwise.

E. Internet and Website Use.

We retain the sole right, but not the obligation, to advertise the System and to sell the Products or any other products and services on the Internet. In addition, we retain the right to establish, operate and modify from time to time any website using the Marks. We have established and maintain a website at the uniform resource locator (“URL”) www.woodcraft.com which provides information about the System and Products. We have also established and maintain an interior page containing information on affiliate and franchisee-owned Woodcraft Retail Stores and general franchise information regarding our franchising of Retail Stores. You may not develop, maintain, or authorize any other website, other online presence or other electronic medium that mentions or describes the franchise or the Store or displays any of the Marks. You may not conduct commerce or directly or indirectly offer or sell any products or services using any website, another electronic means or medium, or otherwise over the Internet. You shall comply with the standards and procedures developed by us for the System, in the manner directed by us in the Manual or otherwise in writing, with regard to your authorization to use, and use of, blogs, common social networks (such as Facebook, YouTube, LinkedIn, X, and Threads), virtual worlds, file, audio and video sharing sites and other similar social networking media or tools (“Social Media”) that in any way references the Marks or involves the System or the Woodcraft Retail Store. We reserve the right to require our approval of any message you compose for a social media website or commentary for any other website before you post such message or commentary. If requested by us, you agree to cease posting on any social media website in connection with your or any other WOODCRAFT Retail Store, the Marks, or the System. We reserve the right to revoke our approval at any time of any website that fails to continue to meet our standards, and you agree that upon such revocation, you will immediately discontinue use of the website.

9. ACCOUNTING AND RECORDS.

A. Recordkeeping.

You shall establish and maintain a computer-based bookkeeping, accounting and record keeping system conforming to the requirements prescribed by us, including without limitation the use and retention of sales records, point of sale data, purchase orders, invoices, payroll records, check stubs, sales tax records and returns, cash receipts and disbursements, general journals, general ledgers, bank statements and deposit slips. You will capture and record customer information in a computerized database, and link each customer's transactions to it, as we specify. You authorize us to retrieve such information as we may require directly from your computer and you agree to cooperate with us with regard to our retrieval of such information.

B. Annual Reports.

You will supply to us on or before the twenty-fifth (25th) day of each month, in the form prescribed by us, a profit and loss statement and balance sheet for the last preceding calendar month. Additionally, you shall, at your expense, submit to US within ninety (90) days of the end of each fiscal year during the term of this Agreement, a profit and loss statement for such fiscal year and a balance sheet as of the last day of such fiscal year. Such financial statements shall be prepared in accordance with generally accepted accounting principles by an independent public accountant. We will keep your financial data confidential except to the extent that we decide, or are required, to make an “earnings claim” under applicable franchise disclosure laws.

C. Other Reports.

You will furnish to us any other periodic reports prescribed by us, and will furnish or make available (on computer disk, by modem, or other electronic means) such other information and supporting records as

we may periodically prescribe, including sales information, advertising materials and supporting invoices, and reports of operating or service problems of any equipment used by the Retail Store. All reports and information will be on forms prescribed or approved by us.

D. Our Audit Rights.

We or our designee shall have the right at all reasonable times, both during and after the term of this Agreement, to inspect, copy, and audit or request copies of your books, records and federal and state tax returns, and such other forms, reports, information and data as we reasonably may designate, applicable to the operation of the Retail Store. If an inspection or audit discloses an understatement of Gross Revenues, you shall pay us, within 10 days after receipt of the inspection or audit report, the deficiency in the Royalty Fee and Marketing Fund Contributions plus interest (at the rate and on the terms provided in Section 3.F.) from the date originally due until the date of payment. If an inspection or audit is made necessary by your failure to furnish reports or supporting records as required under this Agreement, or to furnish such reports, records or information on a timely basis, or if an understatement of Gross Revenues for the period of any audit is determined by such audit or inspection to be greater than five percent (5%), you shall reimburse us for the cost of such audit or inspection including, without limitation, the charges of attorneys and independent accountants, and the travel expenses, room and board and compensation of our employees or designees involved in the audit or inspection. The foregoing remedies shall be in addition to our other remedies and rights under this Agreement or applicable law.

10. OPERATION OF THE RETAIL STORE.

A. Compliance with System Standards.

The Marks and System licensed to you represent valuable goodwill distinctive of our business and reputation. We will promulgate, from time to time, uniform standards of quality and service regarding the business operations of the Retail Store so as to protect (for the benefit of all franchisees and us) the goodwill and uniformity represented and symbolized by the Marks and System. You agree to maintain the highest standards of quality and service in the Store and comply with all mandatory specifications, standards and operating procedures (whether contained in the Manual or other written or oral communication to you relating to the appearance or operation of the Woodcraft Retail Store, and agree to the following provisions:

B. Managerial Responsibility.

If you are an individual, the parties who have signed this Agreement agree to personally manage and operate the Retail Store. If you are an entity, a manager who has satisfactorily completed Initial Training shall be responsible for the day-to-day operations of the Retail Store (“General Manager”) and must at all times faithfully, honestly and diligently utilize best efforts to promote and enhance the business of the Store and must not engage in any other business or activity, directly or indirectly, that requires significant management responsibility or time commitments. In addition, your General Manager may be required to sign a Confidentiality Agreement with terms similar to the confidentiality provisions contained in this Agreement. You agree to take such steps as are necessary to ensure that your employees preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; and meet such minimum standards as we may establish from time to time in the Manual or otherwise in writing in order to protect the quality of the Products and the Woodcraft brand, reputation and goodwill.

C. Inventory Levels.

At all times throughout the term of this Agreement, you shall purchase and maintain in inventory an adequate and representative inventory of Products, including Branded Products, as are needed to meet reasonably anticipated consumer demand.

D. Woodcraft Branded Products and Other Products.

You agree that the Retail Store will only offer for sale those products and services which we have approved as being suitable for sale and meeting the standards of quality and uniformity for the System. You agree that Branded Products and other Products as well as certain other products, services, equipment, supplies, or material may only be available from one source and we, Woodcraft Supply, LLC, or our affiliates may be that source. We make no representations or warranties in connection with Branded Products or other Products purchased from suppliers other than us. The purchase of Branded Products and other Products from Woodcraft Supply, LLC shall be in accordance with the terms and conditions contained in the Woodcraft Supply Product Supply Agreement then in effect.

If you fail to pay in full all amounts owed to us, in addition to whatever other remedies may be available to us as set forth in this Agreement, we shall have the right to suspend or cause to be suspended further shipments of Branded Products and/or any other products or services to you until the default has been cured.

E. Inventory and Operating Supplies.

In addition to the Products and Branded Products, all services and products used in the operation of the Retail Store including, but not limited to, inventory, stationery, business forms, calling cards and other materials shall comply with our specifications and quality standards and, if required by us, shall be purchased only from "Approved Suppliers" that we designate or approve. For certain items, we or our affiliate[s] may be an Approved Supplier. We will provide you, in the Manual or other written or electronic form, with a list of the approved services and/or products and, if required, a list of Approved Suppliers for some or all of these services and/or products and shall from time-to-time issue revisions thereto. If you desire to use any service and/or product that we have not approved (for services or products that require supplier approval), you shall first send us sufficient information, specifications and/or samples for us to determine whether the service or product complies with our standards and specifications or the proposed supplier meets our criteria. We may charge a reasonable fee for inspection and/or testing and will decide within a reasonable time after receiving the required information whether you may purchase the service or product from such proposed supplier. Approval of a supplier may be conditioned on requirements related to, among others, the frequency of delivery, standards of service, consistency, reliability and general reputation. We reserve the right to review from time to time our approval of any suppliers and may revoke our approval of any supplier who fails to meet our criteria.

F. Computer System.

You will use in the Retail Store the computer system, including all existing or future components and associated services that we have developed and /or selected for the System (the "Computer System"). You must purchase, use, maintain and update computer hardware and software (including management system, point-of-sale, back-office and other systems) and Internet access services which meet our specifications as they evolve over time. You must maintain your Computer System on-line to provide full access for computer systems used by us and you must promptly update and otherwise change your computer hardware and software systems as we require from time to time, at your expense. You agree to pay all amounts charged by any supplier or licensor of the Computer System used by you, including charges for

use, maintenance, support and/or update of the hardware or software. You are solely responsible for protecting yourself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and waive any and all claims you may have against us as the direct or indirect result of such disruptions, failures or attacks. You shall transmit to us or permit us to collect electronically information from the Computer System relating to the Retail Store. We will have, at all times, the right to access and retrieve all sales and other information relating to the Retail Store from the Computer System and you agree to take such action as may be necessary to provide such access to us.

G. Compliance with Laws.

You agree, at your expense, to comply with all applicable federal, state, local and municipal laws, ordinances, rules and regulations affecting the operation of the Retail Store including applicable health and safety standards. You will timely obtain all permits, certifications, or licenses necessary for the full and proper conduct of the Retail Store, including licenses to do business, fictitious name registrations and sales tax permit clearances. You must comply with all state and federal laws and regulations relating to the privacy of consumer, employee, and transactional information. You must notify us immediately of any suspected data breach at or in connection with the Retail Store. You agree to comply with such directives related to the processing of credit/debit cards promulgated by the card issuers (e.g., Cardholder Information Security Program (“CISP”) promulgated by Visa®) and/or service companies/organizations, such as the Payment Card Industry (“PCI”) Data Security Standards, as those standards may be revised and modified by the PCI Security Standards Council, LLC (see www.pcisecuritystandards.org), or any successor organization or standards that we may reasonably specify in the Manual or otherwise in writing. Among other things, you agree to implement the enhancements, security requirements, and other standards that CISP, PCI Security Standards Council, LLC or their equivalent (or their successors) requires of a merchant that accepts payment by credit and/or debit cards.

H. Payment of Liabilities.

You agree to timely pay all of obligations and liabilities due and payable to us, suppliers, lessors and creditors. You agree to execute any and all documents reasonably requested by us, including letters of credit, security agreements, and financing statements, to insure payment of amounts due to us for direct purchases of any items used in the development or operation of the Retail Store.

I. Modification of System Standards.

You acknowledge and agree that we have the right to change or modify from time-to-time the System as we deem appropriate, including to reflect the changing market and to meet new and changing consumer demands, and that variations and additions to the System may be required from time to time to preserve and enhance the public image of the System and operations of Woodcraft Retail Stores. Our changes to the System may include the adoption and use of new or modified products, services, equipment and furnishings and new techniques and methodologies relating to the preparation, sale, promotion and marketing of woodworking products and services, as well as trademarks, service marks and copyrighted materials. You shall, upon reasonable notice and at your sole expense, accept, implement, use and display in the operation of the Store any such changes in the System, as if they were part of this Agreement at the time it was executed. You agree not to change, modify or alter in any way the System, without our prior written consent.

J. Personnel.

You or your General Manager, if you are an entity, will, at all times when the Retail Store is open for business, be responsible for the operations of the Retail Store. You will employ and maintain a sufficient

number of adequately trained, competent and courteous employees to provide efficient service to your customers, and set and pay their wages, commissions, and incentives with no liability to us. You will hire all employees of the Store and be exclusively responsible for the terms of their employment, compensation, scheduling, recordkeeping, benefits, disciplining and other employment decisions. You must ensure that each of your employees understands that he or she is your employee and not an employee of ours or our affiliates and that he or she must look solely to you for his or her compensation and for all other matters related to their employment with you.

K. Hours of Operation.

You agree that the Retail Store will be open for business for such days and hours as we may reasonably designate as set forth in the Manual or as we otherwise prescribe in writing.

L. Notification of Proceedings.

You will notify us in writing within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, injunction or award of any court, agency or other governmental authority which may adversely affect the operation or financial condition of the Retail Store.

M. Customer Service and Warranty Programs.

You shall at all times require your employees, agents and affiliates to maintain the highest ethical and moral standards of the community and adhere to the standards applicable to a Woodcraft Retail Store franchisee as set forth by us. You will ensure that all customer complaints will be dealt with promptly and courteously. You will provide to all Retail Store customers those warranties and guarantees prescribed by us. For Branded Products and other products that you maintain in inventory, you will provide such warranties and guarantees to customers on forms as provided by the manufacturer, distributor or other warranty provider of such products.

N. Products and Services Sold by You.

You agree to offer and sell all products and services which are part of the System, and all other products and services which we in the future incorporate into the System. You agree to offer and sell only those products and services authorized by us. We will periodically provide you with lists of approved products for sale and for use in the provision of services hereunder. We will designate the amount of opening inventory of required Products, supplies, equipment and services for the Retail Store. You agree to purchase this opening inventory before commencement of operations of the Retail Store. You will, at our request, accept credit and debit cards and use credit card vendors, other payment systems including gift and loyalty card programs, other payment systems, and check verification services and compliance programs and systems relating to the same.

O. Compliance with Good Business Practices and Laws.

You, and the Retail Store you operate, shall, in all dealings with customers, suppliers and the general public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to the Retail Store, the Franchise, the goodwill associated with the Marks and other franchisees. Notwithstanding any other provision of this Agreement, you will control and be solely responsible for the day-to-day operations of the Retail Store and the terms and conditions and employment of your personnel, including the solicitation, hiring, firing, disciplining, paying, scheduling, and managing of your employees.

11. INSURANCE.

A. Policies and Coverages.

You are responsible for all loss or damage arising from or related to your development and operation of the Retail Store, and for all demands or claims with respect to any loss, liability, personal injury, death, property damage, or expense whatsoever occurring upon the premises of, or in connection with the development of the Retail Store. You shall procure and maintain in full force and effect throughout the term of this Agreement, at your sole expense, the following minimum insurance coverages and limits in addition to any other insurance that may be required by applicable law, any lender or lessor.

- (1) Comprehensive general liability insurance, including coverage for bodily injury, personal injury, products liability, blanket contractual liability, broad form property damage, non-owned automobiles, completed operations and property damage on an occurrence basis with policy limits of not less than One Million Dollars (\$1,000,000.00);
- (2) Property Insurance written on an "All Risks" policy for fire and related peril (including floods and earthquakes where applicable) with limits of insurance of not less than the full replacement value of the Retail Store, its furniture, fixtures, equipment, inventory, and other tangible property;
- (3) Workers' Compensation and Employer's Liability coverage that complies with the statutory requirements of the state in which the Retail Store is located; and
- (4) Builder's All Risks insurance in connection with any construction, renovation, refurbishment, or remodeling of the Retail Store.

All policies you are required to maintain shall contain a separate endorsement naming us as an additional insured. All policies shall be written by an insurance carrier or carriers approved by us that has received and maintains an "A+" or better rating by Best's Insurance Rating Service. No policy of insurance shall be subject to cancellation except upon thirty (30) days written notice to us. The insurance policies described above are minimum requirements and you may purchase and maintain additional insurance policies or insurance policies with greater coverage limits.

You agree to provide us annually with a certificate of insurance with the original policy attached showing full compliance with the requirements of this Section. Should you, for any reason, not procure and maintain such insurance coverage as required by this Agreement, we shall have the right and authority (without, however, any obligation to do so) to immediately procure such insurance coverage and to charge same to you together with a reasonable fee for expenses incurred by us in connection with such procurement.

12. RELATIONSHIP OF PARTIES/INDEMNIFICATION.

A. Independent Contractor.

It is understood and agreed that you are an independent contractor and in no way authorized to make any contract, warranty or representation or create any obligation on behalf of or in our name. Neither party is the employer, employee, agent partner, fiduciary or co-venturer of or with the other, each being independent. All employees or agents hired or engaged by or working for you will be only be your employees or agents and will not for any purpose be deemed employees or agents of ours or any of our

affiliates, nor subject to our or our affiliates control and in particular, we and our affiliates will have no authority to exercise control over the hiring or termination of your employees, independent contractors, or others who work for you; their compensation; working hours or conditions; or their day-to-day activities except to the extent necessary to protect the Marks. You are not granted any right or authority to assume or create any obligations or responsibility, express or implied, on behalf of or in our name, in any matter or thing whatsoever. This Agreement does not create a fiduciary relationship or a relationship of special trust and confidence. You shall prominently display a sign in the Retail Store indicating to the general public that the Retail Store is independently owned and operated by you under a license granted by us. All business cards, stationery, checks and employment communications used by Franchisee in connection with the Retail Store must clearly disclose that the Retail Store is independently owned and operated by you under a license granted by us. If required by us, marketing materials used by you must clearly disclose that the Retail Store is independently owned and operated by you under a license granted by us. You shall use your own name in obtaining or executing contracts and making purchases, so that the transaction indicates that you are acting on your own behalf and not for us. You shall take other such affirmative action as may be necessary and as we may reasonably require as we may require from time to time.

B. Indemnification.

You agree to protect, defend, indemnify and hold us and each of our current and former directors, members, officers, employees, agents, subsidiaries and affiliates, their present and former directors, members, officers, employees and agents (the “Indemnified Persons”) harmless from all claims, actions, liability, damages, costs and expenses, including, but not limited to, court costs, legal expenses and reasonable attorneys’ fees (whether relating to pretrial, trial, post-trial, appellate, or bankruptcy proceedings) which any of them may suffer, sustain or incur by reason of, arising out of or connected with your operation of the Woodcraft Retail Store or your (or your employees’) conduct under this Agreement, including: (a) any labor or employment violations; (b) joint employer violations. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration of termination of this Agreement. In addition, this indemnity shall survive any act of bankruptcy or insolvency.

13. YOUR ORGANIZATION

A. Entity Documents and Ownership.

If you are at any time a corporation, limited liability company, or other business legal entity (collectively, an “Entity”), you agree and represent that:

- (1) You will have the authority to execute, deliver, and perform your obligations under this Agreement and all related agreements and are duly organized or formed, validly existing and in good standing under the laws of the state of your incorporation or formation;
- (2) You will provide us with a copy of your organizational documents, operating agreement, or partnership agreement, as applicable, which shall recite that this Agreement restricts the issuance and transfer of any ownership interests in you, and all certificates and other documents representing ownership interests in you will bear a legend referring to this Agreement’s restrictions;
- (3) Exhibit C to this Agreement completely and accurately describes all of your owners and their interests in you as of the Effective Date;

- (4) Subject to our rights and your obligations under Section 14, you and your owners agree to sign and deliver to us a revised Exhibit C to reflect any permitted changes in the information that Exhibit C now contains; and
- (5) The Outlet and other Tide Cleaners Outlets, if applicable, will be the only businesses you operate (although your owners may have other, non Competitive Business interests).

B. Guaranty.

Each of your owners during the Term will execute a Guaranty and Assumption of Obligations in the form we prescribe undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us. Our current form of Guaranty and Assumption of Obligations is attached as Exhibit D. You acknowledge that, unless otherwise agreed to in writing by us, it is our intent to have individuals (and not corporations, limited liability companies or other entities) sign the Guaranty and Assumption of Obligations. Accordingly, if any owner is not an individual, we shall have the right to require individuals who have only an indirect ownership interest in you to sign the Guaranty and Assumption of Obligations. (By way of example, if an owner is a corporation, we have the right to require individuals who have an ownership interest in that corporation to sign the Guaranty and Assumption of Obligations.)

14. TRANSFERS.

A. By Us.

This Agreement and all rights hereunder is fully assignable by us without your consent and shall be binding on and inure to the benefit of our successors and assignees. We shall have no liability for the performance of any obligations contained in this Agreement after the effective date of such transfer or assignment. Franchisee further agrees and affirms that Franchisor and its affiliates may go public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation or person(s); and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic, legal or financial restructuring. With regard to any of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, the Marks (or any variation thereof) and System and/or the loss of association with or identification of Woodcraft Franchise LLC as Franchisor under this Agreement. Franchisee specifically waives any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing. Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities. If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor or its affiliate(s) to remain in the current business or to offer or sell any products or services to Franchisee.

B. By You.

The rights and duties as set forth in this Agreement are personal to you. We have entered into this contract with you in reliance upon your business skill, financial capacity, personal character, experience and demonstrated or purported ability in operating a retail business specializing in the sale of woodworking tools. Accordingly, neither you nor any person possessing an interest in you (if you are not an individual)

shall be permitted without our written consent to sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in (i) this Agreement; (ii) the ownership in you (if you are not an individual); or (iii) the assets of the Retail Store (a "Transfer"). Any purported Transfer, without our prior written consent, shall be null and void and shall constitute a material breach of this Agreement, for which we shall be entitled to terminate this Agreement without notice or opportunity to cure. We will not unreasonably withhold our consent to a proposed Transfer which meets all of the following conditions:

- (1) All monetary obligations owed to us or our affiliates shall be fully paid and satisfied;
- (2) All other outstanding obligations relating to the Retail Store or incurred in connection with this Agreement shall be assumed by the transferee;
- (3) The transferee shall demonstrate to our reasonable satisfaction that it meets our qualifications as to business experience, reputation, aptitude and financial resources necessary to operate the Retail Store;
- (4) You execute a general release, of any and all claims you may have against us and our Affiliates and their respective officers, directors, shareholders, agents, attorneys, employees and representatives arising out of or related to this Agreement;
- (5) You or the transferee shall have paid to us a transfer fee of 50% of then-current Franchise Fee; provided however, if you are an individual and are transferring your interest to a newly formed corporation or limited liability company solely owned by you and whose activities are confined exclusively to the operation of the Retail Store, then we will waive the transfer fee;
- (6) The transferee satisfactorily completes the Initial Training Program required of new franchisees, at the transferee's sole cost and expense including, but not limited to, travel and living expenses; and
- (7) At our option, the transferee and its owners execute and agree to be bound by our then-current form of franchise agreement and any ancillary agreements as may be required by us, including our Guaranty and Assumption of Obligations in the form of Exhibit C, the provisions of which may differ materially from any and all of those contained in this Agreement;

C. Your Death or Disability.

Upon your death or permanent disability or, if you are a corporation or limited liability company, the death or permanent disability of the owner of more than 50% of the stock or membership interest of you, the executor, administrator, conservator or personal representative of such person shall assign this Agreement or the ownership interest to a third party approved by us. Such assignment shall occur within a reasonable period not to exceed six (6) months after your death or permanent disability. Such transfer shall be subject to all the terms and conditions contained in Section 13.B. Failure to transfer Franchisee's interest within this time period shall constitute a breach of this Agreement. Pending disposition, we shall have the right to approve the management of the Retail Store.

D. Effect of Consent to Transfer.

Our consent to a transfer of this Agreement or any interest in you, the Retail Store, or the assets of the Retail Store shall not constitute a waiver of any claims we may have against you, nor shall deemed a waiver of our right to demand exact compliance with any of the terms or conditions of this Agreement by the transferee.

E. Our Right of First Refusal.

If you at any time decide to sell, transfer or assign any right or interest under this Agreement, any interest in you, the Retail Store, or the assets of the Retail Store, you must obtain a bona fide, executed, written offer from a responsible and fully disclosed purchaser and must submit an exact copy of the offer to us. We shall have the right, exercisable by written notice delivered to you within thirty (30) days from the date of delivery of the offer to us, to purchase such interest for the price and on the terms and conditions contained in the offer, provided that we may substitute cash for any non-monetary form of payment proposed in the offer. Should we exercise our right of first refusal, you shall provide us with a minimum of thirty (30) days to prepare for closing. We shall be entitled to all customary representations and warranties, closing documents, and post-closing indemnifications. If we do not exercise our right of first refusal, you may complete the sale to the purchaser pursuant to and on the terms of the offer, subject to our right to approve the transfer contained in Section 13.B. of this Agreement. If the sale to the purchaser is not completed within one hundred twenty (120) days after delivery of the offer to us, or if there is a material change in the terms of the offer, then we shall have again the right of first refusal herein provided.

15. DEFAULT AND TERMINATION.

A. By Us Following Expiration of Cure Period.

Except for those items listed in Section 15.B. below, you will have 30 days after written notice of default from us within which to cure any default and provide us with evidence of the cure. If any such default is not cured within that time, this Agreement shall terminate without further notice to you effective immediately upon expiration of the 30 day period, unless we notify you otherwise in writing. Notwithstanding the foregoing, if the default cannot be corrected within 30 days, you shall have such additional time to correct the default as reasonably required (not to exceed 60 days) provided that you begin taking the actions necessary to correct the default during the 30 day cure period and diligently and in good faith pursue those actions to completion. You shall be in default if you fail to comply with any provision of this Agreement or any mandatory specification, standard or operating procedure prescribed by us.

B. By Us Without Cure Period.

In addition to the grounds for termination that may be stated elsewhere in this Agreement, we may terminate this Agreement upon delivery of notice of termination to you, without opportunity to cure if you commit any of the following breaches:

- (1) You fail to: (i) obtain a suitable site for the operation of the Retail Store; (ii) obtain lawful possession of the site in the time provided in this Agreement; (iii) develop the Site in accordance with this Agreement; (iv) commence operation of the Retail Store within the time provided in this Agreement; or (v) fail to complete the Initial Training Program in a manner satisfactory to us;
- (2) You abandon, surrender or transfer control of the operation of the Retail Store without our prior written approval;

- (3) You have made any material misrepresentation or omission in the application for the Franchise;
- (4) You are convicted of or plead guilty to no contest to a felony or to another crime or offense that may adversely affect the reputation of you, or the Retail Store or the goodwill associated with the Marks or if you engage in any conduct which is injurious or prejudicial to the goodwill associated with the Marks or the System or which adversely affects the reputation of us or any Woodcraft Retail Store;
- (5) You make any unauthorized use or disclosure of or duplicate any of the Confidential Information, make any unauthorized use of the Marks or use, duplicate or disclose any portion of the Manual;
- (6) You lose the right to possession of the Site and do not relocate the Retail Store to another site in accordance with this Agreement;
- (7) You, or any person which guarantees your obligations under this Agreement (“Guarantor”) become insolvent or make an assignment for the benefit of its creditors, or if a petition in bankruptcy is filed by you or a Guarantor, or such a petition is filed against and consented to by you or a Guarantor, or if you or a Guarantor is adjudicated a bankrupt, or if a bill in equity or other proceeding for the appointment of a receiver of you or a Guarantor or other custodian for its business or assets is filed and is consented to by you or a Guarantor, or if proceedings for composition with creditors under any state or federal law should be instituted by or against you or a Guarantor;
- (8) You violate the restrictions of Sections 7. or 17. of this Agreement;
- (9) You fail to report accurately the Gross Revenues of the Retail Store or fail to make payments of any amounts due us or our affiliates for any Royalty, Marketing Fund Contribution, purchases from us or our affiliates or any other amounts due to us or our affiliates, and do not correct such failure within ten (10) days after written notice thereof;
- (10) You knowingly maintain false books or records, or knowingly submit any substantially false report to us;
- (11) You cause or permit to exist a default under the lease or sublease for the site and fail to cure such default within the applicable cure period set forth in the lease or sublease;
- (12) You fail on three (3) or more separate occasions within any period of twelve (12) consecutive months to comply with this Agreement or any mandatory specification, standard or procedure we prescribe, whether or not such failures to comply are corrected and whether or not notice of such default is given;
- (13) A threat or danger to public health or safety results from the construction, maintenance or continued operation of the Retail Store;
- (14) You refuse us permission to inspect the Retail Store, or your business, books, records or other documents pursuant to this Agreement;

16. RIGHTS AND OBLIGATIONS OF PARTIES UPON TERMINATION OR EXPIRATION.

Upon termination or expiration of this Agreement, all rights granted hereunder to you shall immediately cease and:

- (1) You agree to promptly pay all sums including Royalty Fees, Marketing Fund Contributions, amounts owed for purchases by you from us or our affiliates, and other amounts owed to us and our affiliates under the terms of this Agreement. In the event of termination for any default by you, such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by us as a result of the default.
- (2) You shall cease to operate the Retail Store and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former WOODCRAFT franchisee.
- (3) You shall return the Manual, other Confidential Information and materials provided to you by us relating to the operation of the Retail Store.
- (4) You shall cancel any assumed or fictitious name or equivalent registration filed with any state, city or county authority which contain the name "WOODCRAFT" or any Mark and you shall provide us with satisfactory evidence of compliance with this obligation within thirty days after expiration or termination.
- (5) You shall, at our option, assign to us all right, title and interest in and to any telephone numbers relating to the Retail Store and you shall notify the telephone company and all listing agencies of the termination or expiration of your right to use any telephone number and any regular, classified or other telephone directory listing associated with the Marks and to authorize a transfer to us or a third party designated by us.
- (6) You shall abide by the covenants not to compete and confidentiality provisions set forth in Section 17. of this Agreement.
- (7) In the event we do not elect to exercise our option to acquire the lease for the Site under the Condition Assignment of Lease, then, to the extent, if any, you are permitted to conduct any business at the Site, you shall promptly make such modifications or alterations to the premises at your expense (including, at our option, the assignment of the telephone number and directory listings to us) as may be necessary to distinguish the appearance of the Site from that of other Woodcraft Retail Stores, and you shall make such specific additional changes thereto as we may reasonably request for that purpose. In the event you fail or refuse to comply with the requirements of this Section 16., we shall have the right to enter upon the Site without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at your expense, which expense you agree to pay upon demand.
- (8) We shall have the option, to be exercised within thirty days after termination or expiration hereof, to purchase from you any or all of the furnishings, equipment, signs, fixtures, Products or supplies related to the operation of the Retail Store. The purchase price for the Branded Products shall be at ninety percent (90%) of the

current wholesale price. For all other assets, the purchase price shall be at fair market value. If we and you cannot agree on the fair market value of any item within 15 days after the exercise of the option, an independent appraiser shall be designated by us and you and the appraiser's determination shall be binding. If you and we cannot agree on an appraiser within 15 days, each party shall designate an independent appraiser, and the two designated independent appraisers shall select a third independent appraiser. The determination of fair market value of the third appraiser so chosen shall be binding. If we elect to exercise any option to purchase herein provided, the closing shall take place within thirty (30) days after the purchase price has been established. We shall have the right to set off all amounts due from you, if any, against the payment price of such items. Prior to closing, we and you shall comply with all applicable legal requirements, of the state in which the Retail Store is located and the bulk sales provisions of any applicable tax laws of the state and municipality in which the Retail Store is located. If we exercise this option to purchase, we shall have the right to appoint a manager to maintain the operation of the Retail Store pending the closing of such purchase. At closing, you shall deliver instruments transferring to us: (i) good and marketable title to the assets free and clear of all liens and encumbrances (other than liens and security interests acceptable to us); (ii) all licenses and permits for the Retail Store that may be assigned or transferred, with appropriate consents; and (iii) the lease or sublease for the Retail Store premises, with appropriate consents. If you are not able to provide us with clear title to the purchased assets, or if there are other unresolved issues, the closing shall be accomplished through an escrow.

17. COVENANTS.

A. Best Efforts.

Except as otherwise approved in writing by us, you covenant that during the term of this Agreement, you will devote full time energy and best efforts to the management and operation of the Retail Store.

B. Covenant Not to Compete During Term of Franchise.

You acknowledge that you will receive certain Confidential Information which consists of trade secrets and confidential and proprietary information and know-how as described in Section 7. of this Agreement. You further acknowledge and agree that we would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas if you and other franchisees were permitted to hold interests in other related businesses, except as otherwise approved in writing by us, you covenant that during the term of this Agreement, you will not, either directly or indirectly, for ourselves, or through, on behalf of, or in conjunction with, any person, persons, or legal entity:

- (1) Divert or attempt to divert any business or customer of the Retail Store to any competitor by inducement or otherwise, or do perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System; and
- (2) Own, maintain, advise, operate, engage in, be employed by, make loans to, have any interest in or relationship or association with a Competitive Business. The term "Competitive Business" as used in the Agreement shall mean any business which operates, or grants franchises or licenses to others to operate, a business specializing in offering woodworking tools or any related products or services.

C. Covenant Not to Compete After Termination or Expiration of the Franchise.

You covenant that you shall not, without our prior written consent, for a continuous, uninterrupted period of two (2) years commencing upon the date of: (a) a transfer permitted under Section 13.B. of this Agreement; (b) expiration of this Agreement; or (c) termination of this Agreement (regardless of the cause for termination); either directly or indirectly, through, on behalf of, or in conjunction with any person, persons, or legal entity (including a legal entity which owns, are owned by, or are under common ownership with you), own, maintain, advise, operate, engage in, lease to, be employed by, make loans to, or have any interest in or relationship or association with a Competitive Business which is located: (i) at the Site or (ii) within the Territory or (iii) within a ten mile radius of any other Woodcraft Retail Store.

Sections 17.B. and 17.C. shall not apply to the beneficial ownership by you of less than a five percent of the outstanding equity securities of any company registered under the Securities Act of 1933 or the Securities Exchange Act of 1934.

D. Independent Covenants.

The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision hereof. If all or any portion of a covenant in this Section 17. is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 17.

E. Reduction of Covenants by Us.

You agree and acknowledge that we shall have the right, in our sole discretion, to reduce the scope of any covenant or any portion thereof set forth in Sections 17.B. and 17.C. hereof, without your consent, effective immediately upon receipt by you of written notice thereof; and you agree that you will comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 18.G. hereof.

F. Injunctive Relief.

You acknowledge that your violation of the terms of this Section 17. would result in irreparable injury to us for which no adequate remedy at law may be available, and agree to pay all court costs and reasonable attorneys' fees incurred in obtaining any injunctive or other equitable or legal relief with respect to such conduct or action.

18. ENFORCEMENT.

A. Severalty and Substitution of Valid Provisions.

The provisions of this Agreement are considered severable. If any court, agency or other tribunal with proper jurisdiction in a proceeding to which we are a party holds, in final ruling, that any part of this Agreement is invalid or conflicts with any applicable law, that ruling will not affect have any effect upon any other portions of this Agreement; all of which will remain binding on the parties and be given full force and effect.

If any provision of this Agreement is inconsistent with any law applicable to this Agreement or the Franchise which requires a greater advance notice of termination or nonrenewal than is required under this

Agreement, then both parties will comply with the requirements of that law as if they were substituted for the inconsistent provision(s) of or added to this Agreement. If any law applicable to this Agreement or the Franchise makes any provision of this Agreement (including any provision in the Manual and any mandatory specification, standard or operating procedure we prescribe) invalid or unenforceable, then we will have the right, in our sole discretion, to modify that provision to the extent necessary to make it valid and enforceable. You agree to be bound by each provision of this Agreement to the greatest extent to which you may lawfully be bound.

B. Waiver.

If at any time we or you do not exercise a right available under this Agreement or do not insist on the other party's compliance with any one or more terms of the Agreement, or if a custom or practice develops between you and us which is inconsistent with this Agreement, we or you will not have waived the right to exercise the right or to demand compliance with that term or any of the other terms of this Agreement at a later time. Similarly, the waiver of any particular breach or series of breaches under this Agreement or of any term in any other agreement between you and us will not affect our rights with respect to any later breach.

C. Cumulative Remedies.

The rights and remedies that this Agreement grants to either party are cumulative and the exercise of any right or remedy will not prohibit either party from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

D. Dispute Resolution.

Except for controversies, disputes or claims related to or based on your use of or the validity or ownership of the Marks or your unauthorized use or disclosure of any Confidential Information, all controversies, disputes or claims between us (and our affiliates and our and their respective shareholders, officers, directors, agents and employees) and you (your owners, affiliates and employees, if applicable) arising out of or related to this Agreement or any other agreement between you and us or any alleged breach hereof will be submitted for arbitration to the Office of the American Arbitration Association closest to our then-current principal business address. Except as otherwise provided in this Agreement, such arbitration proceedings shall be heard by one arbitrator in accordance with the then existing commercial arbitration rules of the American Arbitration Association. Arbitration proceedings shall be held at a suitable location to be chosen by the arbitrator which is within ten (10) miles of our principal business address. All matters within the scope of the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.) will be governed by it and not by any state arbitration law. We and you agree that arbitration shall be conducted on an individual, not a class-wide basis. In no event shall you be entitled to money damages based upon any claim that we have unreasonably withheld or unreasonably delayed any consent or approval to a proposed act by you under any terms of this Franchise Agreement, and you hereby waive any such claims, including by way of set-off, counterclaim or defense based on any such claim.

Before the filing of any arbitration, the parties agree to first attempt to resolve the dispute arising out of or relating to this Agreement at a face-to-face meeting. The face-to-face meeting shall be held at a neutral location within ten (10) miles of our principal business address within 30 days after either Franchisee or Franchisor gives written notice to the other party proposing such a meeting. Each party shall be responsible for its own personal expenses. If such face-to-face meeting fails to result in a satisfactory resolution of the dispute then the parties agree to proceed to mediation.

If the dispute remains unresolved after the face-to-face meeting, the parties agree to submit the dispute to non-binding mediation conducted in accordance with the Commercial Mediation Rules of the AAA, unless the parties agree on alternative rules. The mediator must be a neutral person agreed upon by the parties and experienced in franchise law. Any party may be represented by counsel and persons authorized to settle the dispute must attend any mediation session. The mediation shall be held within ten (10) miles of our principal business address. The fees and expenses of the mediator shall be shared equally by the parties and each party shall be responsible for its own personal expenses. The entire mediation process shall be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties shall not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible shall not be excluded from discovery or admission as a result of its use in the mediation. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible within 30 days of the notice from the party seeking to initiate the mediation procedures.

E. Governing Law/Consent to Jurisdiction.

ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED EXCLUSIVELY BY THE FEDERAL ARBITRATION ACT (9 U.S.C. SECTIONS 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.) OR OTHER FEDERAL LAW, THIS AGREEMENT, THE FRANCHISE AND THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE OF WEST VIRGINIA, WITHOUT REGARD TO ITS CONFLICT OF LAW PRINCIPLES, EXCEPT THAT ANY LAW REGULATING THE SALE OF FRANCHISES, GOVERNING THE RELATIONSHIP OF THE PARTIES TO A CONTRACT INVOLVING THOSE RIGHTS, BUSINESS OPPORTUNITIES OR SIMILAR RIGHTS TO RELATING TO UNFAIR TRADE PRACTICES WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.

THE PARTIES AGREE THAT ANY ACTION BROUGHT BY EITHER PARTY AGAINST THE OTHER IN ANY COURT, WHETHER FEDERAL OR STATE, SHALL BE BROUGHT IN THE JUDICIAL DISTRICT IN WHICH WE HAVE OUR PRINCIPAL PLACE OF BUSINESS WHEN THE ACTION IS FILED; PROVIDED HOWEVER WITH RESPECT TO ANY ACTION WHICH INCLUDED INJUNCTIVE RELIEF OR SEEKS POSSESSION OR DISPOSITION OF, OR OTHER RELIEF RELATING TO REAL PROPERTY, WE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION. THE PARTIES WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION.

F. Binding Effect.

This Agreement is binding on and will inure to the benefit of our successors and assigns and will be binding on and inure to the benefit of your permitted successors, assigns, heirs, executors and administrators.

G. Entire Agreement.

This Agreement, including the introduction and exhibits to it, constitutes the entire agreement between you and us, and there are no other oral or written understandings, representations or agreements between you and us, concerning the subject matter of this Agreement. However, nothing in this Agreement is intended as, nor shall it be interpreted to be, a disclaimer by us of any representation made in our disclosure document. Except with respect to our right periodically to modify the Manual and standards and

operating procedures relating to the Franchise, this Agreement may be modified only by a written agreement signed by both you and us.

You acknowledge that you have received, have had ample time to read and have read this Agreement and fully understand its provisions. You further acknowledge that you have had an adequate opportunity to be advised by advisors of your own choosing (including without limitation your own lawyers, accountants, and bankers) regarding all pertinent aspects of this Franchise and the franchise relationship created hereby and that you have done so with the full understanding and knowledge of all of the terms hereof.

H. Construction.

All headings of the various sections and paragraphs of this Agreement are for convenience only and do not affect the meaning or construction of any provision. All references in this Agreement to the singular usage will be construed to include the plural and the masculine and neuter usages to include each other and the feminine. Of two or more persons are the franchisee under this Agreement, their obligations and liabilities under this Agreement will be joint and several. A reference to “you” or “your” includes each individual who is the franchisee under this Agreement. Except where this Agreement expressly requires that we reasonably approve or not unreasonably withhold our approval of any of your actions to requests, we have the absolute right to refuse any of you requests or to withhold our consent to any of your actions or omissions.

I. Multiple Originals.

The parties may execute multiple copies of this Agreement, and each executed copy will be deemed an original.

J. Injunctive Relief.

Notwithstanding anything to the contrary contained in Section 18.D., we and you have the right in a proper case to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction.

K. Waiver of Punitive Damages and Jury Trial.

Except for your obligation to indemnify us and claims we bring against you for your unauthorized use of the Marks or unauthorized use or disclosure of any Confidential Information, we and you waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between us and you, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains.

We and you each irrevocably waive its respective rights to trial by jury with respect to any claim, proceeding or counterclaim, whether at law or in equity, brought by either of us, of any kind arising out of, under, in connection with or relating to this Agreement, any related documents, the relationship between us and you.

L. Limitations of Claims and Damages.

Except for indemnification under this Agreement, any and all claims arising out of or relating to this Agreement or the relationship between us and you will be barred unless a legal action or arbitration

proceeding is commenced within one (1) year from the date you or we knew or, in the exercise of reasonable diligence, should have known of the facts giving rise to such claims.

M. No Withholding Payments Due to Us.

You agree that you will not withhold payment of any amounts owed to us or our affiliates on the grounds of our alleged nonperformance of any of our obligations under this Agreement or for any other reason whatsoever.

N. Notices and Payments.

All written notices and reports permitted or required to be delivered by the provisions of this Agreement will be deemed delivered at the following times: (a) the time delivered by hand; (b) one (1) business day after placement with a commercial courier service for next business day delivery; or (c) three (3) business days after placement in the United States Mail by registered or certified mail, return receipt requested, postage prepaid. Any notice to us will be addressed to us at:

Woodcraft Franchise, LLC
1177 Rosemar Road
Parkersburg, West Virginia 26102-0245
Attention: Andrew Bondi

Any notice to you will be address to you at:

Attention: _____

19. REPRESENTATIONS.

You represent, acknowledge and warrant to us (and you agree that these representations, acknowledgements and warranties shall survive termination of this Agreement) that:

- (1) You have full authority to enter into this Agreement and other agreements contemplated by the parties. Execution of this Agreement or such other agreements by you does not and will not conflict with or interfere with, directly or indirectly, intentionally or otherwise, with the terms of any other agreement with any other third party to which you are a party.
- (2) All documents you provided to us in connection with the granting of the Franchise and copies of all documents you must furnish to us in the future will be true, accurate and complete copies of such documents (including all amendments or modifications thereof) and contain no misleading or incorrect statements or material omissions.
- (3) You acknowledge that the President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other antiterrorism measures (the "Anti-

Terrorism Measures”). We therefore require certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is: (i) a person or entity listed in the Annex to the Executive Order; (ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism; (iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (iv) owned or controlled by terrorists or sponsors of terrorism. You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the Effective Date noted below.

FRANCHISOR:

WOODCRAFT FRANCHISE, LLC

By: _____

Print Name: _____

Title: _____

Effective Date: _____

FRANCHISEE:

If Franchisee is an individual:

Individually:

Print Name:

Date: _____

Individually:

Print Name:

Date: _____

If Franchisee is a corporation, limited liability company or other entity:

(Name of Franchisee)

By: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT A TO THE FRANCHISE AGREEMENT

TERRITORY

The Territory referred to in Section 1.B. of the Franchise Agreement shall be as follows:

EXHIBIT B TO THE FRANCHISE AGREEMENT

CONDITIONAL ASSIGNMENT OF LEASE

THIS CONDITIONAL ASSIGNMENT OF LEASE (“Agreement”) is made as of this _____ day of _____, 20__ by and between **WOODCRAFT FRANCHISE, LLC**, a Delaware limited liability company (“Assignee”), _____ a _____ (“Assignor”), and _____, a _____ (“Landlord”).

WHEREAS, Assignor desires to construct, or have constructed by Landlord (whichever is applicable), and thereafter operate a Woodcraft Retail Store under a certain franchise agreement (the “Franchise Agreement”) from Assignee; and

WHEREAS, as a condition to the grant of a franchise for the operation of a Woodcraft Retail Store under the terms of the Franchise Agreement to Assignor, Assignee requires that the Assignor enter into this Agreement.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Assignor hereby assigns all of its right, title and interest in and to the Lease to Assignee, as security for the stated obligations of the Assignee pursuant to the Franchise Agreement.

2. The conditional assignment of the Lease contemplated hereunder is expressly conditioned upon, and shall not be effective and Assignee shall have no right to pursue any remedy hereunder unless and until:

(a) Default by Assignor under the terms of the Lease, which default is not cured by Assignor within the time limits provided under the terms of such Lease; or

(b) Default by Assignor under the terms of the Franchise Agreement or under any document or instrument securing the Franchise Agreement, which default is not cured by Assignor within the time limits provided therein; or

(c) Voluntary institution of any insolvency or bankruptcy proceedings as a debtor on the part of Assignor or involuntary insolvency or bankruptcy proceedings brought against Assignor which are not dismissed within 60 days of the filing thereof;

(d) Discontinuation by the Assignor of operation of the Woodcraft Retail Store at the site contemplated under the terms of the Lease, whether voluntarily or involuntarily; or

(e) Nonrenewal by Assignor of the Franchise Agreement.

3. During the term of the Lease, Landlord agrees to give Assignee written notice of all defaults of Assignor concurrently with the giving of such notice to Assignor. Landlord further agrees to give Assignee a 20-day period to cure such default, or the period provided to the Assignor in the Lease, whichever period shall be longer.

4. In the event Assignee expends sums to cure a default, Assignor shall promptly reimburse Assignee for the cost incurred by Assignee in connection with such performance, together with interest

thereon at the rate of two percent per month, or the highest rate allowed by law. Nothing herein shall obligate Assignee to cure any such default, unless Assignee elects to assume the Lease pursuant to Section 5 below.

5. The date upon which the assignment shall be effective (the "Effective Date"), is the date upon which Landlord and Assignor receive written notice from Assignee that:

(a) Assignee will cure all prior defaults of Assignor in the Lease in which Landlord has given notice to Assignee pursuant to the provisions of paragraph 3 above, and that Assignee will assume the Lease; or

(b) The events described in either subsections 2(b), 2(c) or 2(d) above have occurred and that Assignee will assume the Lease.

6. As of the Effective Date, Assignee will assume all rights, duties, responsibilities and obligations of Assignor arising on or after the Effective Date pursuant to the terms and provisions of the Lease.

7. Landlord hereby consents to the terms and provisions of the Agreement, and to the assignment of the Lease to Assignee. Landlord agrees that after the Effective Date, Assignee may (i) enter into a sublease with any other franchisee of Woodcraft Franchise, LLC without Landlord's further consent, or (ii) further assign the Lease to a person, firm or corporation who shall agree to assume the Tenant's obligations under the Lease and who is reasonably acceptable to Landlord. Landlord further agrees that upon the happening of any such assignment, Assignee shall have no further liability or obligation under the Lease as Assignee, Tenant or otherwise, and that concurrent with such assignment, Landlord will enter into a replacement Conditional Assignment of Lease Agreement by and between Assignee and the new tenant.

8. Assignor agrees to indemnify and hold harmless Assignee from any loss, liability, cost or expense incurred or suffered by Assignee under this Agreement.

9. Assignor and Landlord agree not to allow any surrender, amendment, modification or termination of the Lease without the prior written consent of Assignee. Throughout the term of the Lease, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than 30 days prior to the last day said option must be exercised, unless Assignee otherwise agrees in writing. Upon Assignee's failure otherwise to agree in writing, and upon the failure of Assignor to elect to extend or renew the Lease, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal option in the name, place and stead of Assignor for the sole purpose of effecting such extension or renewal.

10. Assignor represents and warrants to Assignee that it has the full power and authority to assign the Lease and its interests therein and that Assignor has not previously assigned, transferred or pledged, and is not otherwise obligated to assign, transfer or pledge, any of its interests in the Lease or the leasehold estate created thereby.

11. All notices or demands required hereunder shall be made in writing and shall be deemed to be fully given when deposited in the U.S. certified mail, postage prepaid, return receipt requested or when sent Federal Express or similar courier to:

Assignee:
Woodcraft Franchise, LLC
1177 Rosemar Road
PO Box 245
Parkersburg, West Virginia 26102-0245
Attention: Andrew Bondi

Assignor:

Landlord:

12. Should any one or more of the provisions hereof be determined to be illegal or unenforceable, all other provisions hereof shall be given effect separately therefrom and shall not be affected thereby.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

ASSIGNEE:

WOODCRAFT FRANCHISE, LLC

By: _____

Print Name: _____

Title: _____

LANDLORD:

(Name of Landlord)

By: _____

Print Name: _____

Title: _____

ASSIGNOR:

If Assignor is an individual:

Individually:

Print Name:

Individually:

Print Name:

If Assignor is a corporation, limited liability company or other entity:

(Name of Assignor)

By: _____

Print Name: _____

Title: _____

EXHIBIT C TO FRANCHISE AGREEMENT

OWNERSHIP INTERESTS

Franchisee: _____

Form of Ownership. Franchisee is a _____ incorporated or formed on _____ in the state of _____.

Owners. The following list includes the full name of each person who is an owner of a legal or beneficial interest in Franchisee, and fully describes the nature of each owner's interest (attach additional pages if necessary).

Name	Home Address	Percentage of Ownership Interest

If Franchisee consists of individuals, delete the above and use the below:

Franchisee Names and Home Addresses:

Name	Home Address

EXHIBIT D TO THE FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS (the "Guaranty") is dated as of this _____ day of _____, 20__.

In consideration of, and as an inducement to, the execution of that certain (strike inapplicable) (Franchise Agreement, Renewal Franchise Agreement or Consent to Assignment of the Franchise) (the "Agreement") by Woodcraft Franchise, LLC ("we," "us" or "our") and _____ ("Franchisee"), each of the undersigned hereby personally and unconditionally (1) guarantees to us and our successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that the Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (2) agrees to be personally responsible for, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities including, but not limited to, the indemnification obligations in Section 12.B. and the covenants contained in Sections 17.B. and 17.C. Each of the undersigned waives: (1) acceptance and notice of acceptance by us of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (4) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this guarantee shall be joint and several; (2) he or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (4) such liability shall 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 Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of the Agreement.

IN WITNESS WHEREOF, each of the undersigned are signing this Guaranty as of the date stated in the introductory clause above and constitute all the Franchisee's beneficial and legal owners.

GUARANTOR(S)

PERCENTAGE OWNERSHIP IN
FRANCHISEE

Print Name: _____

Print Name: _____

Print Name: _____

EXHIBIT C
RENEWAL FRANCHISE AGREEMENT

WOODCRAFT FRANCHISE, LLC
RENEWAL FRANCHISE AGREEMENT

Franchisee: _____

Retail Store No.: _____

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- A. TERRITORY
- B. [INTENTIONALLY OMITTED.]
- C. OWNERSHIP INTERESTS
- D. GUARANTY AND ASSUMPTION OF OBLIGATIONS

**WOODCRAFT FRANCHISE, LLC
RENEWAL FRANCHISE AGREEMENT**

This Renewal Franchise Agreement (this “Agreement”) is made and entered into as of the effective date noted on the signature page of this Agreement (the “Effective Date”) by and between WOODCRAFT FRANCHISE, LLC, a Delaware limited liability company, having its principal place of business at 1177 Rosemar Road, Parkersburg, West Virginia 26105 (“Franchisor,” “we,” “us” or “our”), and _____, a [an] [insert state] [in the following space insert one of the following: individual(s), partnership, corporation, limited liability company or other entity] whose principal address is _____ (“Franchisee,” “you” or “your”).

RECITALS

A. We and our affiliates have developed a proprietary system, as may be modified, improved and further developed from time to time (the “System”), relating to the establishment and operation of retail businesses (“Woodcraft Retail Store(s)”) specializing in the sale of woodworking products and services including tools, supplies, books, seminars, classes, demonstrations and other educational programs along with related products and services (the “Products”);

B. Our affiliate, Woodcraft Supply, LLC (“Woodcraft Supply”) owns and has licensed us the right to use and sublicense certain trademarks, service marks, and other commercial symbols including the mark WOODCRAFT which are used in connection with and to identify the System (the “Marks”);

C. The System includes, without limitation, a proprietary line of products that bear the Marks (“Branded Products”); business technics, methods and procedures, items of trade dress including fixtures, signs and equipment design, as well as business tools for the development and operation of Woodcraft Retail Store(s), all of which may be changed, improved and further developed by us from time to time;

D. You have owned and operated a Woodcraft Retail Store using the System and Marks (“Retail Store”) under and by virtue of a Franchise Agreement dated _____ made and entered into between you and us (the “Original Franchise Agreement”). The initial term of the Original Franchise Agreement has or will soon expire, and the parties wish to renew the franchise relationship by entering into this Agreement and as such you understand and acknowledge the importance of our high standards of quality, appearance and service, and the necessity of operating the Retail Store in conformity with such standards and specifications; and

E. We are willing to grant you this franchise, but only in strict compliance with the terms and conditions contained in this Agreement.

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other set forth herein, mutually agree as follows.

1. GRANT OF FRANCHISE; FRANCHISED LOCATION.

A. Grant of Franchise.

We grant to you, and you accept, the non-exclusive right, license and privilege (the “Franchise”) to use the System and Marks, solely in connection with the operation of a Woodcraft Retail Store at the following site (the “Site”), which has been approved by us under the terms of the Original Franchise Agreement:

Street: _____

City: _____ State _____ Zip Code _____

B. Territory.

Provided you are in full compliance with this Agreement, neither we nor any of our affiliates will during the term of the Agreement own, operate or grant a franchise for the operation of a Woodcraft Retail Store within the Territory described on Exhibit A (the “Territory”) other than the franchise granted to you under this Agreement.

C. Rights We Reserve.

We and our affiliates retain all rights not otherwise granted to you, including the right to:

- (1) Own, acquire, establish, and/or operate, and license others to establish and operate, Woodcraft Retail Stores outside the Territory regardless of their proximity to the Site or their impact on the Retail Store;
- (2) Own, acquire, establish, and/or operate, businesses under other proprietary marks or other systems including businesses which provide products and services similar to those provided by a Woodcraft Retail Store at any location outside the Territory regardless of their proximity to the Site or their impact on the Retail Store;
- (3) Sell or distribute through any other distribution channel including, but not limited to, the Internet, direct mail, and mail order catalogues, at retail or wholesale, directly or indirectly, or license others to sell or distribute, any Products, including Branded Products, whether within or outside the Territory and regardless of the impact on the Retail Store.
- (4) Be acquired (whether through acquisition of assets, membership or other ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at Woodcraft Retail Stores, or by another business, even if such business operates franchises and/or licenses competitive businesses in the Territory.

2. TERM AND RENEWAL.

A. Term.

This Agreement shall be effective and binding for a term equal to five (5) years from the Effective Date. This Agreement represents the [insert a number: first second third] five (5) year renewal and is granted in connection with the renewal of the Original Franchise Agreement entered into between you and us. Once accepted by us and except as otherwise provided in this Agreement, the term (the “Term”) of this Agreement begins on the Effective Date and ends on _____ (the “Expiration Date”).

B. Renewal.

As long as we continue to offer franchises for Woodcraft Retail Store(s), you may, at your option, obtain a successor Franchise for additional successive terms of five (5) years each, provided that all of the following conditions have been fulfilled:

- (1) You have given us written notice at least one hundred eighty (180) days, but not more than two hundred seventy (270) days prior to the end of the Expiration Date of your intention to obtain a successor Franchise;
- (2) You have substantially complied with all provisions of this Agreement or any other agreement between you and us (including any agreement between you and our affiliates) including the payment of all monetary obligations and operating and quality standards and procedures;
- (3) You have made the necessary capital expenditures to remodel, modernize and redecorate the Retail Store, as we may reasonably require, so that it reflects the then-current physical appearance of a new Woodcraft Retail Store;
- (4) You pay a Renewal Fee of One Thousand Dollars (\$1,000) at least thirty (30) days prior to the Expiration Date to compensate us for direct and indirect costs and expenses associated with the renewal;
- (5) You execute a general release of any and all claims you may have against us and our Affiliates and their respective officers, directors, shareholders, agents, attorneys, employees and representatives arising out of or related to this Agreement;
- (6) You execute our then-current form of the Franchise Agreement and all additional agreements and exhibits, including the Guaranty and Assumption of Obligations, which will supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, a different percentage Royalty Fee and Marketing Fund Contribution; provided however, you shall not be required to pay the then-current Initial Franchise Fee; and
- (7) You comply with our then-current qualification and training requirements for renewing franchisees.

3. FEES.

In consideration of our signing this Agreement, you must pay us the following fees, in addition to any other fees required under this Agreement.

A. Initial Franchise Fee.

You are not required to pay an Initial Franchise Fee under the terms of this Agreement.

B. Royalty Fee.

You agree to pay us a continuing “Royalty Fee” equal to five percent (5%) of your prior week’s Gross Revenues, as defined below. The Royalty Fee shall be paid on such date and in the manner set forth in the Manual. We reserve the right to change the manner in which payment shall be made from time to time, at our sole discretion, upon notice to you.

C. Marketing Fund Contribution.

You must also pay a “Marketing Fund Contribution” on a weekly basis to the Woodcraft Marketing Fund as this Agreement provides in more detail in Section 8.D. The amount of the Marketing Fund Contribution shall be equal to one and one-half percent (1½%) of Gross Revenues for the term of this Agreement.

D. Retail System Support Fee.

You agree to pay our affiliate Woodcraft Supply a monthly non-refundable Retail System Support Fee (“Support Fee”), as compensation for access to a “Help Desk” which Woodcraft Supply currently staffs and maintains as well as other services provided in connection with the retail computer system used in the operation of the Retail Store. The current amount of the monthly Support Fee is provided in the Retail System Support Agreement. You acknowledge that under the terms of the Retail System Support Agreement, the Support Fee may be adjusted at any time based on vendor price increases. In addition, Woodcraft Supply may adjust the monthly fee on quarterly basis to cover the anticipated help desk support service costs that it expects to incur in the subsequent quarter. You acknowledge and agree that hardware costs and all software/hardware maintenance fees and costs are in addition to this fee and will be your sole responsibility. You acknowledge and agree that we have the right to change approved suppliers of services in connection with the retail computer system, at any time and at our sole option, and that we and our affiliates may be an approved supplier or the only approved supplier of some or all of the computer system.

E. Definition of Gross Revenues.

“Gross Revenues” means the total of all sales (except as specifically stated in this Section 3.E. below) related to or arising from the operation of the Retail Store including, without limitation, all monies and receipts from the sale of all products and services, including Branded Products. Gross Revenues shall be deemed to include checks, drafts, money orders, credit card payments and other forms of payments. Gross Revenues shall not include the amount of any refunds and adjustments that you give in good faith to customers of the Retail Store which were previously included in calculating Gross Revenues or any applicable sales, use or service taxes collected by you from your customers and paid directly to the appropriate taxing authority.

F. Interest on Late Payments.

All Royalty Fees, Marketing Fund Contributions, amounts due for purchases by you from us or our affiliates, and other amounts which you owe to us or our affiliates which are not received by the due date and are still owing more than five (5) days past the due date shall bear interest from the due date until paid at the rate of one and one half percent (1.5%) per month, or the highest rate allowed by law, whichever is lower, from the date payment is due to the date payment is received. You understand that failure to pay all such amounts when due shall constitute grounds for termination of this Agreement as provided herein, notwithstanding the provisions of this Section 3.F.

G. Application of Payments.

Notwithstanding any designation by you, we may, in our sole discretion, apply any payments received from you to any past due indebtedness for Royalty Fees or Marketing Fund Contributions, Support Fees, purchases from us or our affiliates, or any other indebtedness of you to us or our affiliates.

H. You May Not Withhold Payment.

You may not withhold payment of any Royalty Fee, Marketing Fund Contribution, amount due for purchases from us or our affiliates, or any other amount due to us or our affiliates on the grounds of alleged non-performance or breach of any of our obligations under this Agreement or any related agreement. You agree that such claims will, if not otherwise resolved by us, be submitted to arbitration as required in Section 18.D. of this Agreement.

I. Taxes.

We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property or other taxes, whether levied upon you or the Retail Store (except any taxes we are required by law to collect from you with respect to purchases from us or our affiliates). Payment of any and all such taxes are your responsibility.

J. System Modifications.

You acknowledge and agree that We shall be entitled from time to time to change or modify the System, including, but not limited to, the addition of Products for resale, the adoption or use of new or modified Marks or copyrighted materials, and modification of methods for operation of the Retail Store or other changes as we deem appropriate. You agree to implement any System changes upon receiving notice from us of such changes and will complete their implementation within such time as we may reasonably specify.

4. SITE ACQUISITION, DEVELOPMENT AND OPENING OF RETAIL STORE.

A. Lease of Premises.

[Intentionally omitted.]

B. Site Acceptance.

[Intentionally omitted.]

C. Site Development.

[Intentionally omitted.]

D. Construction and Build Out Obligations.

[Intentionally omitted.]

E. Equipment, Fixtures, Furnishings and Signs.

We will furnish you with plans and specifications for furnishings, fixtures, equipment and other trade dress required to be utilized by you in the operation of the Retail Store. You must obtain our prior written consent prior to making any changes. All exterior and interior signs used in connection with the Retail Store must conform to our sign criteria as to appearance, size, design, location and color.

F. Retail Store Opening.

[Intentionally omitted.]

G. Retail Store Maintenance and Updates.

You agree to maintain the Retail Store and the site it occupies in a clean and orderly condition, and in excellent repair. You agree, at your expense, to perform any required maintenance or repairs, as we may reasonably direct by written notice to you, in a timely manner. Without limiting the foregoing, you agree to refurbish the Retail Store to our standards and specifications after the Retail Store has been in operation for five (5) years. Refurbishing may include upgrades in interior and exterior signage, floor covering, wall covering, interior décor features and lighting.

H. Relocation.

Once the Retail Store is established in accordance with this Agreement, you may relocate the Retail Store only upon our prior written consent. We will not unreasonably withhold our approval of such relocation if: (i) you have provided us with at least ninety (90) days prior written notice of your intent to relocate; (ii) you are not in default under this Agreement; (iii) you have reimbursed us for our costs in connection with the relocation; and (iv) the new site is within the Territory. We will provide you with written notification of our decision regarding relocation of the Retail Store. Upon approval by us, you must relocate and begin operation of the Retail Store within one hundred and eighty (180) days.

5. **MARKS.**

A. Ownership and Goodwill.

The Marks are our and our affiliates' exclusive property. You acknowledge that your right to use the Marks is derived solely from this Agreement and is limited to the conduct of business by you pursuant to and in compliance with this Agreement and all applicable standards, specifications and operating procedures prescribed by us during the term of the Franchise. Any unauthorized use of the Marks by you is a breach of this Agreement and an infringement of our rights in and to the Marks. All usage of the Marks by you and any goodwill arising from your use of the Marks shall inure solely and exclusively to our and our affiliates benefit. This Agreement does not confer any goodwill or other interests in the Marks upon you. You shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks. All provisions of this Agreement applicable to the Marks apply to any additional trademarks, service marks and/or commercial symbols authorized for use by and licensed to you by us at any time during the term of this Agreement.

B. Limitations on Your Use of the Marks.

You agree that the Retail Store herein franchised shall be named WOODCRAFT without any suffix or prefix attached hereto and that you shall use and display the Marks as we may from time to time prescribe or approve. You agree not to use any Mark or any variation thereof (a) as part of any corporate or trade name; (b) in connection with the sale of any unauthorized product or service; (c) as part of a domain name or electronic address of any website; (d) in any manner not authorized by us. You agree to display the Marks and only the Marks in connection with the operation of the Retail Store as authorized by us. If required to do so, you shall file a notice of intent to conduct business under the name WOODCRAFT and obtain such fictitious or assumed name registrations as may be required under applicable law. Promptly upon the expiration or termination of this Agreement for any reason whatsoever, you shall execute and file such documents as may be necessary to revoke or terminate such registrations.

C. Notification of Infringement and Claims.

You agree to immediately notify us in writing of any known apparent infringement or challenge based upon or arising from any attempt by any person or legal entity to use the Marks or any colorable imitation thereof. You shall not directly or indirectly communicate with any person other than us or our counsel in connection with any such infringement, challenge or claim. We shall have the sole discretion to take any action as we deem appropriate and the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising out of such infringement, challenge or claim or otherwise relating to any Mark. We shall have the exclusive right to contest or bring action against any third party regarding the third party's use of any of the Marks and shall exercise such right in our sole discretion. In any defense or prosecution of any litigation relating to the Marks undertaken by us, you agree to cooperate with us and execute any and all documents and take all actions as may be desirable or necessary, in the opinion of our counsel, to carry out such defense or prosecution.

D. Litigation.

In the event any person or entity improperly uses or infringes the Marks or challenges your use or our use or ownership of the Marks, we will control all litigation and we have the right to determine whether suit will be instituted, prosecuted or settled, the terms of settlement and whether any other action will be taken. You must promptly notify us of any such use or infringement of which you are aware or any challenge or claim arising out of your use of any Mark. You must take reasonable steps, without compensation, to assist us with any action we undertake. We will be responsible for our fees and expenses with any such action, unless the challenge or claim results from your misuse of the Marks in violation of this Agreement, in which case you must reimburse us for our fees and expenses.

E. Discontinuing Use of Mark.

If it becomes advisable at any time, in our sole discretion, for you to modify or discontinue the use of any of the Marks or to use one or more additional or substitute trademarks or service marks, you agree to promptly do so within a reasonable time after notice from us to do so, and we shall have no liability or obligation whatsoever with respect to your modification or discontinued use of any Mark or expenses incurred therewith.

F. Our Right of Inspection.

In order to preserve the validity and integrity of the Marks and copyrighted material licensed herein and to assure that you are properly employing the same in the operation of the Retail Store, we, or our representatives, shall have the right of entry and inspection and to confer with your employees and clients to make certain that the services meet the performance standards we have established.

6. TRAINING AND OPERATION ASSISTANCE.

A. Initial Training.

Since this is a Renewal Franchise Agreement, you are not required to send your General Manager (as defined in Section 10.B.) to an initial training program (the "Initial Training Program"). The Initial Training Program shall consist of approximately eight to nine (8-9) days (Monday thru Friday) of training at our corporate headquarters in Parkersburg, West Virginia. The Initial Training Program is designed to provide instruction on various aspects of the operations of a WOODCRAFT Retail Store. Any replacement General Manager hired by you after the beginning of operation of the Retail Store must attend and successfully complete the next scheduled Initial Training Program. You shall pay an additional fee of

\$3,000 to us for the training of your replacement General Manager. You are required to pay all travel and living expenses in connection with your replacement General Manager's attending the Initial Training Program. You and/or your General Manager must attend and successfully complete all required training as set forth in this Agreement. You acknowledge that all training, assistance and guidance is designed to protect the Woodcraft brand and reputation and is not designed to control the day-to-day operation of the Retail Store.

B. On-Site Assistance.

[Intentionally Omitted.]

C. Additional Training.

We may, from time to time, at our discretion, make available to you additional training programs or courses during the term of this Agreement. We have the right to make attendance mandatory with respect to certain training courses and optional with respect to other training courses. We will not charge for mandatory courses but may, in our discretion, charge a reasonable fee for optional training courses. With respect to either mandatory or optional training courses, you are required to pay all travel and living expenses incurred in connection with attendance at such courses.

D. Guidance and Assistance.

We may, from time to time, at our discretion, cause our field representative to visit your Retail Store for the purpose of rendering guidance and assistance and/or training, with respect to the Retail Store, its operation and performance. In addition, you shall have the right to inquire of our headquarters staff with respect to problems relating to the operation of the Retail Store, by telephone or correspondence, and we shall use best efforts to diligently respond to such inquiries, in order to assist you in the operation of the Retail Store.

E. Operations Manual.

In order to protect the reputation and goodwill of Woodcraft and to maintain high standards of operation under the System, you agree to operate your Retail Store in accordance with the standards, methods, policies, guidelines and procedures specified in the Manual, some of which may be mandatory and others of which may be suggestions. While this Agreement is in effect, we will loan you one (1) copy of the Manual which may consist of one or more handbooks or manuals and may be in the form of printed text, computed disks, or other electronically stored media. The Manual includes, in part, mandatory and suggested standards, operating procedures, specifications, technical advice, and rules and regulations for operating the Retail Store. The Manual shall, at all times, remain our sole property and shall promptly be returned upon expiration or termination of this Agreement. We have the right to add to or otherwise modify the Manual from time to time to reflect changes in the specifications, standards and operating procedures; however, no such addition or modification shall alter your fundamental status and rights under this Agreement. You must keep your copy of the Manual current. We may make additions or modifications without prior notice to you. You agree to immediately, upon notice, adopt any such changes by inserting all modified pages and (at our option) destroying or returning to us all superseded material. You shall treat all information contained in the Manual as confidential and shall not, at any time, copy or otherwise reproduce any part of the Manual. In the event of a dispute about the contents of the Manual, the master copies maintained by us at our principal office shall be controlling. Any required standards, operating procedures, specifications, technical advice, and rules and regulations exist to protect our interest in the System and the Marks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those day-to-day operational matters that are reserved to you.

F. Hiring and Training of Employees

You are responsible for hiring all employees of the Store and are exclusively responsible for the terms of their employment, compensation, scheduling, benefits, disciplining and all other personnel decisions respecting Store employees without any influence or advice from us. Any training provided by us will focus on compliance with brand standards. You agree to maintain at all times a staff of trained, competent and courteous employees sufficient to operate the Store in compliance with our brand standards.

7. **CONFIDENTIAL INFORMATION.**

We possess (and will continue to develop and acquire) certain confidential information which includes proprietary and non-public information, materials and know how owned by us relating to the development and operation of Woodcraft Retail Stores including, but not limited to: (i) methods, techniques, formats, specifications, procedures, information, systems, sales and marketing techniques and programs, (ii) advertising, marketing and promotional programs; (iii) specifications for and suppliers of certain equipment, materials and supplies, including the Products and Branded Products; (iv) the customer list and customer database (the "Confidential Information"). We will disclose certain Confidential Information to you in the Initial Training Program, the Manual and in guidance furnished to you during the term of the Franchise. You acknowledge that the Confidential Information is proprietary and includes trade secrets of ours, and that you will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Retail Store during the term of this Agreement. You further acknowledge and agree that the Confidential Information is disclosed to you only on the condition that you agree to: (i) use the Confidential Information only in operating the Retail Store and not in any other business or capacity; (ii) keep all Confidential Information absolutely confidential during and after the term of this Agreement; (iii) make no unauthorized copies of any materials containing in whole or part the Confidential Information whether via electronic medium or in written or other tangible form; and (iv) adopt and implement all reasonable procedures periodically prescribed by us to prevent unauthorized use or disclosure of Confidential Information including, without limitation, restrictions on disclosure to employees and use of non-disclosure and non-competition provisions in employment agreements with employees who may have access to the Confidential Information. Confidential Information does not include any information that is or becomes a part of the public domain through publication or communication by third parties not bound by any confidentiality obligation or information which you obtained prior to its being provided to you directly or indirectly by us or any of our affiliates.

You agree and grant to us the perpetual right to use and authorize other Woodcraft franchisees to use, all ideas, concepts, methods and techniques relating to the development and/or operation of a Woodcraft Retail Store conceived or developed by you and/or your employees during the term of this Agreement. Franchisee acknowledges that such product and marketing ideas, concepts, methods and techniques will become Confidential Information and the property of Franchisor. Franchisee will not be entitled to receive any compensation from Franchisor for the same, but Franchisee will not be required to pay any compensation to Franchisor for use of the same.

8. **MARKETING.**

We have the right to direct all marketing programs, and to determine the concepts, materials and media (including Social Media) used in such programs and the placement and allocation thereof. Recognizing the value of marketing, and the standardization of marketing programs to the furtherance of the goodwill and public image of the System, we and you agree as follows:

A. Grand Opening Advertising.

[Intentionally Omitted.]

B. Local Advertising.

You agree to spend each month after beginning operations of the Retail Store, a percentage of your Gross Revenues on local advertising and promotion in your local trade area (“Local Advertising”). This amount shall be equal to (i) 5% of your prior month’s Gross Revenues for the first year of operation (ii) the percentage as specified below based on the Retail Store’s prior annual Gross Revenues for the second and each subsequent year of operation.

ANNUAL GROSS REVENUE (\$ MIL.)	LOCAL ADVERTISING REQUIREMENT (% OF GROSS REVENUE)
0 – < \$1.3M	5.0%
\$1.3M – <\$1.6M	4.5%
\$1.6M – <\$1.8M	4.0%
\$1.8M – <\$2.0M	3.75%
\$2.0M and above	Minimum of \$75,000

You agree to provide us with copies of all requested statements, invoices and checks evidencing the expenditures of the required sums for Local Advertising. You must submit to us for prior approval all advertising and promotional materials to be used for Local Advertising, unless such materials have been approved before or they consist only of materials we provide. If you do not receive our approval within five (5) business days after we receive the materials, they shall be deemed not to have received the required approval. The submission of advertising to us for approval does not affect your right to determine the prices you sell any Products.

C. Advertising Cooperative.

We may, from time to time, establish (and may then discontinue or modify) one or more regional advertising cooperatives for a geographic area which encompasses two or more Woodcraft Retail Stores (each an “Advertising Cooperative”). We will furnish you with written notice of the establishment of any Advertising Cooperative for the Territory. The notice will specify the date you are to begin contributions and the amount of the contributions. Contributions may be a flat fee or calculated as a percentage of Gross Revenues. We may modify the amount of your required contributions to an Advertising Cooperative from time to time; provided however, that as Section 8.B. provides, you will in no event be required to spend more than 5% of your monthly Gross Revenues in any combination of expenditures that we designate for Local Advertising and an Advertising Cooperative. Any Advertising Cooperative will be governed by bylaws in a form designated or approved by us.

The Advertising Cooperative may expend its funds for any and all of the following purposes: (i) development of advertising ideas and concepts; (ii) development of market research and merchandising

programs; (iii) preparation of advertising campaigns; (iv) development of promotional ideas and strategies; (v) preparation of collateral creative materials; (vi) preparation of advertisements; (vii) placing and paying for regional marketing and advertising; (viii) employing advertising agencies to assist in these activities and securing other technical and professional advice in connection with the above; (ix) other public relations; and, (x) administration of the Cooperative, including legal and accounting services. It will not be a requirement that expenditures made by an Advertising Cooperative be proportionate to your contributions or those of any other franchisee.

Your failure to make any required payments to any Advertising Cooperative will be a material breach of this Agreement which, unless you cure the breach as provided in Section 15.B, will result in this Agreement being immediately terminated.

D. Woodcraft Marketing and Advertising Fund.

We have established a marketing and advertising fund (the “Woodcraft Marketing and Advertising Fund” or “Fund”) and as Section 3.C. provides, you are required to contribute, each week, an amount equal to one and one-half percent (1½%) of Gross Revenues for the term of this Agreement. Your contribution shall be made at the same time and in the same manner as the Royalty Fee. We have the right to maintain and administer the Fund in our sole discretion in accordance with the following provisions:

We intend to use the Fund for national and/or regional marketing activities to promote the System (including, without limitation, the cost of preparing and conducting television, radio, magazine, newspaper, digital, social media, and Internet advertising campaigns) and related business purposes including employing advertising agencies to assist in these activities. We may charge the Fund fees at reasonable market rates for administrative or marketing services provided by us. We will not use the Fund to offer to sell franchises to prospective franchisees.

If less than the total of all contributions to the Fund are expended during any fiscal year, such excess may be accumulated for use during subsequent years. In addition, the Fund may borrow from us or other lenders to cover deficits in any fiscal year.

We will endeavor to manage the Fund in a way that benefits the System and increases public recognition of the System, including Branded Products and services offered as part of the System. However, we cannot, and do not, ensure that any particular franchisee will benefit directly or pro rata from the placement of advertising or from any expenditure by the Fund. All contributions by franchisees to the Fund shall be maintained in a separate account from our general operating account. Although we intend the Fund to be of perpetual duration, we maintain the right to terminate the Fund and return all unexpended funds to you and other franchisees on a pro rata basis based on contributions for the last 12 months prior to the Fund being terminated. An accounting of the operation of the Fund shall be prepared annually and shall be made available to you and other franchisees upon written request. All Woodcraft Retail Stores which we or our affiliates own or operate will be required to contribute to the Fund on the same basis as similarly situated Woodcraft franchisees. In addition, we or our affiliates will contribute on the same basis as Woodcraft franchisees based on sales of Products through the Internet and catalogue sales. The Fund is not a trust and we are not a fiduciary with respect to the Fund. You authorize us to collect for remittance to the Fund any advertising or promotional monies offered by any supplier based upon purchases by you or otherwise.

E. Internet and Website Use.

We retain the sole right, but not the obligation, to advertise the System and to sell the Products or any other products and services on the Internet. In addition, we retain the right to establish, operate and modify from time to time any website using the Marks. We have established and maintain a website at the

uniform resource locator (“URL”) www.woodcraft.com which provides information about the System and Products. We have also established and maintain an interior page containing information on affiliate and franchisee-owned Woodcraft Retail Stores and general franchise information regarding our franchising of Retail Stores. You may not develop, maintain, or authorize any other website, other online presence or other electronic medium that mentions or describes the franchise or the Store or displays any of the Marks. You may not conduct commerce or directly or indirectly offer or sell any products or services using any website, another electronic means or medium, or otherwise over the Internet. You shall comply with the standards and procedures developed by us for the System, in the manner directed by us in the Manual or otherwise in writing, with regard to your authorization to use, and use of, blogs, common social networks (such as Facebook, YouTube, LinkedIn, X, and Threads), virtual worlds, file, audio and video sharing sites and other similar social networking media or tools (“Social Media”) that in any way references the Marks or involves the System or the Woodcraft Retail Store. We reserve the right to require our approval of any message you compose for a social media website or commentary for any other website before you post such message or commentary. If requested by us, you agree to cease posting on any social media website in connection with your or any other WOODCRAFT Retail Store, the Marks, or the System. We reserve the right to revoke our approval at any time of any website that fails to continue to meet our standards, and you agree that upon such revocation, you will immediately discontinue use of the website.

9. ACCOUNTING AND RECORDS.

A. Recordkeeping.

You shall establish and maintain a computer-based bookkeeping, accounting and record keeping system conforming to the requirements prescribed by us, including without limitation the use and retention of sales records, point of sale data, purchase orders, invoices, payroll records, check stubs, sales tax records and returns, cash receipts and disbursements, general journals, general ledgers, bank statements and deposit slips. You will capture and record customer information in a computerized database, and link each customer's transactions to it, as we specify. You authorize us to retrieve such information as we may require directly from your computer and you agree to cooperate with us with regard to our retrieval of such information.

B. Annual Reports.

You will supply to us on or before the twenty-fifth (25th) day of each month, in the form prescribed by us, a profit and loss statement and balance sheet for the last preceding calendar month. Additionally, you shall, at your expense, submit to US within ninety (90) days of the end of each fiscal year during the term of this Agreement, a profit and loss statement for such fiscal year and a balance sheet as of the last day of such fiscal year. Such financial statements shall be prepared in accordance with generally accepted accounting principles by an independent public accountant. We will keep your financial data confidential except to the extent that we decide, or are required, to make an “earnings claim” under applicable franchise disclosure laws.

C. Other Reports.

You will furnish to us any other periodic reports prescribed by us, and will furnish or make available (on computer disk, by modem, or other electronic means) such other information and supporting records as we may periodically prescribe, including sales information, advertising materials and supporting invoices, and reports of operating or service problems of any equipment used by the Retail Store. All reports and information will be on forms prescribed or approved by us.

D. Our Audit Rights.

We or our designee shall have the right at all reasonable times, both during and after the term of this Agreement, to inspect, copy, and audit or request copies of your books, records and federal and state tax returns, and such other forms, reports, information and data as we reasonably may designate, applicable to the operation of the Retail Store. If an inspection or audit discloses an understatement of Gross Revenues, you shall pay us, within 10 days after receipt of the inspection or audit report, the deficiency in the Royalty Fee and Marketing Fund Contributions plus interest (at the rate and on the terms provided in Section 3.F.) from the date originally due until the date of payment. If an inspection or audit is made necessary by your failure to furnish reports or supporting records as required under this Agreement, or to furnish such reports, records or information on a timely basis, or if an understatement of Gross Revenues for the period of any audit is determined by such audit or inspection to be greater than five percent (5%), you shall reimburse us for the cost of such audit or inspection including, without limitation, the charges of attorneys and independent accountants, and the travel expenses, room and board and compensation of our employees or designees involved in the audit or inspection. The foregoing remedies shall be in addition to our other remedies and rights under this Agreement or applicable law.

10. OPERATION OF THE RETAIL STORE.

A. Compliance with System Standards.

The Marks and System licensed to you represent valuable goodwill distinctive of our business and reputation. We will promulgate, from time to time, uniform standards of quality and service regarding the business operations of the Retail Store so as to protect (for the benefit of all franchisees and us) the goodwill and uniformity represented and symbolized by the Marks and System. You agree to maintain the highest standards of quality and service in the Store and comply with all mandatory specifications, standards and operating procedures (whether contained in the Manual or other written or oral communication to you relating to the appearance or operation of the Woodcraft Retail Store, and agree to the following provisions:

B. Managerial Responsibility.

If you are an individual, the parties who have signed this Agreement agree to personally manage and operate the Retail Store. If you are an entity, a manager who has satisfactorily completed Initial Training shall be responsible for the day-to-day operations of the Retail Store (“General Manager”) and must at all times faithfully, honestly and diligently utilize best efforts to promote and enhance the business of the Store and must not engage in any other business or activity, directly or indirectly, that requires significant management responsibility or time commitments. In addition, your General Manager may be required to sign a Confidentiality Agreement with terms similar to the confidentiality provisions contained in this Agreement. You agree to take such steps as are necessary to ensure that your employees preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; and meet such minimum standards as we may establish from time to time in the Manual or otherwise in writing in order to protect the quality of the Products and the Woodcraft brand, reputation and goodwill.

C. Inventory Levels.

At all times throughout the term of this Agreement, you shall purchase and maintain in inventory an adequate and representative inventory of Products, including Branded Products, as are needed to meet reasonably anticipated consumer demand.

D. Woodcraft Branded Products and Other Products.

You agree that the Retail Store will only offer for sale those products and services which we have approved as being suitable for sale and meeting the standards of quality and uniformity for the System. You agree that Branded Products and other Products as well as certain other products, services, equipment, supplies, or material may only be available from one source and we, Woodcraft Supply, LLC, or our affiliates may be that source. We make no representations or warranties in connection with Branded Products or other Products purchased from suppliers other than us. The purchase of Branded Products and other Products from Woodcraft Supply, LLC shall be in accordance with the terms and conditions contained in the Woodcraft Supply Product Supply Agreement then in effect.

If you fail to pay in full all amounts owed to us, in addition to whatever other remedies may be available to us as set forth in this Agreement, we shall have the right to suspend or cause to be suspended further shipments of Branded Products and/or any other products or services to you until the default has been cured.

E. Inventory and Operating Supplies.

In addition to the Products and Branded Products, all services and products used in the operation of the Retail Store including, but not limited to, inventory, stationery, business forms, calling cards and other materials shall comply with our specifications and quality standards and, if required by us, shall be purchased only from "Approved Suppliers" that we designate or approve. For certain items, we or our affiliate[s] may be an Approved Supplier. We will provide you, in the Manual or other written or electronic form, with a list of the approved services and/or products and, if required, a list of Approved Suppliers for some or all of these services and/or products and shall from time-to-time issue revisions thereto. If you desire to use any service and/or product that we have not approved (for services or products that require supplier approval), you shall first send us sufficient information, specifications and/or samples for us to determine whether the service or product complies with our standards and specifications or the proposed supplier meets our criteria. We may charge a reasonable fee for inspection and/or testing and will decide within a reasonable time after receiving the required information whether you may purchase the service or product from such proposed supplier. Approval of a supplier may be conditioned on requirements related to, among others, the frequency of delivery, standards of service, consistency, reliability and general reputation. We reserve the right to review from time to time our approval of any suppliers and may revoke our approval of any supplier who fails to meet our criteria.

F. Computer System.

You will use in the Retail Store the computer system, including all existing or future components and associated services that we have developed and /or selected for the System (the "Computer System"). You must purchase, use, maintain and update computer hardware and software (including management system, point-of-sale, back-office and other systems) and Internet access services which meet our specifications as they evolve over time. You must maintain your Computer System on-line to provide full access for computer systems used by us and you must promptly update and otherwise change your computer hardware and software systems as we require from time to time, at your expense. You agree to pay all amounts charged by any supplier or licensor of the Computer System used by you, including charges for use, maintenance, support and/or update of the hardware or software. You are solely responsible for protecting yourself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and waive any and all claims you may have against us as the direct or indirect result of such disruptions, failures or attacks. You shall transmit to us or permit us to collect electronically information from the Computer System relating to the Retail Store. We will have, at all times,

the right to access and retrieve all sales and other information relating to the Retail Store from the Computer System and you agree to take such action as may be necessary to provide such access to us.

G. Compliance with Laws.

You agree, at your expense, to comply with all applicable federal, state, local and municipal laws, ordinances, rules and regulations affecting the operation of the Retail Store including applicable health and safety standards. You will timely obtain all permits, certifications, or licenses necessary for the full and proper conduct of the Retail Store, including licenses to do business, fictitious name registrations and sales tax permit clearances. You must comply with all state and federal laws and regulations relating to the privacy of consumer, employee, and transactional information. You must notify us immediately of any suspected data breach at or in connection with the Retail Store. You agree to comply with such directives related to the processing of credit/debit cards promulgated by the card issuers (e.g., Cardholder Information Security Program (“CISP”) promulgated by Visa®) and/or service companies/organizations, such as the Payment Card Industry (“PCI”) Data Security Standards, as those standards may be revised and modified by the PCI Security Standards Council, LLC (see www.pcisecuritystandards.org), or any successor organization or standards that we may reasonably specify in the Manual or otherwise in writing. Among other things, you agree to implement the enhancements, security requirements, and other standards that CISP, PCI Security Standards Council, LLC or their equivalent (or their successors) requires of a merchant that accepts payment by credit and/or debit cards.

H. Payment of Liabilities.

You agree to timely pay all of obligations and liabilities due and payable to us, suppliers, lessors and creditors. You agree to execute any and all documents reasonably requested by us, including letters of credit, security agreements, and financing statements, to insure payment of amounts due to us for direct purchases of any items used in the development or operation of the Retail Store.

I. Modification of System Standards.

You acknowledge and agree that we have the right to change or modify from time-to-time the System as we deem appropriate, including to reflect the changing market and to meet new and changing consumer demands, and that variations and additions to the System may be required from time to time to preserve and enhance the public image of the System and operations of Woodcraft Retail Stores. Our changes to the System may include the adoption and use of new or modified products, services, equipment and furnishings and new techniques and methodologies relating to the preparation, sale, promotion and marketing of woodworking products and services, as well as trademarks, service marks and copyrighted materials. You shall, upon reasonable notice and at your sole expense, accept, implement, use and display in the operation of the Store any such changes in the System, as if they were part of this Agreement at the time it was executed. You agree not to change, modify or alter in any way the System, without our prior written consent.

J. Personnel.

You or your General Manager, if you are an entity, will, at all times when the Retail Store is open for business, be responsible for the operations of the Retail Store. You will employ and maintain a sufficient number of adequately trained, competent and courteous employees to provide efficient service to your customers, and set and pay their wages, commissions, and incentives with no liability to us. You will hire all employees of the Store and be exclusively responsible for the terms of their employment, compensation, scheduling, recordkeeping, benefits, disciplining and other employment decisions. You must ensure that each of your employees understands that he or she is your employee and not an employee of ours or our

affiliates and that he or she must look solely to you for his or her compensation and for all other matters related to their employment with you.

K. Hours of Operation.

You agree that the Retail Store will be open for business for such days and hours as we may reasonably designate as set forth in the Manual or as we otherwise prescribe in writing.

L. Notification of Proceedings.

You will notify us in writing within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, injunction or award of any court, agency or other governmental authority which may adversely affect the operation or financial condition of the Retail Store.

M. Customer Service and Warranty Programs.

You shall at all times require your employees, agents and affiliates to maintain the highest ethical and moral standards of the community and adhere to the standards applicable to a Woodcraft Retail Store franchisee as set forth by us. You will ensure that all customer complaints will be dealt with promptly and courteously. You will provide to all Retail Store customers those warranties and guarantees prescribed by us. For Branded Products and other products that you maintain in inventory, you will provide such warranties and guarantees to customers on forms as provided by the manufacturer, distributor or other warranty provider of such products.

N. Products and Services Sold by You.

You agree to offer and sell all products and services which are part of the System, and all other products and services which we in the future incorporate into the System. You agree to offer and sell only those products and services authorized by us. We will periodically provide you with lists of approved products for sale and for use in the provision of services hereunder. We will designate the amount of opening inventory of required Products, supplies, equipment and services for the Retail Store. You agree to purchase this opening inventory before commencement of operations of the Retail Store. You will, at our request, accept credit and debit cards and use credit card vendors, other payment systems including gift and loyalty card programs, other payment systems, and check verification services and compliance programs and systems relating to the same.

O. Compliance with Good Business Practices and Laws.

You, and the Retail Store you operate, shall, in all dealings with customers, suppliers and the general public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to the Retail Store, the Franchise, the goodwill associated with the Marks and other franchisees. Notwithstanding any other provision of this Agreement, you will control and be solely responsible for the day-to-day operations of the Retail Store and the terms and conditions and employment of your personnel, including the solicitation, hiring, firing, disciplining, paying, scheduling, and managing of your employees.

11. INSURANCE.

A. Policies and Coverages.

You are responsible for all loss or damage arising from or related to your development and operation of the Retail Store, and for all demands or claims with respect to any loss, liability, personal injury, death, property damage, or expense whatsoever occurring upon the premises of, or in connection with the development of the Retail Store. You shall procure and maintain in full force and effect throughout the term of this Agreement, at your sole expense, the following minimum insurance coverages and limits in addition to any other insurance that may be required by applicable law, any lender or lessor.

- (1) Comprehensive general liability insurance, including coverage for bodily injury, personal injury, products liability, blanket contractual liability, broad form property damage, non-owned automobiles, completed operations and property damage on an occurrence basis with policy limits of not less than One Million Dollars (\$1,000,000.00);
- (2) Property Insurance written on an "All Risks" policy for fire and related peril (including floods and earthquakes where applicable) with limits of insurance of not less than the full replacement value of the Retail Store, its furniture, fixtures, equipment, inventory, and other tangible property;
- (3) Workers' Compensation and Employer's Liability coverage that complies with the statutory requirements of the state in which the Retail Store is located; and
- (4) Builder's All Risks insurance in connection with any construction, renovation, refurbishment, or remodeling of the Retail Store.

All policies you are required to maintain shall contain a separate endorsement naming us as an additional insured. All policies shall be written by an insurance carrier or carriers approved by us that has received and maintains an "A+" or better rating by Best's Insurance Rating Service. No policy of insurance shall be subject to cancellation except upon thirty (30) days written notice to us. The insurance policies described above are minimum requirements and you may purchase and maintain additional insurance policies or insurance policies with greater coverage limits.

You agree to provide us annually with a certificate of insurance with the original policy attached showing full compliance with the requirements of this Section. Should you, for any reason, not procure and maintain such insurance coverage as required by this Agreement, we shall have the right and authority (without, however, any obligation to do so) to immediately procure such insurance coverage and to charge same to you together with a reasonable fee for expenses incurred by us in connection with such procurement.

12. RELATIONSHIP OF PARTIES/INDEMNIFICATION.

A. Independent Contractor.

It is understood and agreed that you are an independent contractor and in no way authorized to make any contract, warranty or representation or create any obligation on behalf of or in our name. Neither party is the employer, employee, agent partner, fiduciary or co-venturer of or with the other, each being independent. All employees or agents hired or engaged by or working for you will be only be your employees or agents and will not for any purpose be deemed employees or agents of ours or any of our

affiliates, nor subject to our or our affiliates control and in particular, we and our affiliates will have no authority to exercise control over the hiring or termination of your employees, independent contractors, or others who work for you; their compensation; working hours or conditions; or their day-to-day activities except to the extent necessary to protect the Marks. You are not granted any right or authority to assume or create any obligations or responsibility, express or implied, on behalf of or in our name, in any matter or thing whatsoever. This Agreement does not create a fiduciary relationship or a relationship of special trust and confidence. You shall prominently display a sign in the Retail Store indicating to the general public that the Retail Store is independently owned and operated by you under a license granted by us. All business cards, stationery, checks and employment communications used by Franchisee in connection with the Retail Store must clearly disclose that the Retail Store is independently owned and operated by you under a license granted by us. If required by us, marketing materials used by you must clearly disclose that the Retail Store is independently owned and operated by you under a license granted by us. You shall use your own name in obtaining or executing contracts and making purchases, so that the transaction indicates that you are acting on your own behalf and not for us. You shall take other such affirmative action as may be necessary and as we may reasonably require as we may require from time to time.

B. Indemnification.

You agree to protect, defend, indemnify and hold us and each of our current and former directors, members, officers, employees, agents, subsidiaries and affiliates, their present and former directors, members, officers, employees and agents (the “Indemnified Persons”) harmless from all claims, actions, liability, damages, costs and expenses, including, but not limited to, court costs, legal expenses and reasonable attorneys’ fees (whether relating to pretrial, trial, post-trial, appellate, or bankruptcy proceedings) which any of them may suffer, sustain or incur by reason of, arising out of or connected with your operation of the Woodcraft Retail Store or your (or your employees’) conduct under this Agreement, including: (a) any labor or employment violations; (b) joint employer violations. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration of termination of this Agreement. In addition, this indemnity shall survive any act of bankruptcy or insolvency.

13. YOUR ORGANIZATION

A. Entity Documents and Ownership.

If you are at any time a corporation, limited liability company, or other business legal entity (collectively, an “Entity”), you agree and represent that:

- (1) You will have the authority to execute, deliver, and perform your obligations under this Agreement and all related agreements and are duly organized or formed, validly existing and in good standing under the laws of the state of your incorporation or formation;
- (2) You will provide us with a copy of your organizational documents, operating agreement, or partnership agreement, as applicable, which shall recite that this Agreement restricts the issuance and transfer of any ownership interests in you, and all certificates and other documents representing ownership interests in you will bear a legend referring to this Agreement’s restrictions;
- (3) Exhibit C to this Agreement completely and accurately describes all of your owners and their interests in you as of the Effective Date;

- (4) Subject to our rights and your obligations under Section 14, you and your owners agree to sign and deliver to us a revised Exhibit C to reflect any permitted changes in the information that Exhibit C now contains; and
- (5) The Outlet and other Tide Cleaners Outlets, if applicable, will be the only businesses you operate (although your owners may have other, non Competitive Business interests).

B. Guaranty.

Each of your owners during the Term will execute a Guaranty and Assumption of Obligations in the form we prescribe undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us. Our current form of Guaranty and Assumption of Obligations is attached as Exhibit D. You acknowledge that, unless otherwise agreed to in writing by us, it is our intent to have individuals (and not corporations, limited liability companies or other entities) sign the Guaranty and Assumption of Obligations. Accordingly, if any owner is not an individual, we shall have the right to require individuals who have only an indirect ownership interest in you to sign the Guaranty and Assumption of Obligations. (By way of example, if an owner is a corporation, we have the right to require individuals who have an ownership interest in that corporation to sign the Guaranty and Assumption of Obligations.)

14. TRANSFERS.

A. By Us.

This Agreement and all rights hereunder is fully assignable by us without your consent and shall be binding on and inure to the benefit of our successors and assignees. We shall have no liability for the performance of any obligations contained in this Agreement after the effective date of such transfer or assignment. Franchisee further agrees and affirms that Franchisor and its affiliates may go public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation or person(s); and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic, legal or financial restructuring. With regard to any of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, the Marks (or any variation thereof) and System and/or the loss of association with or identification of Woodcraft Franchise LLC as Franchisor under this Agreement. Franchisee specifically waives any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing. Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities. If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor or its affiliate(s) to remain in the current business or to offer or sell any products or services to Franchisee.

B. By You.

The rights and duties as set forth in this Agreement are personal to you. We have entered into this contract with you in reliance upon your business skill, financial capacity, personal character, experience and demonstrated or purported ability in operating a retail business specializing in the sale of woodworking tools. Accordingly, neither you nor any person possessing an interest in you (if you are not an individual)

shall be permitted without our written consent to sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in (i) this Agreement; (ii) the ownership in you (if you are not an individual); or (iii) the assets of the Retail Store (a "Transfer"). Any purported Transfer, without our prior written consent, shall be null and void and shall constitute a material breach of this Agreement, for which we shall be entitled to terminate this Agreement without notice or opportunity to cure. We will not unreasonably withhold our consent to a proposed Transfer which meets all of the following conditions:

- (1) All monetary obligations owed to us or our affiliates shall be fully paid and satisfied;
- (2) All other outstanding obligations relating to the Retail Store or incurred in connection with this Agreement shall be assumed by the transferee;
- (3) The transferee shall demonstrate to our reasonable satisfaction that it meets our qualifications as to business experience, reputation, aptitude and financial resources necessary to operate the Retail Store;
- (4) You execute a general release, of any and all claims you may have against us and our Affiliates and their respective officers, directors, shareholders, agents, attorneys, employees and representatives arising out of or related to this Agreement;
- (5) You or the transferee shall have paid to us a transfer fee of 50% of then-current Franchise Fee; provided however, if you are an individual and are transferring your interest to a newly formed corporation or limited liability company solely owned by you and whose activities are confined exclusively to the operation of the Retail Store, then we will waive the transfer fee;
- (6) The transferee satisfactorily completes any training program required of new franchisees, at the transferee's sole cost and expense including, but not limited to, travel and living expenses; and
- (7) At our option, the transferee and its owners execute and agree to be bound by our then-current form of franchise agreement and any ancillary agreements as may be required by us, including our Guaranty and Assumption of Obligations in the form of Exhibit C, the provisions of which may differ materially from any and all of those contained in this Agreement;

C. Your Death or Disability.

Upon your death or permanent disability or, if you are a corporation or limited liability company, the death or permanent disability of the owner of more than 50% of the stock or membership interest of you, the executor, administrator, conservator or personal representative of such person shall assign this Agreement or the ownership interest to a third party approved by us. Such assignment shall occur within a reasonable period not to exceed six (6) months after your death or permanent disability. Such transfer shall be subject to all the terms and conditions contained in Section 13.B. Failure to transfer Franchisee's interest within this time period shall constitute a breach of this Agreement. Pending disposition, we shall have the right to approve the management of the Retail Store.

D. Effect of Consent to Transfer.

Our consent to a transfer of this Agreement or any interest in you, the Retail Store, or the assets of the Retail Store shall not constitute a waiver of any claims we may have against you, nor shall deemed a waiver of our right to demand exact compliance with any of the terms or conditions of this Agreement by the transferee.

E. Our Right of First Refusal.

If you at any time decide to sell, transfer or assign any right or interest under this Agreement, any interest in you, the Retail Store, or the assets of the Retail Store, you must obtain a bona fide, executed, written offer from a responsible and fully disclosed purchaser and must submit an exact copy of the offer to us. We shall have the right, exercisable by written notice delivered to you within thirty (30) days from the date of delivery of the offer to us, to purchase such interest for the price and on the terms and conditions contained in the offer, provided that we may substitute cash for any non-monetary form of payment proposed in the offer. Should we exercise our right of first refusal, you shall provide us with a minimum of thirty (30) days to prepare for closing. We shall be entitled to all customary representations and warranties, closing documents, and post-closing indemnifications. If we do not exercise our right of first refusal, you may complete the sale to the purchaser pursuant to and on the terms of the offer, subject to our right to approve the transfer contained in Section 13.B. of this Agreement. If the sale to the purchaser is not completed within one hundred twenty (120) days after delivery of the offer to us, or if there is a material change in the terms of the offer, then we shall have again the right of first refusal herein provided.

15. DEFAULT AND TERMINATION.

A. By Us Following Expiration of Cure Period.

Except for those items listed in Section 15.B. below, you will have 30 days after written notice of default from us within which to cure any default and provide us with evidence of the cure. If any such default is not cured within that time, this Agreement shall terminate without further notice to you effective immediately upon expiration of the 30 day period, unless we notify you otherwise in writing. Notwithstanding the foregoing, if the default cannot be corrected within 30 days, you shall have such additional time to correct the default as reasonably required (not to exceed 60 days) provided that you begin taking the actions necessary to correct the default during the 30 day cure period and diligently and in good faith pursue those actions to completion. You shall be in default if you fail to comply with any provision of this Agreement or any mandatory specification, standard or operating procedure prescribed by us.

B. By Us Without Cure Period.

In addition to the grounds for termination that may be stated elsewhere in this Agreement, we may terminate this Agreement upon delivery of notice of termination to you, without opportunity to cure if you commit any of the following breaches:

- (1) [Intentionally omitted];
- (2) You abandon, surrender or transfer control of the operation of the Retail Store without our prior written approval;
- (3) You have made any material misrepresentation or omission in the application for the renewal of the Franchise;

- (4) You are convicted of or plead guilty to no contest to a felony or to another crime or offense that may adversely affect the reputation of you, or the Retail Store or the goodwill associated with the Marks or if you engage in any conduct which is injurious or prejudicial to the goodwill associated with the Marks or the System or which adversely affects the reputation of us or any Woodcraft Retail Store;
- (5) You make any unauthorized use or disclosure of or duplicate any of the Confidential Information, make any unauthorized use of the Marks or use, duplicate or disclose any portion of the Manual;
- (6) You lose the right to possession of the Site and do not relocate the Retail Store to another site in accordance with this Agreement;
- (7) You, or any person which guarantees your obligations under this Agreement (“Guarantor”) become insolvent or make an assignment for the benefit of its creditors, or if a petition in bankruptcy is filed by you or a Guarantor, or such a petition is filed against and consented to by you or a Guarantor, or if you or a Guarantor is adjudicated a bankrupt, or if a bill in equity or other proceeding for the appointment of a receiver of you or a Guarantor or other custodian for its business or assets is filed and is consented to by you or a Guarantor, or if proceedings for composition with creditors under any state or federal law should be instituted by or against you or a Guarantor;
- (8) You violate the restrictions of Sections 7. or 17. of this Agreement;
- (9) You fail to report accurately the Gross Revenues of the Retail Store or fail to make payments of any amounts due us or our affiliates for any Royalty, Marketing Fund Contribution, purchases from us or our affiliates or any other amounts due to us or our affiliates, and do not correct such failure within ten (10) days after written notice thereof;
- (10) You knowingly maintain false books or records, or knowingly submit any substantially false report to us;
- (11) You cause or permit to exist a default under the lease or sublease for the site and fail to cure such default within the applicable cure period set forth in the lease or sublease;
- (12) You fail on three (3) or more separate occasions within any period of twelve (12) consecutive months to comply with this Agreement or any mandatory specification, standard or procedure we prescribe, whether or not such failures to comply are corrected and whether or not notice of such default is given;
- (13) A threat or danger to public health or safety results from the construction, maintenance or continued operation of the Retail Store;
- (14) You refuse us permission to inspect the Retail Store, or your business, books, records or other documents pursuant to this Agreement;

16. RIGHTS AND OBLIGATIONS OF PARTIES UPON TERMINATION OR EXPIRATION.

Upon termination or expiration of this Agreement, all rights granted hereunder to you shall immediately cease and:

- (1) You agree to promptly pay all sums including Royalty Fees, Marketing Fund Contributions, amounts owed for purchases by you from us or our affiliates, and other amounts owed to us and our affiliates under the terms of this Agreement. In the event of termination for any default by you, such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by us as a result of the default.
- (2) You shall cease to operate the Retail Store and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former WOODCRAFT franchisee.
- (3) You shall return the Manual, other Confidential Information and materials provided to you by us relating to the operation of the Retail Store.
- (4) You shall cancel any assumed or fictitious name or equivalent registration filed with any state, city or county authority which contain the name "WOODCRAFT" or any Mark and you shall provide us with satisfactory evidence of compliance with this obligation within thirty days after expiration or termination.
- (5) You shall, at our option, assign to us all right, title and interest in and to any telephone numbers relating to the Retail Store and you shall notify the telephone company and all listing agencies of the termination or expiration of your right to use any telephone number and any regular, classified or other telephone directory listing associated with the Marks and to authorize a transfer to us or a third party designated by us.
- (6) You shall abide by the covenants not to compete and confidentiality provisions set forth in Section 17. of this Agreement.
- (7) In the event we do not elect to exercise our option to acquire the lease for the Site under the Condition Assignment of Lease, then, to the extent, if any, you are permitted to conduct any business at the Site, you shall promptly make such modifications or alterations to the premises at your expense (including, at our option, the assignment of the telephone number and directory listings to us) as may be necessary to distinguish the appearance of the Site from that of other Woodcraft Retail Stores, and you shall make such specific additional changes thereto as we may reasonably request for that purpose. In the event you fail or refuse to comply with the requirements of this Section 16., we shall have the right to enter upon the Site without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at your expense, which expense you agree to pay upon demand.
- (8) We shall have the option, to be exercised within thirty days after termination or expiration hereof, to purchase from you any or all of the furnishings, equipment, signs, fixtures, Products or supplies related to the operation of the Retail Store. The purchase price for the Branded Products shall be at ninety percent (90%) of the

current wholesale price. For all other assets, the purchase price shall be at fair market value. If we and you cannot agree on the fair market value of any item within 15 days after the exercise of the option, an independent appraiser shall be designated by us and you and the appraiser's determination shall be binding. If you and we cannot agree on an appraiser within 15 days, each party shall designate an independent appraiser, and the two designated independent appraisers shall select a third independent appraiser. The determination of fair market value of the third appraiser so chosen shall be binding. If we elect to exercise any option to purchase herein provided, the closing shall take place within thirty (30) days after the purchase price has been established. We shall have the right to set off all amounts due from you, if any, against the payment price of such items. Prior to closing, we and you shall comply with all applicable legal requirements, of the state in which the Retail Store is located and the bulk sales provisions of any applicable tax laws of the state and municipality in which the Retail Store is located. If we exercise this option to purchase, we shall have the right to appoint a manager to maintain the operation of the Retail Store pending the closing of such purchase. At closing, you shall deliver instruments transferring to us: (i) good and marketable title to the assets free and clear of all liens and encumbrances (other than liens and security interests acceptable to us); (ii) all licenses and permits for the Retail Store that may be assigned or transferred, with appropriate consents; and (iii) the lease or sublease for the Retail Store premises, with appropriate consents. If you are not able to provide us with clear title to the purchased assets, or if there are other unresolved issues, the closing shall be accomplished through an escrow.

17. COVENANTS.

A. Best Efforts.

Except as otherwise approved in writing by us, you covenant that during the term of this Agreement, you will devote full time energy and best efforts to the management and operation of the Retail Store.

B. Covenant Not to Compete During Term of Franchise.

You acknowledge that you will receive certain Confidential Information which consists of trade secrets and confidential and proprietary information and know-how as described in Section 7. of this Agreement. You further acknowledge and agree that we would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas if you and other franchisees were permitted to hold interests in other related businesses, except as otherwise approved in writing by us, you covenant that during the term of this Agreement, you will not, either directly or indirectly, for ourselves, or through, on behalf of, or in conjunction with, any person, persons, or legal entity:

- (1) Divert or attempt to divert any business or customer of the Retail Store to any competitor by inducement or otherwise, or do perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System; and
- (2) Own, maintain, advise, operate, engage in, be employed by, make loans to, have any interest in or relationship or association with a Competitive Business. The term "Competitive Business" as used in the Agreement shall mean any business which operates, or grants franchises or licenses to others to operate, a business specializing in offering woodworking tools or any related products or services.

C. Covenant Not to Compete After Termination or Expiration of the Franchise.

You covenant that you shall not, without our prior written consent, for a continuous, uninterrupted period of two (2) years commencing upon the date of: (a) a transfer permitted under Section 13.B. of this Agreement; (b) expiration of this Agreement; or (c) termination of this Agreement (regardless of the cause for termination); either directly or indirectly, through, on behalf of, or in conjunction with any person, persons, or legal entity (including a legal entity which owns, are owned by, or are under common ownership with you), own, maintain, advise, operate, engage in, lease to, be employed by, make loans to, or have any interest in or relationship or association with a Competitive Business which is located: (i) at the Site or (ii) within the Territory or (iii) within a ten mile radius of any other Woodcraft Retail Store.

Sections 17.B. and 17.C. shall not apply to the beneficial ownership by you of less than a five percent of the outstanding equity securities of any company registered under the Securities Act of 1933 or the Securities Exchange Act of 1934.

D. Independent Covenants.

The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision hereof. If all or any portion of a covenant in this Section 17. is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 17.

E. Reduction of Covenants by Us.

You agree and acknowledge that we shall have the right, in our sole discretion, to reduce the scope of any covenant or any portion thereof set forth in Sections 17.B. and 17.C. hereof, without your consent, effective immediately upon receipt by you of written notice thereof; and you agree that you will comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 18.G. hereof.

F. Injunctive Relief.

You acknowledge that your violation of the terms of this Section 17. would result in irreparable injury to us for which no adequate remedy at law may be available, and agree to pay all court costs and reasonable attorneys' fees incurred in obtaining any injunctive or other equitable or legal relief with respect to such conduct or action.

18. ENFORCEMENT.

A. Severalty and Substitution of Valid Provisions.

The provisions of this Agreement are considered severable. If any court, agency or other tribunal with proper jurisdiction in a proceeding to which we are a party holds, in final ruling, that any part of this Agreement is invalid or conflicts with any applicable law, that ruling will not affect have any effect upon any other portions of this Agreement; all of which will remain binding on the parties and be given full force and effect.

If any provision of this Agreement is inconsistent with any law applicable to this Agreement or the Franchise which requires a greater advance notice of termination or nonrenewal than is required under this

Agreement, then both parties will comply with the requirements of that law as if they were substituted for the inconsistent provision(s) of or added to this Agreement. If any law applicable to this Agreement or the Franchise makes any provision of this Agreement (including any provision in the Manual and any mandatory specification, standard or operating procedure we prescribe) invalid or unenforceable, then we will have the right, in our sole discretion, to modify that provision to the extent necessary to make it valid and enforceable. You agree to be bound by each provision of this Agreement to the greatest extent to which you may lawfully be bound.

B. Waiver.

If at any time we or you do not exercise a right available under this Agreement or do not insist on the other party's compliance with any one or more terms of the Agreement, or if a custom or practice develops between you and us which is inconsistent with this Agreement, we or you will not have waived the right to exercise the right or to demand compliance with that term or any of the other terms of this Agreement at a later time. Similarly, the waiver of any particular breach or series of breaches under this Agreement or of any term in any other agreement between you and us will not affect our rights with respect to any later breach.

C. Cumulative Remedies.

The rights and remedies that this Agreement grants to either party are cumulative and the exercise of any right or remedy will not prohibit either party from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

D. Dispute Resolution.

Except for controversies, disputes or claims related to or based on your use of or the validity or ownership of the Marks or your unauthorized use or disclosure of any Confidential Information, all controversies, disputes or claims between us (and our affiliates and our and their respective shareholders, officers, directors, agents and employees) and you (your owners, affiliates and employees, if applicable) arising out of or related to this Agreement or any other agreement between you and us or any alleged breach hereof will be submitted for arbitration to the Office of the American Arbitration Association closest to our then-current principal business address. Except as otherwise provided in this Agreement, such arbitration proceedings shall be heard by one arbitrator in accordance with the then existing commercial arbitration rules of the American Arbitration Association. Arbitration proceedings shall be held at a suitable location to be chosen by the arbitrator which is within ten (10) miles of our principal business address. All matters within the scope of the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.) will be governed by it and not by any state arbitration law. We and you agree that arbitration shall be conducted on an individual, not a class-wide basis. In no event shall you be entitled to money damages based upon any claim that we have unreasonably withheld or unreasonably delayed any consent or approval to a proposed act by you under any terms of this Franchise Agreement, and you hereby waive any such claims, including by way of set-off, counterclaim or defense based on any such claim.

Before the filing of any arbitration, the parties agree to first attempt to resolve the dispute arising out of or relating to this Agreement at a face-to-face meeting. The face-to-face meeting shall be held at a neutral location within ten (10) miles of our principal business address within 30 days after either Franchisee or Franchisor gives written notice to the other party proposing such a meeting. Each party shall be responsible for its own personal expenses. If such face-to-face meeting fails to result in a satisfactory resolution of the dispute then the parties agree to proceed to mediation.

If the dispute remains unresolved after the face-to-face meeting, the parties agree to submit the dispute to non-binding mediation conducted in accordance with the Commercial Mediation Rules of the AAA, unless the parties agree on alternative rules. The mediator must be a neutral person agreed upon by the parties and experienced in franchise law. Any party may be represented by counsel and persons authorized to settle the dispute must attend any mediation session. The mediation shall be held within ten (10) miles of our principal business address. The fees and expenses of the mediator shall be shared equally by the parties and each party shall be responsible for its own personal expenses. The entire mediation process shall be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties shall not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible shall not be excluded from discovery or admission as a result of its use in the mediation. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible within 30 days of the notice from the party seeking to initiate the mediation procedures.

E. Governing Law/Consent to Jurisdiction.

ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED EXCLUSIVELY BY THE FEDERAL ARBITRATION ACT (9 U.S.C. SECTIONS 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.) OR OTHER FEDERAL LAW, THIS AGREEMENT, THE FRANCHISE AND THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE OF WEST VIRGINIA, WITHOUT REGARD TO ITS CONFLICT OF LAW PRINCIPLES, EXCEPT THAT ANY LAW REGULATING THE SALE OF FRANCHISES, GOVERNING THE RELATIONSHIP OF THE PARTIES TO A CONTRACT INVOLVING THOSE RIGHTS, BUSINESS OPPORTUNITIES OR SIMILAR RIGHTS TO RELATING TO UNFAIR TRADE PRACTICES WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.

THE PARTIES AGREE THAT ANY ACTION BROUGHT BY EITHER PARTY AGAINST THE OTHER IN ANY COURT, WHETHER FEDERAL OR STATE, SHALL BE BROUGHT IN THE JUDICIAL DISTRICT IN WHICH WE HAVE OUR PRINCIPAL PLACE OF BUSINESS WHEN THE ACTION IS FILED; PROVIDED HOWEVER WITH RESPECT TO ANY ACTION WHICH INCLUDED INJUNCTIVE RELIEF OR SEEKS POSSESSION OR DISPOSITION OF, OR OTHER RELIEF RELATING TO REAL PROPERTY, WE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION. THE PARTIES WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION.

F. Binding Effect.

This Agreement is binding on and will inure to the benefit of our successors and assigns and will be binding on and inure to the benefit of your permitted successors, assigns, heirs, executors and administrators.

G. Entire Agreement.

This Agreement, including the introduction and exhibits to it, constitutes the entire agreement between you and us, and there are no other oral or written understandings, representations or agreements between you and us, concerning the subject matter of this Agreement. However, nothing in this Agreement is intended as, nor shall it be interpreted to be, a disclaimer by us of any representation made in our disclosure document. Except with respect to our right periodically to modify the Manual and standards and

operating procedures relating to the Franchise, this Agreement may be modified only by a written agreement signed by both you and us.

You acknowledge that you have received, have had ample time to read and have read this Agreement and fully understand its provisions. You further acknowledge that you have had an adequate opportunity to be advised by advisors of your own choosing (including without limitation your own lawyers, accountants, and bankers) regarding all pertinent aspects of this Franchise and the franchise relationship created hereby and that you have done so with the full understanding and knowledge of all of the terms hereof.

H. Construction.

All headings of the various sections and paragraphs of this Agreement are for convenience only and do not affect the meaning or construction of any provision. All references in this Agreement to the singular usage will be construed to include the plural and the masculine and neuter usages to include each other and the feminine. Of two or more persons are the franchisee under this Agreement, their obligations and liabilities under this Agreement will be joint and several. A reference to “you” or “your” includes each individual who is the franchisee under this Agreement. Except where this Agreement expressly requires that we reasonably approve or not unreasonably withhold our approval of any of your actions to requests, we have the absolute right to refuse any of you requests or to withhold our consent to any of your actions or omissions.

I. Multiple Originals.

The parties may execute multiple copies of this Agreement, and each executed copy will be deemed an original.

J. Injunctive Relief.

Notwithstanding anything to the contrary contained in Section 18.D., we and you have the right in a proper case to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction.

K. Waiver of Punitive Damages and Jury Trial.

Except for your obligation to indemnify us and claims we bring against you for your unauthorized use of the Marks or unauthorized use or disclosure of any Confidential Information, we and you waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between us and you, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains.

We and you each irrevocably waive its respective rights to trial by jury with respect to any claim, proceeding or counterclaim, whether at law or in equity, brought by either of us, of any kind arising out of, under, in connection with or relating to this Agreement, any related documents, the relationship between us and you.

L. Limitations of Claims and Damages.

Except for indemnification under this Agreement, any and all claims arising out of or relating to this Agreement or the relationship between us and you will be barred unless a legal action or arbitration

proceeding is commenced within one (1) year from the date you or we knew or, in the exercise of reasonable diligence, should have known of the facts giving rise to such claims.

M. No Withholding Payments Due to Us.

You agree that you will not withhold payment of any amounts owed to us or our affiliates on the grounds of our alleged nonperformance of any of our obligations under this Agreement or for any other reason whatsoever.

N. Notices and Payments.

All written notices and reports permitted or required to be delivered by the provisions of this Agreement will be deemed delivered at the following times: (a) the time delivered by hand; (b) one (1) business day after placement with a commercial courier service for next business day delivery; or (c) three (3) business days after placement in the United States Mail by registered or certified mail, return receipt requested, postage prepaid. Any notice to us will be addressed to us at:

Woodcraft Franchise, LLC
1177 Rosemar Road
Parkersburg, West Virginia 26102-0245
Attention: Andrew Bondi

Any notice to you will be address to you at:

Attention: _____

19. REPRESENTATIONS AND GENERAL RELEASE.

A. Representations.

You represent, acknowledge and warrant to us (and you agree that these representations, acknowledgements and warranties shall survive termination of this Agreement) that:

- (1) You have full authority to enter into this Agreement and other agreements contemplated by the parties. Execution of this Agreement or such other agreements by you does not and will not conflict with or interfere with, directly or indirectly, intentionally or otherwise, with the terms of any other agreement with any other third party to which you are a party.
- (2) All documents you provided to us in connection with the granting of the Franchise and copies of all documents you must furnish to us in the future will be true, accurate and complete copies of such documents (including all amendments or modifications thereof) and contain no misleading or incorrect statements or material omissions.
- (3) You acknowledge that the President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with

terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other antiterrorism measures (the “Anti-Terrorism Measures”). We therefore require certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is: (i) a person or entity listed in the Annex to the Executive Order; (ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism; (iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (iv) owned or controlled by terrorists or sponsors of terrorism. You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

B. General Release.

You (on behalf of yourself and, if you are an individual, on behalf of your heirs, representatives, successors and assigns, and if you are an entity, on behalf your parent, subsidiaries and affiliates and their respective past and present members, officers, directors, shareholders, agents and employees, in their corporate and individual capacities) (collectively, “Franchisee Releasers”) freely and without any influence forever release and covenant not to sue us, our parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities (collectively “Franchisor Releasees”), with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, “Claims”), which any Franchisee Releaser now owns or holds or may at any time have owned or held, including claims arising under federal, state and local laws, rules and ordinances and Claims arising out of, or relating to the Original Franchise Agreement, this Agreement and all other agreements between any Franchisee Releaser and any Franchisor Releasee, the sale of any franchise to any Franchisee Releaser, the development and operation of your Retail Store, and the development and operation of all other Retail Stores operated by any Franchisee Releaser that are franchised by any Franchisor Releasee.

For the purpose of implementing a general release and discharge as described in this Section 19.B, you expressly acknowledge that this agreement is intended to include in its effect a release of all Claims described in this Section 19.B, including those which the parties do not know or suspect to exist in their favor at the time of execution hereof, and that this agreement contemplates that any such Claims will be permanently extinguished. You expressly agree that fair consideration has been given by us for this General Release and you fully understand that this is a negotiated, complete and final release of all Claims. This General Release does not release any Claims arising from representations made in our Franchise Disclosure Document and its exhibits or otherwise impair or affect any Claims arising after the date of this Agreement.

You expressly waive and relinquish all rights and benefits that you either may now have or may in the future have under and by virtue of California Civil Code Section 1542. You do so understanding the significance and consequence of such a specific waiver. (Section 1542 provides that “[a] general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”)

(Signature Page Follows)

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the Effective Date noted below.

FRANCHISOR:

WOODCRAFT FRANCHISE, LLC

By: _____

Print Name: _____

Title: _____

Effective Date: _____

FRANCHISEE:

If Franchisee is an individual:

Individually:

Print Name:

Date:

Individually:

Print Name:

Date:

If Franchisee is a corporation, limited liability company or other entity:

(Name of Franchisee)

By: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT A TO THE RENEWAL FRANCHISE AGREEMENT

TERRITORY

The Territory referred to in Section 1.B. of the Renewal Franchise Agreement shall be as follows:

EXHIBIT B TO THE RENEWAL FRANCHISE AGREEMENT

[Intentionally omitted.]

EXHIBIT C TO RENEWAL FRANCHISE AGREEMENT

OWNERSHIP INTERESTS

Franchisee: _____

Form of Ownership. Franchisee is a _____ incorporated or formed on _____ in the state of _____.

Owners. The following list includes the full name of each person who is an owner of a legal or beneficial interest in Franchisee, and fully describes the nature of each owner's interest (attach additional pages if necessary).

Name	Home Address	Percentage of Ownership Interest

If Franchisee consists of individuals, delete the above and use the below:

Franchisee Names and Home Addresses:

Name	Home Address

EXHIBIT D TO THE RENEWAL FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS (the "Guaranty") is dated as of this _____ day of _____, 20__.

In consideration of, and as an inducement to, the execution of that certain (strike inapplicable) (Franchise Agreement, Renewal Franchise Agreement or Consent to Assignment of the Franchise) (the "Agreement") by Woodcraft Franchise, LLC ("we," "us" or "our") and _____ ("Franchisee"), each of the undersigned hereby personally and unconditionally (1) guarantees to us and our successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that the Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (2) agrees to be personally responsible for, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities including, but not limited to, the indemnification obligations in Section 12.B. and the covenants contained in Sections 17.B. and 17.C. Each of the undersigned waives: (1) acceptance and notice of acceptance by us of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (4) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this guarantee shall be joint and several; (2) he or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (4) such liability shall 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 Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of the Agreement.

IN WITNESS WHEREOF, each of the undersigned are signing this Guaranty as of the date stated in the introductory clause above and constitute all the Franchisee's beneficial and legal owners.

GUARANTOR(S)

PERCENTAGE OWNERSHIP IN
FRANCHISEE

Print Name: _____

Print Name: _____

Print Name: _____

EXHIBIT D

WOODCRAFT SUPPLY PRODUCT SUPPLY AGREEMENT

PRODUCT SUPPLY AGREEMENT

This Product Supply Agreement is effective as of this _____ day of _____ 20____ (the “Effective Date”), by and between Woodcraft Supply, LLC, a Delaware limited liability company (“Woodcraft Supply”) and _____ (in the following space insert one of the following: individual(s), partnership, corporation, limited liability company or other entity) whose principal address is _____ (“Franchisee”).

RECITALS

Woodcraft Franchise, LLC (“Franchisor”) and Franchisee are parties to a certain Franchise Agreement (the “Franchise Agreement”), under which the Franchisor has granted the Franchisee the right to operate a Woodcraft Retail Store at the premises identified in the Franchise Agreement;

Franchisee has acquired the right to offer Branded Products (as that term is defined in the Franchise Agreement) and other products which Franchisee may purchase from Woodcraft Supply (collectively referred to as the “Products”) for retail sale at Franchisee’s Woodcraft Retail Store pursuant to said Franchise Agreement and wishes to establish a Product Supply Agreement with Woodcraft Supply with respect to same; and

Capitalized terms shall have the meanings set forth in the Franchise Agreement, unless otherwise defined herein.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are herein acknowledged, the parties agree as follows:

1. Term

The term of this Agreement shall commence on the Effective Date and shall continue until the Franchise Agreement expires or is terminated, unless sooner terminated pursuant to Section 8 hereof.

2. Agreement to Purchase and Supply

Franchisee agrees to purchase Products to meet its requirements during the term of the Franchise Agreement, and Woodcraft Supply agrees to supply Products to Franchisee to meet those requirements, on the terms set forth in this Agreement.

3. Price

The purchase price for each Product shall be Woodcraft Supply’s established wholesale price for franchisees in effect on the date Woodcraft Supply receives Franchisee’s order, less any applicable discounts or incentives then being offered by Woodcraft Supply. Woodcraft Supply may from time to time increase or decrease its prices and any applicable discounts or incentives as it determines necessary or appropriate for any reason.

4. Payment and Credit

The purchase price for all Products contained in each shipment shall be paid in full on or before the payment date as indicated on each invoice, subject to Woodcraft Supply's right, in its sole discretion, to require payment prior to shipment in the event Franchisee does not have credit in good standing. Payment terms shall be as stated on each invoice. Woodcraft Supply's typical payment terms allow Franchisee to pay the full purchase price in thirty (30) days.

Payment shall be in the form of a company check or electronic funds transfer or in such other form and payable at such location as may be acceptable to Woodcraft Supply from time to time. Should Woodcraft Supply in its sole discretion deem Franchisee's ability to pay or creditworthiness to have deteriorated, then Woodcraft Supply may defer shipment until payment is made or demand cash payment. Franchisee acknowledges that Woodcraft Supply's withholding or terminating credit privileges does not constitute a constructive termination of this Agreement. Franchisee agrees that payments not received by Woodcraft Supply and still owing more than five (5) days past the due date will bear interest at the lesser of one and one-half (1-1/2) percent per month or the maximum lawful rate. If collection of any amounts due under this Agreement is placed with an attorney for collection, whether before or after termination of this Agreement, Franchisee agrees to pay all costs of collection, including, but not limited to, reasonable attorney's fees and expenses incurred by Woodcraft Supply.

5. Shipping

Woodcraft Supply provides shipping as an accommodation to Franchisee. Products will be boxed or crated as Woodcraft Supply may deem proper for protection against normal handling. Routing and manner of shipment will be at Woodcraft Supply's discretion, and Products shall be insured at Franchisee's expense. Delivery of Products to the initial carrier will constitute delivery to Franchisee and all Products will be shipped at Franchisee's risk (i.e. F.O.B. Shipping Point). Shipping charges may be billed directly by the carrier to Franchisee. Any claim for loss or damage in transit must be entered with the carrier and prosecuted by Franchisee.

6. Rejection of Products

Franchisee shall immediately and completely inspect each shipment of Products upon arrival. In the event Franchisee ascertains or believes that all or a portion of such shipment does not conform to Franchisee's order, Franchisee shall immediately notify Woodcraft Supply. Franchisee shall be bound to pay for all shipments accepted from the carrier regardless of whether or not actually inspected by Franchisee.

7. Warranty

WOODCRAFT SUPPLY MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, AS TO DESCRIPTION, QUALITY, TITLE, NON-INFRINGEMENT, MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE OR OTHER MATTER OF ANY PRODUCTS, EXCEPT FOR PROPRIETARY PRODUCTS, WHICH SHALL HAVE SUCH EXPRESS WARRANTY AS SHALL FROM TIME TO TIME BE WOODCRAFT SUPPLY'S STANDARD EXPRESS WARRANTY WITH RESPECT TO EACH PROPRIETARY PRODUCT IN QUESTION.

WOODCRAFT SUPPLY WILL IN NO EVENT BE LIABLE FOR ANY INDIRECT, SPECIAL PUNITIVE OR CONSEQUENTIAL DAMAGES, WHETHER GROUNDED IN TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR CONTRACT, AND WOODCRAFT SUPPLY'S LIABILITY UNDER NO CIRCUMSTANCES WILL EXCEED THE SELLING PRICE FOR THE PRODUCTS FOR WHICH LIABILITY IS CLAIMED. ANY ACTION FOR BREACH OF CONTRACT MUST BE COMMENCED WITHIN ONE (1) YEAR AFTER THE CAUSE OF ACTION HAS ACCRUED.

8. Default and Termination

With Opportunity to Cure

Franchisee shall be deemed to be in default under the terms of this Agreement if any of the following events occur:

- (a) Franchisee does not make any payment owed to Woodcraft Supply under this Agreement or otherwise when such payment is due;
- (b) Franchisee breaches any of the other provisions of this Agreement; or
- (c) Franchisee is declared to be in default under the terms of the Franchise Agreement with Franchisor.

Woodcraft Supply may terminate this Agreement on fifteen (15) days written notice to Franchisee, upon the occurrence of any default specified above. In the event that the default is curable, within Woodcraft Supply's discretion, it shall provide Franchisee with the opportunity to cure such default within the fifteen (15) day notice period to Woodcraft Supply's satisfaction. Upon termination of this Agreement, all sums owed under this Agreement will become immediately due and payable.

Without Opportunity to Cure

This Agreement shall be deemed to have automatically terminated upon the occurrence of any of the following events, without the necessity of any notice whatsoever being given to Franchisee by Woodcraft Supply.

- (a) If, pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors Franchisee shall:
 - (i) commence a voluntary case or proceeding; (ii) consent to the entry of an order for relief against it in an involuntary case; (iii) consent to the appointment of a trustee, receiver, assignee, liquidator or similar official; (iv) make an assignment for the benefit of creditors; or (v) admit in writing its inability to pay its debts as they become due;
- (b) If a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (a) is for relief against Franchisee in an involuntary case; (b) appoints a trustee, receiver, assignee, liquidator or similar official for either Franchisee or substantially all of its properties; or (c) orders the liquidation of Franchisee; or

(c) In the event the Franchise Agreement expires or is terminated for any reason.

9. Force Majeure

Neither party will be deemed in default of this Agreement to the extent that performance of its obligations, or attempts to cure any breach, are delayed or prevented by reason of any act of God, accidents, labor disputes, military conflicts, insurrections, riots, explosions, lightning, earthquake, fires, storms, floods or other cause outside of the party's reasonable control or other force majeure; provided that, such party promptly gives written notice of the condition and undertakes commercially reasonable efforts to circumvent the effects of such force majeure. In any such event, the time for performance will be extended for a period equal to the duration of any delay occasioned by the force majeure, provided, however, that Franchisee's obligation to make payments when due shall not be extended by any Force Majeure condition.

10. Assignment

Woodcraft Supply may assign or transfer this Agreement without Franchisee's prior written consent. Franchisee may not assign this Agreement, except in connection with an authorized transfer or assignment of the Franchise Agreement.

11. Entirety

This Agreement evidences the complete understanding and agreement between the parties with respect to the subject matter hereof and supersedes and merges all previous representations, understandings and agreements, whether oral or written between the parties. This Agreement may not be modified except by a writing subscribed to by authorized representatives of Woodcraft Supply and Franchisee.

12. Waiver

The right of either party to require strict performance by the other of any or all obligations imposed upon the other by this Agreement shall not in any way be affected by any previous waiver, forbearance, or course of dealing.

13. Severability

If any provision of this Agreement shall be prohibited by or invalid under applicable law, however, such provision shall only be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

14. Governing Law

This Agreement shall be construed under and interpreted in accordance with the laws of the State of West Virginia without regard to principles of conflicts of law.

15. Dispute Resolution

ANY CONTROVERSY OR CLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE SUBJECT TO ARBITRATION ADMINISTERED BY THE AMERICAN ARBITRATION ASSOCIATION UNDER ITS COMMERCIAL ARBITRATION RULES IN THE COUNTY WHERE WOODCRAFT SUPPLY HAS ITS PRINCIPAL PLACE OF BUSINESS, OR A MUTUALLY AGREED UPON LOCATION. THE AWARD AND ANY FINDINGS OF THE ARBITRATOR MUST BE FILED WITHIN 30 DAYS OF THE FINAL ARBITRATION HEARING. JUDGMENT ON ANY AWARD RENDERED BY THE ARBITRATOR MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. NOTHING CONTAINED IN THIS SECTION WILL LIMIT EITHER PARTY'S ABILITY TO SEEK INJUNCTIVE RELIEF IN ANY COURT. THE PARTIES SHALL ARBITRATE DISPUTES IN CONFIDENCE.

16. Notices

All written notices and reports permitted or required to be delivered by the provisions of this Agreement will be deemed delivered at the following times: (a) the time delivered by hand; (b) one (1) business day after placement with a commercial courier service for next business day delivery; or (c) three (3) business days after placement in the United States Mail buy registered or certified mail, return receipt requested, postage prepaid. Any notice to us will be addressed to us at:

Woodcraft Supply, LLC
1177 Rosemar Road
Parkersburg, West Virginia 26102-0245
Attention: Andrew Bondi

Any notice to Franchisee will be address to Franchisee at:

Attention: _____

[signature page follows]

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

WOODCRAFT SUPPLY, LLC

By: _____

Print Name: _____

Title: _____

FRANCHISEE:

If Franchisee is an individual:

Individually:

Print Name: _____

Individually:

Print Name: _____

If Franchisee is a corporation, limited liability company or other entity:

(Name of Franchisee)

By: _____

Print Name: _____

Title: _____

EXHIBIT E

RETAIL SYSTEM SUPPORT AGREEMENT

RETAIL SYSTEM SUPPORT AGREEMENT

This Retail System Support Agreement (the "Agreement") is made and entered into this ___ day of _____, 20___ by and between **WOODCRAFT SUPPLY, LLC**, a Delaware limited liability company ("Woodcraft Supply"), and _____, a _____ ("Franchisee").

RECITALS

Woodcraft Franchise, LLC ("Franchisor") and Franchisee are parties to a certain Franchise Agreement (the "Franchise Agreement"), under which Franchisor has granted Franchisee the right to operate a Woodcraft Retail Store at the premises identified in the Franchise Agreement;

Under the terms of the Franchise Agreement, Franchisee has purchased or leased certain computer hardware and software necessary for the operation of its Woodcraft Retail Store (the "Computer System");

Woodcraft Supply provides certain initial and ongoing support services in connection with certain supported software and hardware which is part of the Computer System ("IT Services"); and

Franchisee wishes to contract with Woodcraft Supply for the provision of the IT Services in the operation of Franchisee's Woodcraft Retail Store.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein and for other good and valuable consideration, the receipt, sufficiency and adequacy of which are mutually acknowledged by each party, it is agreed as follows:

1. COVERAGE

During the term of this Agreement, Woodcraft Supply agrees to provide maintenance and support services for the Supported Software and Hardware Configuration listed in Exhibit A ("Supported Software and Hardware"). Unless specifically listed in Exhibit A, Supported Software does not include hardware vendor operating systems and other system software, Franchisee-developed software, and third-party software (except any third party software embedded in the supported software). Likewise, the supported hardware does not include any existing hardware or hardware other than that required by Franchisor.

2. DESCRIPTION OF THE IT SERVICES

A. Initial Set Up (new Franchisee only). Woodcraft Supply will assist Franchisee in placing the order for its Computer System. The Computer System will be drop shipped to Woodcraft Supply. Woodcraft Supply will unpack the Computer System from its shipping boxes and inspect it to help ensure everything Franchisee ordered has arrived. In addition, Woodcraft Supply will install all software required by Franchisor and test the Computer System for proper operation prior to shipping to the Site. After the Computer System has arrived at the Site, Woodcraft Supply will install and test the initial set up at the Site using the existing static

DSL/Cable modem. The DSL/Cable modem should be set up and configured by an internet service provider of Franchisee's choice prior to the arrival of the Computer System.

B. Additional/Replacement IT Equipment. When needing additional/replacement IT equipment, Franchisee must first contact Woodcraft Supply for prior approval. Woodcraft Supply will assist Franchisee in placing the order for all servers, registers, and firewalls. Exceptions can be made at the discretion of Woodcraft Supply. Woodcraft Supply currently supports two options for additional/replacement back office computers. The first and preferred method is for Franchisee to purchase an additional/replacement back office computer from Woodcraft Supply directly. Set up and software installation of all equipment purchased through Woodcraft Supply is included in the quoted equipment price. The second option is for Franchisee to receive approval prior to purchasing a new back office computer, verifying that the new equipment will meet the minimum requirements needed to run the software. Franchisee should contact Woodcraft Supply's Helpdesk (as defined below) to discuss which of the purchasing options available is preferred.

C. Ongoing Support. During the term of this Agreement, Woodcraft Supply will provide the services described herein so as to maintain the Supported Software and Hardware in good working order, keeping it free from material defects so that it shall function properly and in accordance with an accepted level of performance as prescribed by Franchisor.

(1) **Helpdesk Support.** Woodcraft Supply will make available to Franchisee a telephone number and e-mail address for Franchisee to utilize in requesting service of the Supported Software and Hardware (the "Helpdesk"). The Helpdesk operates during business hours, 8:30 a.m. to 6:00 p.m. EST, Monday through Friday, excluding legal holidays. As part of the Helpdesk support, Woodcraft Supply will endeavor to provide solutions to problems associated with the Supported Software and Hardware, supply training to those users to lessen the occurrence of future problems, troubleshoot difficult or unusual situations and suggest workflow improvements. Woodcraft Supply will use reasonable commercial efforts to resolve each significant issue by providing either a reasonable solution or workaround, or a specific action plan for Franchisee to address the issue. Woodcraft Supply reserves the right to charge Franchisee additional fees at its then-standard rates for services performed in connection with reported system issues which are later determined to have been due to hardware or software not supplied or required by Franchisor or hardware that is not currently under warranty. Notwithstanding the foregoing, Woodcraft Supply has no obligation to perform services in connection with system issues resulting from hardware or software not supplied or required by Franchisor or hardware that is not currently under warranty. Woodcraft Supply does not provide Helpdesk support for local file sharing; fixing external ISP related problems (e.g. local Internet connections).

(2) **Severity Levels and Response.** Upon receipt by Woodcraft Supply of notice from Franchisee through the Helpdesk, Woodcraft Supply shall respond as provided below:

SEVERITY 1: Complete failure of Supported Software or Hardware, preventing the use of key business applications.

RESPONSE: Woodcraft Supply will provide a response by a qualified member of its staff to correct a Severity 1 problem as soon as reasonably possible, but in any event a response will be provided within one (1) hour.

SEVERITY 2: Partial failure of Supported Software or Hardware, seriously impacting the use of key business applications.

RESPONSE: Woodcraft Supply will provide a response by a qualified member of its staff to correct a Severity 2 problem as soon as reasonably possible, but in any event a response will be provided within two (2) hours.

SEVERITY 3: Non-urgent problem which does not affect the critical operation of the business.

RESPONSE: Woodcraft Supply will provide a response by a qualified member of its staff to correct a Severity 3 problem as soon as reasonably possible, but in any event a response will be provided within twenty-four (24) hours.

(3) Supported Software Updates. During the term of this Agreement, Woodcraft Supply will maintain the Supported Software by providing software updates and enhancements to Franchisee. The updates and enhancements may be developed by Woodcraft Supply and/or third party software suppliers. All updates and enhancements will be subject to the terms and conditions of the license agreement between the parties and any third parties. The updates and enhancements will be provided on an as-available basis.

(4) After-Hours Support. Woodcraft Supply will make a qualified member of its staff available via electronic pager for after-hours response to Severity Levels 1 and 2. The after-hours pager number will be provided to Franchisee. Any after-hours pager calls which are Severity 3 will incur a \$50.00 service charge and will be responded to in accordance with Level 3 response time as indicated above.

3. TERM

This Agreement is for one (1) year and is subject to renewal on January 2 of each year. For Franchisee's first year of operation, this Agreement will be prorated based on the date the Franchise Agreement is signed and January 2nd of the following year.

4. MONTHLY FEE

Franchisee agrees to pay to Woodcraft Supply a base monthly fee of TWO HUNDRED EIGHTY-NINE DOLLARS (\$289.00) for IT support of the software and hardware listed in Exhibit A. Franchisee understands and agrees there will be an additional monthly charge for IT Support for the services listed below which are in excess of the included quantities for each of the services listed below or for custom support services that are otherwise not included in Exhibit A:

IT Fee Line Items	Base Quantity Included in Fee	Cost per Item	Total Line Item Charge
Helpdesk Fee	1	\$13.00	\$13.00
Firewall Fee	1	\$15.00	\$15.00
CrowdStrike	6	\$10.00	\$60.00
D365 Team License	1	\$5.00	\$5.00
D365 Activity License	2	\$30.00	\$60.00
D365 Device License	2	\$45.00	\$90.00
Microsoft Bus. Basic License	2	\$8.00	\$16.00
Proof Point Spam Filtering	2	\$9.00	\$18.00
Microsoft P1 License (8/2024)	2	\$6.00	\$12.00
Total Monthly Fee for IT Support			\$289.00

The rates listed above are current rates and are subject to change at any time based on vendor price increases. In addition, Woodcraft Supply may adjust the monthly fee on quarterly basis to cover the anticipated Helpdesk support service costs that it expects to incur in the subsequent quarter. The fee is payable by the 20th day of each month and includes software updates for which Woodcraft Supply has a license agreement with the software provider to provide maintenance and updates. Any amount payable to Woodcraft Supply hereunder and not paid when due and still owing more than five (5) days past the due date shall accrue interest at a rate of the lower of one and one-half (1-1/2) percent per month or the maximum rate permitted by applicable law. Computer System costs and all software/hardware maintenance fees and costs are in addition to this fee and will be Franchisee's sole responsibility. If, in Woodcraft Supply's reasonable judgment, the support required by Franchisee is beyond that which is appropriate for such fee, Woodcraft Supply may increase the monthly fee to a level reasonably appropriate to the service and benefits to be provided.

5. SCOPE OF USE

The IT Services shall only be used by Franchisee’s employees in the operation of the Woodcraft Retail Store and Franchisee shall not use the services for any other purpose. For purposes of this Agreement, the following individual shall be designated as the authorized Franchisee support contact:

Name	Title	Phone #

6. HARDWARE AND SOFTWARE

Franchisee is solely responsible for the cost of acquiring and installing the Computer System at its Woodcraft Retail Store. Franchisee shall only use such Computer System software and hardware as approved by Franchisor. Franchisee shall, at its expense, provide such assistance as may be required to connect its Computer System with Franchisor’s computer system and allow Franchisor unlimited, independent access to, and the ability to download, all information in Franchisee’s Computer System at any time. Franchisee acknowledges and agrees that Franchisor shall have the right from time to time and at any time to retrieve such data and information from Franchisee’s Computer System as Franchisor, at its sole option, deems necessary or desirable. In view of the contemplated interconnection of computer systems and the necessity that such systems be compatible with each other, Franchisee expressly agrees that it will strictly comply with Franchisor’s standards and specifications for all item(s) associated with Franchisee’s Computer System.

7. COMPLIANCE AND IT CYBERSECURITY

Franchisee is responsible for maintaining PCI compliance and shall adhere to specific IT security requirements/practices. Franchisee must follow minimum IT hardware and software guidelines outlined by Franchisor as detailed in Exhibit A. This includes but is not limited to; maintaining software and hardware updates approved by Franchisor, regular password rotations, multi-factor authentication, and wireless network segregation as detailed in Exhibit B.

8. LIMITATIONS OF LIABILITY

UNDER NO CIRCUMSTANCES AND UNDER NO LEGAL THEORY, TORT, CONTRACT, OR OTHERWISE, SHALL WOODCRAFT SUPPLY BE LIABLE TO FRANCHISEE OR ANY OTHER PERSON FOR ANY INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES OF ANY CHARACTER

INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF GOODWILL, WORK STOPPAGE, COMPUTER FAILURE OR MALFUNCTION, OR ANY AND ALL OTHER COMMERCIAL DAMAGES OR LOSSES. IN NO EVENT WILL WOODCRAFT SUPPLY BE LIABLE FOR ANY DAMAGES IN EXCESS OF THE AMOUNT WOODCRAFT SUPPLY RECEIVED FROM FRANCHISEE HEREUNDER, EVEN IF WOODCRAFT SUPPLY SHALL HAVE BEEN INFORMED OF THE POSSIBILITY OF SUCH DAMAGES, OR FOR ANY CLAIM BY ANY THIRD PARTY. THIS LIMITATION OF LIABILITY SHALL NOT APPLY TO LIABILITY FOR DEATH OR PERSONAL INJURY RESULTING FROM WOODCRAFT SUPPLY'S NEGLIGENCE TO THE EXTENT APPLICABLE LAW PROHIBITS SUCH LIMITATION.

9. TERMINATION

This Agreement shall terminate at Woodcraft Supply's option upon the occurrence of any of the following events:

A. Upon fifteen (15) days' written notice to Franchisee, if Franchisee fails to pay as and when due any sums owed to Woodcraft Supply under this Agreement and such default remains uncured after expiration of the fifteen (15) day cure period; or

B. Immediately upon delivery to Franchisee of written notice of termination if Franchisee has violated any other provision of this Agreement; or

C. Immediately and without notice if Franchisee ceases to have the right to operate the Woodcraft Retail Store pursuant to the Franchise Agreement (including a transfer of the Franchise Agreement approved by Franchisor).

Within five (5) days after termination of this Agreement, Franchisee will return to Woodcraft Supply, any documentation including software provided by Woodcraft Supply. The termination or expiration of this Agreement will not relieve Franchisee of its obligations of confidentiality and nondisclosure as contained in the Franchise Agreement. In addition, Franchisee shall continue to be obligated for any payments due under this Agreement. Termination of this Agreement shall be in addition and not in lieu of any remedies available to Woodcraft Supply and/or Franchisor.

10. TRANSFER

Woodcraft Supply may assign or transfer this Agreement without Franchisee's prior written consent. Franchisee may transfer its rights under this Agreement only in conjunction with a transfer of the Franchise Agreement approved by and with the written consent of Franchisor.

11. ENTIRE AGREEMENT

This Agreement evidences the complete understanding and agreement between the parties with respect to the subject matter hereof and supersedes and merges all previous representations, understandings and agreements, whether oral or written between the parties. This Agreement may not be modified except by a writing subscribed to by authorized representatives of Woodcraft Supply and Franchisee.

12. DISPUTE RESOLUTION/GOVERNING LAW

ANY CONTROVERSY OR CLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE SUBJECT TO ARBITRATION ADMINISTERED BY THE AMERICAN ARBITRATION ASSOCIATION UNDER ITS COMMERCIAL ARBITRATION RULES IN THE COUNTY WHERE WOODCRAFT SUPPLY HAS ITS PRINCIPAL PLACE OF BUSINESS, OR A MUTUALLY AGREED UPON LOCATION. THE AWARD AND ANY FINDINGS OF THE ARBITRATOR MUST BE FILED WITHIN 30 DAYS OF THE FINAL ARBITRATION HEARING. JUDGMENT ON ANY AWARD RENDERED BY THE ARBITRATOR MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. NOTHING CONTAINED IN THIS SECTION WILL LIMIT EITHER PARTY’S ABILITY TO SEEK INJUNCTIVE RELIEF IN ANY COURT. THE PARTIES SHALL ARBITRATE DISPUTES IN CONFIDENCE. THIS AGREEMENT SHALL BE GOVERNED BY THE SUBSTANTIVE LAWS OF THE STATE OF WEST VIRGINIA. THE CHOICE OF LAW RULES OF ANY JURISDICTION SHALL NOT APPLY.

13. WAIVER

The waiver or failure of either party to exercise any right in any respect provided for herein shall not be deemed a waiver of any further right hereunder.

14. SEVERABILITY

Should any provision of this Agreement be invalid, or unenforceable, the remainder of the provisions shall remain in effect. In the event of a dispute, the prevailing party in any litigation or arbitration shall be entitled to recover its attorneys’ fees and cost incurred from the other party.

15. NOTICES

All written notices and reports permitted or required to be delivered by the provisions of this Agreement will be deemed delivered at the following times: (a) the time delivered by hand; (b) one (1) business day after placement with a commercial courier service for next business day delivery; or (c) three (3) business days after placement in the United States Mail buy registered or certified mail, return receipt requested, postage prepaid. Any notice to us will be addressed to us at:

Woodcraft Supply, LLC
1177 Rosemar Road
Parkersburg, West Virginia 26102-0245
Attention: Andrew Bondi

Any notice to Franchisee will be address to Franchisee at:

Attention: _____

16. FORCE MAJEURE

Neither party will be deemed in default of this Agreement to the extent that performance of its obligations, or attempts to cure any breach, are delayed or prevented by reason of any act of God, accidents, labor disputes, military conflicts, insurrections, riots, explosions, lightning, earthquake, fires, storms, floods or other cause outside of the party's reasonable control or other force majeure; provided that, such party promptly gives written notice of the condition and undertakes commercially reasonable efforts to circumvent the effects of such force majeure. In any such event, the time for performance will be extended for a period equal to the duration of any delay occasioned by the force majeure, provided, however, that Franchisee's obligation to make payments when due shall not be extended by any Force Majeure condition.

EACH OF THE PARTIES HAS CAUSED THIS AGREEMENT TO BE SIGNED BY ITS REPRESENTATIVE AS OF THE DATE FIRST ABOVE WRITTEN.

WOODCRAFT SUPPLY, LLC

By: _____

Print Name: _____

Title: _____

FRANCHISEE:

If Franchisee is an individual:

Individually:

Print Name: _____

Individually:

Print Name: _____

If Franchisee is a corporation, limited liability company or other entity:

(Name of Franchisee)

By: _____

Print Name: _____

Title: _____

Store #: _____

EXHIBIT A

SUPPORTED SOFTWARE AND HARDWARE CONFIGURATION

SUPPORTED OPERATING SYSTEMS

- ◆ Microsoft Windows Professional
- ◆ Microsoft Windows Server

SUPPORTED RETAIL SOFTWARE PACKAGE

- ◆ Microsoft Dynamic Point of Sale Inclusive of POS and AX Backoffice access:
 - ❖ D365 Team License
 - ❖ D365 Activity License
 - ❖ D365 Device License
- ◆ Microsoft Teams
- ◆ Woodcraft Supply Custom Applications
- ◆ Crowdstrike
- ◆ Proof Point Spam Filter

SUPPORTED HARDWARE

- ◆ (2) Back office PC's
- ◆ (2) Register PC's
- ◆ (1) Server
- ◆ (1) Laptop Auditing Kit
- ◆ (1) ASA Firewall
- ◆ (1) Wireless Device
- ◆ (1) Backup Cellular Modem

The hardware configuration must be in accordance with Franchisor's specifications as detailed in the Franchise Operations Manual.

EXHIBIT B
CYBERSECURITY

MINIMUM IT SECURITY REQUIREMENTS/PRACTICES

- ◆ Maintain PCI Compliance.
 - Quarterly Scans
 - Yearly SAQ
- ◆ Wireless network must be off cardholder network.
- ◆ Wireless network must require a password.
- ◆ Store server and network equipment in a locked closet.
- ◆ No shared accounts with access to cardholder data.
- ◆ Passwords cannot be shared or written down.
- ◆ Follow regular password rotation timeline and complexity requirements to meet PCI Compliance.
- ◆ When a worker is terminated, store must immediately request the worker's access be revoked.
- ◆ Maintain Windows updates on server, laptops, and PCs.
- ◆ Users required to follow MFA standard set by software vendor.

REQUIRED SECURITY SOFTWARE

- ◆ Crowdstrike is required to be installed on every machine that connects to the cardholder network.
- ◆ Proof Point Spam Filter setup for any Office licensed user.

REQUIRED SECURITY HARDWARE

- ◆ (1) ASA Firewall

EXHIBIT F

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OPERATIONS MANUAL MASTER
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EXHIBIT G
GENERAL RELEASE

GENERAL RELEASE

THIS GENERAL RELEASE (“Release”), is dated as of this ____ day of _____, 20____, (the “Effective Date”) by and between WOODCRAFT FRANCHISE, LLC., a Delaware limited liability company, having its principal place of business at 1177 Rosemar Road, Parkersburg, West Virginia 26105 (“we,” “us” or “our”), and _____ (in the following space insert one of the following: individual(s), partnership, corporation, limited liability company or other entity) _____ whose principal address _____ (“you” or “your”).

RECITALS

You and we have been parties to that certain Franchise Agreement, pursuant to which you acquired from us, and we granted to you, the right to operate a Woodcraft Retail Store under a certain System and Marks in accordance with the terms and conditions of the Franchise Agreement (the “Franchise”);

As a condition to (strike inapplicable) (entering into a Renewal Franchise Agreement or consenting to an assignment of the Franchise), we require that you as “Releasor” execute and deliver this General Release to confirm the absence of any claims by Releasor; and

NOW, THEREFORE, the undersigned hereby agrees as follows:

1. Release. Releasor hereby releases and discharges us, our corporate parents, subsidiaries and affiliates; and the respective officers, directors, shareholders, agents, attorneys, employees and representatives of each (the “Releasee”) from any and all demands, causes of action, debts, damages, judgments, executions and claims whatsoever, in law or in equity, known or unknown, fixed or contingent (collectively, the “Claims”) which Releasor ever had or now has against Releasee including, without limitation, any and all Claims based on federal, state or local statute which may be held applicable; all actions for breach of contract or the covenant of good faith and fair dealing; and all tort claims.
2. Successors. This Release shall be binding upon Releasor and its respective successors and assigns.
3. Further Assurances. Releasee hereby agrees: (a) to furnish upon request such further information, (b) to execute and deliver such other documents and (c) to do such other acts and things as may reasonably be request for the purpose of carrying out the intent of this General Release.
4. Modification. This Release may be modified only by a written instrument executed by you and us.
5. Waiver. If any provision of this Release is held to be illegal, invalid or unenforceable under present or future laws in any jurisdiction, that provision shall be ineffective to the extent of such illegality, invalidity or unenforceability in that jurisdiction and such holding shall not, consistent with applicable law, invalidate or render unenforceable such provision in any other jurisdiction, and the legality, validity and enforceability of the remaining provisions of this Release shall not in any way be affected or impaired thereby, and shall remain in full force and in effect in all jurisdictions.

This General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

IN WITNESS WHEREOF, the undersigned has executed this General Release effective as of the date first written above.

RELEASEE:

WOODCRAFT FRANCHISE, LLC

By: _____

Print Name: _____

Title: _____

RELEASOR:

If Releasor is an individual:

Individually:

Print Name:

Individually:

Print Name:

If Releasor is a corporation, limited liability company or other entity:

(Name of Releasor)

By: _____

Print Name: _____

Title: _____

EXHIBIT H
LIST OF FRANCHISEES

LIST OF WOODCRAFT FRANCHISEES
(Outlets Open as of December 31, 2023)

FRANCHISEE AND CONTACT PERSON	ADDRESS	CITY	ST	ZIP	PHONE
Anand Narwani Shiela, LLC	2215B Pelham Parkway	Pelham	AL	35124	205-988-3600
Dwayne Ernest Arizona Woodtools LLC	Pollack Plaza, 3002 N. Arizona, Ste. 12	Chandler	AZ	85225	480-539-9663
Randy & Sistine Castellini Busy Workbench LLC	6230 N. Oracle Rd.	Tucson	AZ	85704	520-742-9663
Les & Louise Newby Cybersurfer, Inc.	9523 Folsom Blvd.	Sacramento	CA	95827	916-362-9664
Eric & Charmaine McCrystal Seanna Woodworks, Inc.	#40 El Camino Real	San Carlos	CA	94070	650-631-9663
Eric & Denise Letzler The Complete Woodworker, Inc.	6770 South Peoria Street	Centennial	CO	80112	303-290-0007
Wayne & Catherine Lousteau Beveled Edge, LLC	4438 Austin Bluffs Parkway	Colorado Springs	CO	80907	719-266-9889
Wayne & Catherine Lousteau Beveled Edge, LLC	3718 Draft Horse Rd.	Loveland	CO	80538	970-292-5940
Andrew Keene Red Dog Wood, LLC	249 Spencer St.	Manchester	CT	06040	860-647-0303
Tom & Jodi Temple Sawdust, Inc.	Shoppes at New Castle 166 S. Dupont Hwy., Suite H	New Castle	DE	19720	302-323-0400
Anand Narwani Narwani's Shopping Ctr, USA, LLC	2864 Roosevelt Blvd	Clearwater	FL	33764	727-532-6888
Scott Carroll	8155 S. US Highway 17-92	Fern Park	FL	32730	407-260-5002
Julie & Jim Ford Wooden Ventures, LLC	11160 Beach Blvd., Suite 121	Jacksonville	FL	32246	904-721-9796
Eric Casteel BFXBDX LLC	3 Escort Lane	Iowa City	IA	52240	319-259-7175
Monte Eldfrick I AM Focused, Inc.	7005 West Overland Road	Boise	ID	83709	208-338-1190
Matthew & Kathy Scher Dyozet – Chicago, Inc.	7440 Woodward Ave., Suite A 107	Woodridge	IL	60517	630-435-9663
Klay & Sara Heise Holzschuppen	7330 E 86th St.	Indianapolis	IN	46256	317-578-3400
Matthew & Kathy Scher Dyozet – Kansas, Inc.	8645 Bluejacket Rd.	Lenexa	KS	66214	913-599-2800
Anand Narwani Nena Enterprises, LLC	3028 Blake James Drive	Lexington	KY	40509	859-231-9663

FRANCHISEE AND CONTACT PERSON	ADDRESS	CITY	ST	ZIP	PHONE
Allan Chaney AC Woodworks, Inc.	1850 S. Hurstbourne Parkway, Suite 148	Louisville	KY	40220	502-671-0900
Andrew Keene AJ Holden, LLC	239A Memorial Ave.	West Springfield	MA	01089	413-827-0244
Ralph Duarte Woodshop Supplies, LLC	11910-L Parklawn Drive	Rockville	MD	20852	301-984-9033
Howard Preston Viator III Wood Time, LLC	15 W. Aylesbury Road Suite 700	Timonium	MD	21093	919-260-4930
Matthew & Kathy Scher Dyzoet – Canton, Inc.	42102 Ford Rd.	Canton	MI	48187	734-981-6808
Matthew & Kathy Scher Dyzoet – Grand Rapids, Inc.	4265 28th St. SE. Ste. C	Grand Rapids	MI	49512	616-957-9663
Matthew C. Scher	39245 Van Dyke Highway	Sterling Heights	MI	48313	586-268-1919
Timothy & Katherine Roseth Roseth Design Studio	9125 Lyndale Ave. S.	Bloomington	MN	55420	952-884-3634
Klay & Sara Heise Holzladen LLC	2077 Congressional Dr.	St. Louis	MO	63146	314-993-0413
Marshall Fletcher Azim LLC	1725 Windsor Sq. Dr.	Matthews	NC	28105	704-847-8300
Marshall Fletcher Dougwood LLC	4317 Pleasant Valley Road	Raleigh	NC	27612	919-781-1911
Wayne & Catherine Lousteau Beveled Edge NE, LLC	14605 Wright Street	Omaha	NE	68144	402-330-5444
Jim & Julie Ford J&J Ford, Inc.	25 Fox Run Road	Newington	NH	03801	603-433-6116
Cheryl Wagner Hammer & Saw, LLC	5220 West Charleston Blvd.	Las Vegas	NV	89146	702-550-6100
Sean & Andrea Clayton Aces Over Eight, Inc.	Henrietta Plaza 1100 Jefferson Rd.	Rochester	NY	14623	585-292-9690
Robert Smith RWCBUS LLC	1077 Bethel Road	Columbus	OH	43220	919-781-1911 614-273-0488
Chad Muterspaw WC Dayton 937, LLC	Cross Pointe Centre 175 E. Alex-Bell Rd. #264	Dayton	OH	45459	937-438-1282
Allan Chaney AC Woodworks, Inc.	23226 Broadway Ave.	Oakwood Village	OH	44146	440-232-7979
John & Carroll Nystrom Elf Works, Inc.	5311 Airport Highway	Toledo	OH	43615	419-389-0560
Allan Chaney AC Woodworks, Inc.	9301 N. May Ave.	Oklahoma City	OK	73120	405-748-8844
Allan Chaney AC Woodworks, Inc.	6341 E. 41st St.	Tulsa	OK	74135	918-384-0100
Susan Essin	1052 Green Acres Road	Eugene	OR	97401	541-685-0677
Klay & Sara Heise Holzzimmer LLC	12020 SW Main St.	Tigard	OR	97223	503-684-1428

FRANCHISEE AND CONTACT PERSON	ADDRESS	CITY	ST	ZIP	PHONE
Neil Brown Tool Tyme LLC	Parkway Shopping Ctr. 1543 Lehigh St.	Allentown	PA	18103	610-351-2966
Tom & Jodi Temple Sawdust, Inc.	417 Boot Rd.	Downingtown	PA	19335	610-873-5660
R Glenn, W Hoover, N Hoover Sawdust Supply, LLC	3831 Union Deposit Road	Harrisburg	PA	17111	717-939-6770
Todd Bynum Palmetto Wood Supply LLC	1327 Miller Road	Greenville	SC	29607	864-627-8760
Aaron Sapp Woodcraft 452, LLC	5824 Brainerd Road	Chattanooga	TN	37411	423-720-8001
Aaron Sapp Sapp's World of Wood LLC	209 S. Royal Oaks Blvd Suite 164	Franklin	TN	37064	615-599-9638
P. Patterson & E. Baker Chestnut Mountain, LLC	8023 Kingston Pike	Knoxville	TN	37919	865-539-9330
Mike Sauder Woodtools of Texas, Ltd.	10901 IH-35 North	Austin	TX	78758	512-407-8787
Mike Sauder Woodtools of Texas, Ltd.	235 Cypress Creek Parkway, Suite A3	Houston	TX	77090	281-880-0045
Mike Sauder Woodtools of Texas, Ltd.	11707 W Sam Houston Pwy S	Houston	TX	77031	281-988-9449
Mike Sauder Woodtools of Texas, Ltd.	754 Grapevine Hwy	Hurst	TX	76054	682-334-1025
Mike Sauder Woodtools of Texas, Ltd.	601 W. Plano Pkwy Suite 241	Plano	TX	75075	972-422-2732
Mike Sauder Woodtools of Texas, Ltd.	13719 San Pedro Avenue	San Antonio	TX	78232	210-545-5885
Ryan Balls R & A Resources, Inc.	Pheasant Hollow Bus Park 4 9891 South 500 West	Sandy	UT	84070	801-566-5652
Ed & Kelli Sontag Two by Four LLC	9862 West Broad Street	Glen Allen	VA	23060	804-355-3945
Rich & Barb Eckert Marquis Enterprises, Ltd.	1067 Edwards Ferry Rd NE	Leesburg	VA	20176	703-737-7880
Ed & Kelli Sontag Badlands, LLC	Shops at Janaf; Suite 152 5802 East VA Beach Blvd.	Norfolk	VA	23502	757-466-1166
Rich & Barb Eckert Marquis Enterprises, Ltd.	5248 Port Royal Rd.	Springfield	VA	22151	703-912-6727
Ron & Michele Hall P.W. Enterprises Group, Inc.	5963 Corson Ave., Ste. 120	Seattle	WA	98108	206-767-6394
Klay & Sara Heise Holzhaus LLC	4731 Michael's Drive	Monona	WI	53716	608-273-8868
Matthew & Kathy Scher Dyzoet – Wisconsin, Inc.	6594 Monona Drive	Monona	WI	53716	608-273-8868
Chris Kraemer Rhino Enterprises, Inc.	14115 W. Greenfield Avenue	New Berlin	WI	53151	262-785-6770

**LIST OF FRANCHISEES THAT HAVE SIGNED A FRANCHISE AGREEMENT
BUT THE FRANCHISED STORE IS NOT YET OPEN AS OF DECEMBER 31, 2023**

None.

**LIST OF FRANCHISEES THAT TRANSFERRED A FRANCHISE OR HAD A FRANCHISE
AGREEMENT TERMINATED OR NOT RENEWED IN 2023
OR WHO HAVE NOT COMMUNICATED WITH US
WITHIN 10 WEEKS OF THE ISSUANCE DATE OF THIS FDD**

Franchisee	Address	City	State	Zip Code	Phone
Ingko Oetomo	10770 Talbert Avenue	Fountain Valley	CA	92708	714-963-9663

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

EXHIBIT I
FINANCIAL STATEMENTS

WOODCRAFT FRANCHISE, LLC
Parkersburg, West Virginia

Financial Statements
For the years ended December 31, 2023 and 2022
and Independent Auditor's Report Thereon



SCHNEIDER DOWNS

Big Thinking. Personal Focus.

www.schneiderdowns.com

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INDEPENDENT AUDITOR'S REPORT

Member and Board of Directors
Woodcraft Franchise, LLC
Parkersburg, West Virginia

Opinion

We have audited the accompanying financial statements of Woodcraft Franchise, LLC (Company), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income 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 the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern 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 because fraud might involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Schneider Downs & Co., Inc.

Columbus, Ohio
March 4, 2024

WOODCRAFT FRANCHISE, LLC

BALANCE SHEETS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 596,854	\$ 769,882
Accounts receivable	205,620	202,808
Due from related party - Woodcraft Supply, LLC	639,374	489,898
Total Current Assets	<u>1,441,848</u>	<u>1,462,588</u>
DUE FROM WOODCRAFT SUPPLY, LLC	<u>1,364,506</u>	<u>1,537,266</u>
Total Assets	<u><u>\$ 2,806,354</u></u>	<u><u>\$ 2,999,854</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 239,275	\$ 186,116
Advertising fund liability	660,678	927,665
Deferred revenue, current portion	65,000	68,543
Due to related party - Woodcraft Supply, LLC	248,374	209,898
Total Current Liabilities	<u>1,213,327</u>	<u>1,392,222</u>
NONCURRENT LIABILITIES		
Deferred revenue, net of current portion	<u>232,917</u>	<u>295,833</u>
Total Liabilities	1,446,244	1,688,055
MEMBER'S EQUITY		
MEMBER'S EQUITY	<u>1,360,110</u>	<u>1,311,799</u>
Total Liabilities And Member's Equity	<u><u>\$ 2,806,354</u></u>	<u><u>\$ 2,999,854</u></u>

See notes to financial statements.

WOODCRAFT FRANCHISE, LLC

STATEMENTS OF INCOME AND CHANGES IN MEMBER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
REVENUE		
Royalty income	\$ 6,526,936	\$ 7,137,650
Advertising revenue	2,335,093	2,679,230
Franchise fees	<u>77,459</u>	<u>97,000</u>
Total Revenue	8,939,488	9,913,880
OPERATING EXPENSES	<u>5,891,177</u>	<u>6,474,099</u>
Net Income	3,048,311	3,439,781
MEMBER'S EQUITY		
Beginning of year	1,311,799	1,372,018
Member distribution	<u>(3,000,000)</u>	<u>(3,500,000)</u>
End of year	<u>\$ 1,360,110</u>	<u>\$ 1,311,799</u>

See notes to financial statements.

WOODCRAFT FRANCHISE, LLC

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 3,048,311	\$ 3,439,781
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in assets and liabilities:		
Accounts receivable	(2,812)	(18,720)
Accounts payable and accrued liabilities	53,159	(233,311)
Deferred revenue	(66,459)	(61,000)
Advertising fund liability	(266,987)	(77,249)
Net Cash Provided By Operating Activities	<u>2,765,212</u>	<u>3,049,501</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances to related parties, net	<u>(2,938,240)</u>	<u>(3,513,466)</u>
Net Cash Used In Financing Activities	<u>(2,938,240)</u>	<u>(3,513,466)</u>
 Net Change In Cash	 (173,028)	 (463,965)
CASH		
Beginning of year	<u>769,882</u>	<u>1,233,847</u>
End of year	<u>\$ 596,854</u>	<u>\$ 769,882</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

During the years ended December 31, 2023 and 2022, the Company made noncash distributions to its member of \$3,000,000 and \$3,500,000, respectively, which reduced due from related party.

See notes to financial statements.

WOODCRAFT FRANCHISE, LLC

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 - ORGANIZATION

Woodcraft Franchise, LLC (Company) was formed in the state of Delaware on March 8, 2006. The Company acts as the franchisor of retail stores that sell woodworking tools, equipment and supplies. The Company and an affiliate, Woodcraft Supply, LLC (Supply), utilize the same management group. In addition, Supply provides certain general and administrative services for the Company and distributes product to franchise stores. At December 31, 2023 and 2022, there were 64 and 67 franchise stores, respectively. There were no new franchise agreements sold in 2023. Supply operated 10 corporate-owned retail stores under the Woodcraft name as of December 31, 2023 and 2022.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying financial statements follows:

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

Cash - At times, account balances exceeded the Federal Deposit Insurance Corporation limit. The Company believes that it has placed these accounts with high-credit-quality financial institutions and does not believe that it is exposed to any significant credit risk on its cash.

Accounts Receivable - Accounts receivable are reported at their estimated net realizable value. Accounts receivable are generally collected between seven and 14 days after receiving franchisee gross revenue reports. Effective January 1, 2023, credit losses are measured according to the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 326, Financial Instruments - Credit Losses, whereas prior periods continue to be reported in accordance with previously applicable U.S. GAAP. The allowance is determined by management based on factors such as historical losses, specific circumstances and general economic conditions. Receivables are written off when they are determined to be uncollectible. Management has concluded that an allowance for credit losses is not needed as of December 31, 2023 and 2022.

Royalty Income - Under Accounting Standards Codification (ASC) 606, continuing royalty fees are recognized as royalty revenue as they are earned.

Franchise Fees - Revenues consist of franchise royalties, initial franchise and development fees, management, consulting and other fees, and rental income. The Company executes franchise agreements for each franchise store, which establishes the terms of the agreement with the franchisee. The Company recognizes initial franchise fees as deferred revenue when received and is recognized as revenue on a straight-line basis over the contractual term of the franchise agreement. Initial franchise fees include the initial contractual franchise fee, related license and development fees, and franchise transfer fees. Any remaining unamortized franchise fee revenue is recognized in full upon store closure.

WOODCRAFT FRANCHISE, LLC

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Revenue - Revenue, expenses and cash flows of the National Advertising Fund are included as gross amounts within the Company's financial statements. These funds are recognized as revenue as the underlying franchisee sales occur. Advertising expenses are expensed as incurred. When revenues of the advertising fund exceed the related advertising expenses, advertising costs are accrued up to the amount of revenues.

Advertising Expense - The Company expenses all advertising costs as incurred. Advertising expense approximated \$2,335,000 and \$2,697,000 for the years ended December 31, 2023 and 2022, respectively.

Income Taxes - The Company is a sole member LLC and, as such, is disregarded for income tax purposes under the Internal Revenue Code. In lieu of corporate income taxes, the member of the limited liability corporation is taxed on the Company's taxable income. Therefore, no provision or liability for federal or state income taxes has been included in the financial statements.

Fair Value Measurements - Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

Level 1: Quoted prices for identical instruments in active markets.

Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs or significant value drivers are observable.

Level 3: Unobservable inputs used when little or no market data is available.

As of December 31, 2023 and 2022, the Company had no assets or liabilities measured at fair value on a recurring basis.

Management evaluates tax positions taken by the Company and recognizes a tax liability if the Company has taken an uncertain position that more likely than not would not be sustained upon examination. Management has analyzed the tax positions taken by the Company, and has concluded that as of December 31, 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes that the Company is no longer subject to income tax examinations for years prior to 2020.

WOODCRAFT FRANCHISE, LLC

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncements - In June 2016, the FASB issued Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which amends the accounting for credit losses most financial assets and certain other instruments. These amendments require the measurement of all expected credit losses for financial assets, including trade accounts receivable, held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. For private business entities, this update is effective for financial statements issued for fiscal years beginning after December 15, 2022 and interim periods within fiscal years beginning after December 15, 2023. Effective January 1, 2023, the Company adopted the new standard and determined that there was not a material impact on the financial statements and related disclosures.

Subsequent Events - Subsequent events are defined as events or transactions that occur after the balance sheet date, but before the financial statements are issued or are available to be issued. Management has evaluated subsequent events through March 4, 2024, the date on which the financial statements were available to be issued.

NOTE 3 - RELATED-PARTY TRANSACTIONS

The Company regularly advances excess funds to, or receives advances from, Supply in connection with the management of its daily cash balances. At December 31, 2023 and 2022, the Company had a receivable due from Supply of \$2,003,880 and \$2,027,164, respectively. At December 31, 2023 and 2022, the Company had recognized \$639,374 and \$489,898 respectively, of this amount as a current asset. These current assets represent cash payments received subsequent to year-end and prior to issuance of the financial statements and the funds necessary to settle the payable to Supply of \$248,374 and \$209,898 as of December 31, 2023 and 2022, respectively. These advances are to be funded through the cash sweep intercompany receivable account and are non-interest-bearing. There are no stated repayment terms.

The Company typically receives a voluntary contribution into the National Advertising Fund from related parties. Total contributions approximated \$700,000 and \$900,000 for the years ended December 31, 2023 and 2022, respectively, from corporate-owned retail stores, catalog and internet sales.

The Company receives management services from Supply. Supply's sole member is also the sole member of the Company. Total management fees paid approximated \$2,538,000 and \$2,778,000 for the years ended December 31, 2023 and 2022, respectively. These expenses are included in operating expenses on the statements of income and changes in member's equity.

The Company is contingently liable as guarantor to the bank for an open \$5,000,000 revolving line of credit entered into by Woodcraft, LLC (the Parent). The loan is collateralized by all assets of the Company, the Parent and Supply. There was no outstanding balance on the line of credit at December 31, 2023 and 2022.

WOODCRAFT FRANCHISE, LLC
Parkersburg, West Virginia

Financial Statements
For the years ended December 31, 2022 and 2021
and Independent Auditor's Report Thereon



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INDEPENDENT AUDITOR'S REPORT

Member and Board of Directors
Woodcraft Franchise, LLC
Parkersburg, West Virginia

Opinion

We have audited the accompanying financial statements of Woodcraft Franchise, LLC (Company), which comprise the balance sheets as of December 31, 2022 and 2021 and the related statements of income 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 the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Woodcraft Franchise, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern 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 because fraud might involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Schneider Downs & Co., Inc.

Columbus, Ohio
February 21, 2023

WOODCRAFT FRANCHISE, LLC

BALANCE SHEETS

	<u>December 31, 2022</u>	
	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 769,882	\$ 1,233,847
Accounts receivable	202,808	184,088
Due from related party - Woodcraft Supply, LLC	489,898	464,688
Total Current Assets	<u>1,462,588</u>	<u>1,882,623</u>
DUE FROM WOODCRAFT SUPPLY, LLC	<u>1,537,266</u>	<u>1,613,800</u>
Total Assets	<u><u>\$ 2,999,854</u></u>	<u><u>\$ 3,496,423</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 186,116	\$ 419,427
Advertising fund liability	927,665	1,004,914
Deferred revenue, current portion	68,543	78,084
Due to related party - Woodcraft Supply, LLC	209,898	274,688
Total Current Liabilities	<u>1,392,222</u>	<u>1,777,113</u>
NONCURRENT LIABILITIES		
Deferred revenue, net of current portion	<u>295,833</u>	<u>347,292</u>
Total Liabilities	1,688,055	2,124,405
MEMBER'S EQUITY		
MEMBER'S EQUITY	<u>1,311,799</u>	<u>1,372,018</u>
Total Liabilities And Member's Equity	<u><u>\$ 2,999,854</u></u>	<u><u>\$ 3,496,423</u></u>

See notes to financial statements.

WOODCRAFT FRANCHISE, LLC

STATEMENTS OF INCOME AND CHANGES IN MEMBER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
REVENUE		
Royalty income	\$ 7,137,650	\$ 7,623,965
Advertising revenue	2,679,230	3,056,649
Franchise fees	<u>97,000</u>	<u>77,958</u>
Total Revenue	9,913,880	10,758,572
OPERATING EXPENSES	<u>6,474,099</u>	<u>6,836,646</u>
Net Income	3,439,781	3,921,926
MEMBER'S EQUITY		
Beginning of year	1,372,018	1,550,092
Member distribution	<u>(3,500,000)</u>	<u>(4,100,000)</u>
End of year	<u>\$ 1,311,799</u>	<u>\$ 1,372,018</u>

See notes to financial statements.

WOODCRAFT FRANCHISE, LLC

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 3,439,781	\$ 3,921,926
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in assets and liabilities:		
Accounts receivable	(18,720)	181,667
Accounts payable and accrued liabilities	(233,311)	(50)
Deferred revenue	(61,000)	82,033
Advertising fund liability	(77,249)	298,982
Net Cash Provided By Operating Activities	<u>3,049,501</u>	<u>4,484,558</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances to related parties, net	<u>(3,513,466)</u>	<u>(4,131,682)</u>
Net Cash Used In Financing Activities	<u>(3,513,466)</u>	<u>(4,131,682)</u>
 Net Change In Cash	 (463,965)	 352,876
CASH		
Beginning of year	<u>1,233,847</u>	<u>880,971</u>
End of year	<u>\$ 769,882</u>	<u>\$ 1,233,847</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

During the years ended December 31, 2022 and 2021, the Company made noncash distributions to its member of \$3,500,000 and \$4,100,000, respectively, which reduced due from related party.

See notes to financial statements.

WOODCRAFT FRANCHISE, LLC

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 - ORGANIZATION

Woodcraft Franchise, LLC (Company) was formed in the state of Delaware on March 8, 2006. The Company acts as the franchisor of retail stores that sell woodworking tools, equipment and supplies. The Company and an affiliate, Woodcraft Supply, LLC (Supply), utilize the same management group. In addition, Supply provides certain general and administrative services for the Company and distributes product to franchise stores. At December 31, 2022 and 2021, there were 67 franchise stores. There were no new franchise agreements sold in 2022. Supply operated 10 corporate-owned retail stores under the Woodcraft name as of December 31, 2022 and 2021.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying financial statements follows:

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

Cash - At times, account balances exceeded the Federal Deposit Insurance Corporation limit. The Company believes that it has placed these accounts with high-credit-quality financial institutions and does not believe that it is exposed to any significant credit risk on its cash.

Accounts Receivable - Accounts receivable are reported at their estimated net realizable value. Accounts receivable are generally collected between seven and 14 days after receiving franchisee gross revenue reports. Collection losses have historically been immaterial, and management has concluded that a valuation allowance is not needed.

Royalty Income - Under Accounting Standards Codification (ASC) 606, continuing royalty fees are recognized as royalty revenue as they are earned.

Franchise Fees - Revenues consist of franchise royalties, initial franchise and development fees, management, consulting and other fees, and rental income. The Company executes franchise agreements for each franchise store, which establishes the terms of the agreement with the franchisee. The Company recognizes initial franchise fees as deferred revenue when received and is recognized as revenue on a straight-line basis over the contractual term of the franchise agreement. Initial franchise fees include the initial contractual franchise fee, related license and development fees, and franchise transfer fees. Any remaining unamortized franchise fee revenue is recognized in full upon store closure.

WOODCRAFT FRANCHISE, LLC

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Revenue - Revenue, expenses and cash flows of the National Advertising Fund are included as gross amounts within the Company's financial statements. These funds are recognized as revenue as the underlying franchisee sales occur. Advertising expenses are expensed as incurred. When revenues of the advertising fund exceed the related advertising expenses, advertising costs are accrued up to the amount of revenues.

Income Taxes - The Company is a sole member LLC and, as such, is disregarded for income tax purposes under the Internal Revenue Code. In lieu of corporate income taxes, the member of the limited liability corporation is taxed on the Company's taxable income. Therefore, no provision or liability for federal or state income taxes has been included in the financial statements.

Fair Value Measurements - Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

Level 1: Quoted prices for identical instruments in active markets.

Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs or significant value drivers are observable.

Level 3: Unobservable inputs used when little or no market data is available.

As of December 31, 2022 and 2021, the Company had no assets or liabilities measured at fair value on a recurring basis.

Management evaluates tax positions taken by the Company and recognizes a tax liability if the Company has taken an uncertain position that more likely than not would not be sustained upon examination. Management has analyzed the tax positions taken by the Company, and has concluded that as of December 31, 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes that the Company is no longer subject to income tax examinations for years prior to 2019.

Recent Accounting Pronouncements - In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting, which provides optional expedients and exceptions for applying generally accepted accounting principles (GAAP) to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. Entities may elect to apply the amendments for contract modifications by Topic or Industry Subtopic as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020, or prospectively from a date within an interim period that includes or is subsequent to March 12, 2020, up to the date that the financial statements are available to be issued, through December 31, 2022. The Company is currently assessing the impact that this ASU will have on its financial statements.

WOODCRAFT FRANCHISE, LLC

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which modifies lease accounting for lessees to increase transparency and comparability by recording lease assets and liabilities for operating leases and disclosing key information about leasing arrangements. The Company does not have any leases; therefore, the adoption of this ASU had no impact on the Company.

Advertising - The Company expenses all advertising costs as incurred. Advertising expense approximated \$2,691,000 and \$3,069,000 for the years ended December 31, 2022 and 2021, respectively.

Subsequent Events - Subsequent events are defined as events or transactions that occur after the balance sheet date, but before the financial statements are issued or are available to be issued. Management has evaluated subsequent events through February 21, 2023, the date on which the financial statements were available to be issued.

NOTE 3 - RELATED-PARTY TRANSACTIONS

The Company regularly advances excess funds to, or receives advances from, the Parent in connection with the management of its daily cash balances. At December 31, 2022 and 2021, the Company had a receivable due from the Parent of \$2,027,164 and \$2,078,488, respectively. At December 31, 2022 and 2021, the Company had recognized \$489,898 and \$464,688, respectively, of this amount as a current asset. These current assets represent cash payments received subsequent to year-end and prior to issuance of this statement and the funds necessary to settle the payable to Supply of \$209,898 and \$274,688 as of December 31, 2022 and 2021, respectively. These advances are to be funded through the cash sweep intercompany receivable account and are non-interest-bearing. There are no stated repayment terms.

The Company typically receives a voluntary contribution into the National Advertising Fund from related parties. Total contributions approximated \$900,000 and \$1,100,000 for the years ended December 31, 2022 and 2021, respectively, from corporate-owned retail stores, catalog and internet sales.

The Company receives management services from Supply. Supply's sole member is also the sole member of the Company. Total management fees paid approximated \$2,710,000 and \$2,675,000 for the years ended December 31, 2022 and 2021, respectively. These expenses are included in operating expenses on the statements of income and changes in member's equity.

The Company is contingently liable as guarantor to the bank for an open \$5,000,000 revolving line of credit entered into by the Parent. The loan is collateralized by all assets of the Company, the Parent and Supply. There was no outstanding balance on the line of credit at December 31, 2022 and 2021.

EXHIBIT J
STATE ADDENDA

**ADDENDUM TO THE WOODCRAFT [RENEWAL] FRANCHISE AGREEMENT
REQUIRED FOR CALIFORNIA FRANCHISEES**

This Addendum to the [Renewal] Franchise Agreement dated _____ (“Franchise Agreement”) between WOODCRAFT FRANCHISE, LLC (“Franchisor”) and _____ (“Franchisee”) is entered into as of _____.

1. Section 18 of the Franchise Agreement shall be amended to add:

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

2. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.
3. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

[Signatures follow on next page.]

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and agrees to be bound by its terms.

FRANCHISOR:

WOODCRAFT FRANCHISE, LLC

By: _____

Print Name: _____

Title: _____

FRANCHISEE:

If Franchisee is an individual:

Individually:

Print Name: _____

Individually:

Print Name: _____

If Franchisee is a corporation, limited liability company or other entity:

(Name of Franchisee)

By: _____

Print Name: _____

Title: _____

**ADDENDUM TO THE WOODCRAFT [RENEWAL] FRANCHISE AGREEMENT
REQUIRED FOR ILLINOIS FRANCHISEES**

This Addendum to the [Renewal] Franchise Agreement dated _____ (“Franchise Agreement”) between WOODCRAFT FRANCHISE, LLC (“Franchisor”) and _____ (“Franchisee”) is entered into as of _____.

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Woodcraft Franchise, LLC Franchise Agreement shall be amended as follows:

1. Section 15 of the Franchise Agreement shall be amended to add:
2. Section 18.E. of the Franchise Agreement shall be amended to add:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.

3. Section 18.L. of the Franchise Agreement shall be amended to add:

Section 41 of the Illinois Franchise Disclosure Act provides that 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 any statement made by the franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

4. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

5. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

[Signature page follows]

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this addendum and agrees to be bound by its terms.

FRANCHISOR:

WOODCRAFT FRANCHISE, LLC

By: _____

Print Name: _____

Title: _____

FRANCHISEE:

If Franchisee is an individual:

Individually:

Print Name: _____

Individually:

Print Name: _____

If Franchisee is a corporation, limited liability company or other entity:

(Name of Franchisee)

By: _____

Print Name: _____

Title: _____

**ADDENDUM TO THE WOODCRAFT [RENEWAL] FRANCHISE AGREEMENT
REQUIRED FOR MARYLAND FRANCHISEES**

This Addendum to the [Renewal] Franchise Agreement dated _____ (“Franchise Agreement”) between WOODCRAFT FRANCHISE, LLC (“Franchisor”) and _____ (“Franchisee”) is entered into as of _____.

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. §§14-201-14-233, the Franchise Agreement shall be amended as follows:

1. Sections 2.B.5. and 14.B.4. of the Franchise Agreement require Franchisee to sign a general release as a condition of renewal and transfer of the franchise; such release shall exclude claims arising under the Maryland Franchise Registration and Disclosure Law.
2. Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel, or waiver of liability as a condition of purchasing a franchise. Representations in the Franchise Agreement are not intended to, nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
3. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
4. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by the franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
5. Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by Franchisee shall be deferred until Franchisor completes its pre-opening obligations under the franchise agreement.
6. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.
7. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

[Signature page follows]

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and agrees to be bound by its terms.

FRANCHISOR:

WOODCRAFT FRANCHISE, LLC

By: _____

Print Name: _____

Title: _____

FRANCHISEE:

If Franchisee is an individual:

Individually:

Print Name: _____

Individually:

Print Name: _____

If Franchisee is a corporation, limited liability company or other entity:

(Name of Franchisee)

By: _____

Print Name: _____

Title: _____

**ADDENDUM TO THE WOODCRAFT [RENEWAL] FRANCHISE AGREEMENT
REQUIRED FOR MINNESOTA FRANCHISEES**

This Addendum to the [Renewal] Franchise Agreement dated _____ (“Franchise Agreement”) between WOODCRAFT FRANCHISE, LLC (“Franchisor”) and _____ (“Franchisee”) is entered into as of _____.

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the parties agree as follows:

1. Sections 2.B.5. and 14.B.(4) of the Franchise Agreement shall not provide for a prospective general release of claims which may be subject to Minn. Rule 2860.4400D.
2. Section 15 of the Franchise Agreement shall be amended to add that with respect to franchises governed by Minnesota Law, Franchisor will comply with the Minnesota Franchise Law which requires, except in certain specified cases, that Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of the Agreement.
3. Section 18.E. of the Franchise Agreement shall be amended to add:

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 agreements can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J may prohibit us from requiring litigation to be conducted outside Minnesota.

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

4. Section 18.K of the Franchise Agreement is amended in accordance with Minn. Rule 2860.4400J which prohibits waiver of a jury trial.
5. Section 18.L. of the Franchise Agreement shall be amended to add that any claim concerning the franchised business or the Franchise Agreement or any related agreement will be barred unless an arbitration or an action for a claim that cannot be the subject of arbitration is commenced within three (3) years from the date on which Franchisee knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim.
6. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.
7. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

[Signatures follow on next page.]

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and agrees to be bound by its terms.

FRANCHISOR:

WOODCRAFT FRANCHISE, LLC

By: _____

Print Name: _____

Title: _____

FRANCHISEE:

If Franchisee is an individual:

Individually:

Print Name: _____

Individually:

Print Name: _____

If Franchisee is a corporation, limited liability company or other entity:

(Name of Franchisee)

By: _____

Print Name: _____

Title: _____

**ADDENDUM TO THE WOODCRAFT [RENEWAL] FRANCHISE AGREEMENT
REQUIRED FOR NEW YORK FRANCHISEES**

This Addendum to the [Renewal] Franchise Agreement dated _____ (“Franchise Agreement”) between WOODCRAFT FRANCHISE, LLC (“Franchisor”) and _____ (“Franchisee”) is entered into as of _____.

In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§ 680 through 695, the Franchise Agreement shall be amended as follows:

1. Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Sections 680 – 695, may not be enforceable.
2. Sections 2.B.5. and 14.B.(4) of the Franchise Agreement may require you to sign a general release as a condition of renewal and transfer of the franchise; such release shall exclude claims arising under New York General Business Law, Article 33, Sections 680-695.
3. Under Section 14.A. of the Franchise Agreement, we will not transfer and assign our rights and obligations under the Franchise Agreement unless the transferee will be able to perform the obligations under the Franchise Agreement, in our good faith judgment.
4. Section 18.E. is amended by adding that the New York Franchises Law shall govern any claim arising under that law.
5. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.
6. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

[Signature page follows]

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and agrees to be bound by its terms.

FRANCHISOR:

WOODCRAFT FRANCHISE, LLC

By: _____

Print Name: _____

Title: _____

FRANCHISEE:

If Franchisee is an individual:

Individually:

Print Name: _____

Individually:

Print Name: _____

If Franchisee is a corporation, limited liability company or other entity:

(Name of Franchisee)

By: _____

Print Name: _____

Title: _____

**ADDENDUM TO THE WOODCRAFT [RENEWAL] FRANCHISE AGREEMENT
REQUIRED FOR NORTH DAKOTA FRANCHISEES**

This Addendum to the [Renewal] Franchise Agreement dated _____ (“Franchise Agreement”) between WOODCRAFT FRANCHISE, LLC (“Franchisor”) and _____ (“Franchisee”) is entered into as of _____.

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, Chapter 51-19, Sections 51-19-01 *et seq.* Such provisions in the Agreement are hereby amended as follows:

1 Under Sections 2.B.5. and 14.B.(4) of the Franchise Agreement, the execution of a general release upon renewal or transfer will be inapplicable to franchises operating under the North Dakota Franchise Investment Law to the extent that such a release excludes claims arising under the North Dakota Franchise Investment Law.

2 Section 16 of the Franchise Agreement is amended to add that requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19- 09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

3 Section 17.C. of the Franchise Agreement is amended to add that 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 North Dakota law.

4 Section 18.D. of the Franchise Agreement shall be amended to state that arbitration involving a franchise purchased in North Dakota must be held either in a location mutually agreed upon prior to the arbitration, or if the parties cannot agree on a location, the arbitrator will determine the location.

5 Section 18.E. of the Franchise Agreement shall be amended to state that in the event of a conflict of laws, to the extent required by the North Dakota Franchise Investment Law, the provision of North Dakota law shall prevail.

6 Section 18.E. of the Franchise Agreement is amended to add that any action may be brought in the appropriate state or federal court in North Dakota with respect to claims under the North Dakota Franchise Investment Law.

7 Section 18.K. of the Franchise Agreement requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and is amended accordingly to the extent required by law.

8 In connection with Section 18.L. of the Franchise Agreement, the Commissioner has determined that requiring a franchisee to consent to limit its claims to those that are brought within a certain time frame is unfair, unjust and inequitable within the intent of Section 51.19.09 of the North Dakota Franchise Investment Law. The statute of limitations under North Dakota law applies with respect to claims arising under the North Dakota Franchise Investment Law.

9 Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

10 This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and agrees to be bound by its terms.

FRANCHISOR:

WOODCRAFT FRANCHISE, LLC

By: _____

Print Name: _____

Title: _____

FRANCHISEE:

If Franchisee is an individual:

Individually:

Print Name: _____

Individually:

Print Name: _____

If Franchisee is a corporation, limited liability company or other entity:

(Name of Franchisee)

By: _____

Print Name: _____

Title: _____

**ADDENDUM TO THE [RENEWAL] FRANCHISE AGREEMENT
REQUIRED FOR OHIO FRANCHISEES**

This Addendum to the [Renewal] Franchise Agreement dated _____ (“Franchise Agreement”) between WOODCRAFT FRANCHISE, LLC (“Franchisor”) and _____ (“Franchisee”) is entered into as of _____.

In recognition of the requirements of the Ohio Business Opportunity Plan Law, Section 1334.01 et. Seq., the Franchise Agreement for Woodcraft Franchise, LLC shall be amended as follows:

- 1 The following language will be added to the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials _____

Date _____

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five (5) business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten (10) business days following the seller’s receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller’s expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Woodcraft Franchise, LLC, 1177 Rosemar Road, Parkersburg, West Virginia, 26105, not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

By: _____

Print Name: _____

Its: _____

Date: _____

- 2 Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Ohio Business Opportunity Plan Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to 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 and agrees to be bound by its terms.

FRANCHISOR:

WOODCRAFT FRANCHISE, LLC

By: _____

Print Name: _____

Title: _____

FRANCHISEE:

If Franchisee is an individual:

Individually:

Print Name: _____

Individually:

Print Name: _____

If Franchisee is a corporation, limited liability company or other entity:

(Name of Franchisee)

By: _____

Print Name: _____

Title: _____

**ADDENDUM TO THE WOODCRAFT [RENEWAL] FRANCHISE AGREEMENT
REQUIRED FOR RHODE ISLAND FRANCHISEES**

This Addendum to the [Renewal] Franchise Agreement dated _____ (“Franchise Agreement”) between WOODCRAFT FRANCHISE, LLC (“Franchisor”) and _____ (“Franchisee”) is entered into as of _____.

In recognition of the requirements of The Rhode Island Franchise Investment Act §19-28.1-14, the Franchise Agreement shall be amended as follows:

1 Sections 2.B.(5) and 14.B.(4) of the Franchise Agreement require Franchisee to sign a general release as a condition of renewal and transfer of the franchise; such release shall exclude claims arising under The Rhode Island Franchise Investment Act.

2 Section 18.E. of the Franchise Agreement shall be amended to add that Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

3 Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

4 Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

5 This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

[Signature page follows]

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and agrees to be bound by its terms.

FRANCHISOR:

WOODCRAFT FRANCHISE, LLC

By: _____

Print Name: _____

Title: _____

FRANCHISEE:

If Franchisee is an individual:

Individually:

Print Name: _____

Individually:

Print Name: _____

If Franchisee is a corporation, limited liability company or other entity:

(Name of Franchisee)

By: _____

Print Name: _____

Title: _____

**ADDENDUM TO THE WOODCRAFT RENEWAL] FRANCHISE AGREEMENT
REQUIRED FOR VIRGINIA FRANCHISEES**

This Addendum to the [Renewal] Franchise Agreement dated _____ (“Franchise Agreement”) between WOODCRAFT FRANCHISE, LLC (“Franchisor”) and _____ (“Franchisee”) is entered into as of _____.

1 Section 18 of the Franchise Agreement shall be amended to add:

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

2 Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

3 This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and agrees to be bound by its terms.

[Signatures follow on next page.]

FRANCHISOR:

WOODCRAFT FRANCHISE, LLC

By: _____

Print Name: _____

Title: _____

FRANCHISEE:

If Franchisee is an individual:

Individually:

Print Name: _____

Individually:

Print Name: _____

If Franchisee is a corporation, limited liability
company or other entity:

(Name of Franchisee)

By: _____

Print Name: _____

Title: _____

**ADDENDUM TO THE WOODCRAFT RENEWAL] FRANCHISE AGREEMENT
REQUIRED FOR WASHINGTON FRANCHISEES**

This Addendum to the [Renewal] Franchise Agreement dated _____ (“Franchise Agreement”) between WOODCRAFT FRANCHISE, LLC (“Franchisor”) and _____ (“Franchisee”) is entered into as of _____.

The parties agree to amend the Franchise Agreement as follows:

- 1 In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
- 2 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.
- 3 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.
- 4 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.
- 5 Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.
- 6 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.
- 7 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.

[Signatures follow on next page.]

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and agrees to be bound by its terms.

FRANCHISOR:

WOODCRAFT FRANCHISE, LLC

By: _____

Print Name: _____

Title: _____

FRANCHISEE:

If Franchisee is an individual:

Individually:

Print Name: _____

Individually:

Print Name: _____

If Franchisee is a corporation, limited liability company or other entity:

(Name of Franchisee)

By: _____

Print Name: _____

Title: _____

EXHIBIT K

STATE EFFECTIVE DATES

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

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

STATE	EFFECTIVE DATE
California	PENDING
Hawaii	PENDING
Illinois	PENDING
Indiana	PENDING
Maryland	PENDING
Michigan	PENDING
Minnesota	PENDING
New York	PENDING
North Dakota	PENDING
Rhode Island	PENDING
South Dakota	PENDING
Virginia	PENDING
Washington	PENDING
Wisconsin	PENDING

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

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Woodcraft Franchise, LLC offers you a franchise, Woodcraft Franchise, LLC must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to Woodcraft Franchise, LLC or an affiliate in connection with the proposed franchise sale. Under Iowa law, we must give you this Disclosure Document at the earlier of our first personal meeting or 14 calendar days before you sign an agreement with, or make a payment to us or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Under New York law, we must provide this Disclosure Document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If Woodcraft Franchise, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state administrator listed on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is Andrew V. Bondi at 1177 Rosemar Road, Parkersburg, West Virginia 26105, (304) 422- 5412, or is listed below: _____

The issuance date of this Franchise Disclosure Document: March 6, 2024.

We authorize the persons and/or entities listed on Exhibit A to receive service of process for us.

I received a disclosure document dated: March 6, 2024 that included the following Exhibits:

- A. List of State Agents for Service of Process and State Administrators
- B. Franchise Agreement
- C. Renewal Franchise Agreement
- D. Woodcraft Supply Product Supply Agreement
- E. Retail System Support Agreement
- F. Table of Contents of Manual
- G. General Release
- H. List of Franchisees
- I. Financial Statements
- J. State Addenda
- K. State Effective Dates

Date Received

Prospective Franchisee

Name (please print)

Address: _____

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Woodcraft Franchise, LLC offers you a franchise, Woodcraft Franchise, LLC must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to Woodcraft Franchise, LLC or an affiliate in connection with the proposed franchise sale. Under Iowa law, we must give you this Disclosure Document at the earlier of our first personal meeting or 14 calendar days before you sign an agreement with, or make a payment to us or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Under New York law, we must provide this Disclosure Document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If Woodcraft Franchise, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state administrator listed on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is Andrew V. Bondi at 1177 Rosemar Road, Parkersburg, West Virginia 26105, (304) 422- 5412, or is listed below: _____

The issuance date of this Franchise Disclosure Document: March 6, 2024.

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I received a disclosure document dated: March 6, 2024 that included the following Exhibits:

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- F. Table of Contents of Manual
- G. General Release
- H. List of Franchisees
- I. Financial Statements
- J. State Addenda
- K. State Effective Dates

Date Received

Prospective Franchisee

Name (please print)

Address: _____

