

FRANCHISE DISCLOSURE DOCUMENT



New Again Franchising, Inc.
(A Tennessee Corporation)
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New Again Franchising, Inc. offers a unit franchise for operating a New Again Houses® business in a single location for operating a business that specializes in purchasing, remodeling, and selling residential properties using a variety of products, methods, techniques, and services.

The total investment necessary to begin operation of a New Again Houses franchise is \$115,000.00 to \$208,000.00. This includes \$45,000.00 that must be paid to the franchisor or 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 Matt Lavinder at 501 Alabama Street, Bristol, Tennessee 37620, (423) 389-4110, or at franchise@newagainhouses.com

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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: April 30, 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 Attachment 4. |
| 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 Attachment 2 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 New Again Houses® business in my area? | Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you. |
| Does the franchisor have a troubled legal history? | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings. |
| What's it like to be a New Again Houses® franchisee? | Item 20 or Attachment 4 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 Attachment 3.

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Tennessee. 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 Tennessee than in your own state.
2. **Mandatory Minimum Payments**. You must make mandatory minimum royalty payments or advertising contributions regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.

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

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Attachments

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| 1 | Franchise Agreement (with Authorization Agreement for Pre-Authorized Payments, Confidentiality and Non-Competition Agreement, and Guaranty) |
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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

General

To simplify the language in this Disclosure Document, we will use the words “we”, “us”, and “our” when referring to New Again Franchising, Inc. and the words “you” and “your” when referring to the individual or business entity that buys a New Again Houses® franchise. The words “you” and “your” do not include any individual or business entity that owns an interest in you. We will require all individuals and business entities that own an interest in you to guarantee your obligations to us.

We are a Tennessee for-profit corporation. We have our principal business address at 501 Alabama Street, Bristol, Tennessee 37620. We were incorporated in the state of Tennessee on July 9, 2018.

We presently do business under the name New Again Houses®. You will operate your franchised business under the name New Again Houses® (hereinafter “New Again Houses”). We currently operate a type of business being offered in this Disclosure Document in Bristol, Tennessee.

Business and Franchises Offered

We offer a franchise to operate a New Again Houses business using certain designated trademarks, proprietary products, and methods of operation under a Franchise Agreement. A New Again Houses business specializes in purchasing, remodeling, and selling residential properties using a variety of products, methods, techniques, and services.

You are not expected to be a licensed contractor or real estate agent, but you may hold either license. If you do, they must comply with all legal requirements. Franchisees are not required to hold any license apart from required business licenses. The New Again Houses franchise provides proprietary software and systems that provide the lead generation, analysis, training, branding, and partnerships that are necessary to redevelop residential properties. The proprietary software accesses Partnerships include access to national partners and assistance in forming local partnerships.

A New Again Houses business requires no employees and no office space to operate; however, a New Again Houses business can be grown and developed to utilize employees, contractors, other staff and to maintain its own office presence. Initially, employees and separate office space are not required to operate a New Again Houses business, and the system is set up with ease of access to maintain a low cost of entry. As the New Again Houses business grows, employees, contractors, and other staff can be added, and the business can operate out of a commercial office space, although this is not required. A New Again Houses business partners with various contractors, sub-contractors, real estate agents, etc. to purchase, remodel, and sell residential properties in the protected franchised area.

Markets, Competition, and Regulation

The general market for a New Again Houses business consists primarily of sellers who own residential property and are motivated to sell at wholesale prices. Buyers typically consist of first time homebuyers who desire a stylishly updated home with minimal deferred maintenance at an entry level price point. The market for both motivated sellers and entry level homeowners are well developed. Sales of homes are strongest from January through the beginning of October. Our business competes with individuals who “flip” a small number of houses each year.

There are no special federal laws or regulations specific to a New Again Houses business. However, you will have to comply with state and local laws, regulations, and ordinances relating to real estate acquisition, development, renovation, and sale. You will also have to comply with all federal, state, and local laws and regulations that apply generally to all businesses. Please consult with your attorney about these laws and regulations.

Predecessors and Affiliates

Prior to 2014, our business was operated under a limited liability company named Lavinder Development, LLC, which had its principal business address at 513 Henry Street, Bristol, Tennessee 37620. In May of 2013, Lavinder Development, LLC was converted to Lavinder Development, Inc., a Tennessee for-profit corporation, with its principal business address at 501 Alabama Street, Bristol, Tennessee 37620. In December of 2013, our affiliate, New Again, Inc. was incorporated as a Tennessee for-profit corporation. New Again, Inc. became the management arm of New Again Houses starting in January of 2014. At present, all real estate acquisitions for New Again Houses are done by Lavinder Development, LLC and the overall management of the New Again Houses business is done through New Again, Inc. Our other affiliate, New Again Construction, Inc., was incorporated in Tennessee on December 2013, and their principal business address is the same as ours. Our other affiliate, New Again IP, Inc. was incorporated in Tennessee in December 2013 and was also converted to New Again IP, LLC in December 2013. This affiliate has the same principal business address as us. New Again IP, LLC owns the trademarks described in Item 13 of this Disclosure Document. Our affiliate, HBX Realty, Inc. (“HBX”) was incorporated in Tennessee on December 31, 2019 and maintains its principal business address at 512 Alabama Street, Bristol, TN 37620. HBX provides training to our franchisees’ employed real estate agents.

None of our affiliates have ever previously offered franchises for sale. New Again, Inc. is the only person or entity currently authorized to offer the sale of New Again Houses franchises. Except as described above, none of our affiliates provide products or services to our franchisees.

Prior Business Experience

Our founder, Thomas Matthew Lavinder, incorporated Lavinder Development, LLC and began renovating residential real properties in July of 2009. Lavinder Development, LLC was converted to Lavinder Development, Inc. in December of 2013. At present, Lavinder Development, Inc., as managed by New Again, Inc., is engaged in the full-time operation of New Again Houses in the Tennessee and Virginia markets. Neither Lavinder Development, Inc. (formerly known as Lavinder Development, LLC) nor New Again, Inc. have ever previously

offered franchises for sale. We have neither offered nor intend to offer franchises in any other line of business.

Agent for Service of Process

Our agent for service of process in Tennessee is W. Derek Malcolm, Esq., and the agent's principal business address is 100 Fifth Street, Suite 520, Bristol, Tennessee, 37620. Our agents for service of process in other states are disclosed in Attachment 3 to this Disclosure Document.

ITEM 2 **BUSINESS EXPERIENCE**

Thomas Matthew Lavinder: President

Mr. Lavinder has been our President since our inception. He has been the principal owner and founder of our affiliate, New Again Construction, Inc., in Bristol, Tennessee since December 2013. He also has been the principal owner and founder of our affiliate, New Again IP, LLC, in Bristol, Tennessee, since December 2013. Additionally, he has been the principal owner and founder of our affiliate, Lavinder Development, Inc. (formerly Lavinder Development, LLC), in Bristol, Tennessee since 2009.

John Samuel Ferguson: Vice-President and Chief Operating Officer

Mr. Ferguson has been our Chief Operating Officer since April 2022. Prio to that, he was hired by Lavinder Development as a project manager in 2011. Mr. Ferguson was promoted to Vice-President of Lavinder Development in 2017 and became a partial owner of us in January 2021.

Keith Levenson: Director of Franchise Development

Mr. Levenson has been our Director of Franchise Development since September 2023. Prior to joining the New Again Houses team, Keith was a 3rd party advisor to our executive team for more than 3 years. He has worked with more than 50 brands over his career in franchising and along with his duties at New Again Houses. Mr. Levenson is also the Vice President, Franchise Growth for ClientTether in Baltimore, Maryland since July 2023, the leading CRM in the franchise industry.

Rylyn Ricker: Business Resident

Ms. Ricker has been our business resident since June 2022. Prior to that, Ms. Ricker was a Business Development Center agent for Rick Hill Imports in Kingsport, TN from March 2019 - June 2022. She is a 2021 East Tennessee State University graduate.

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. The initial franchise fee for a single New Again Houses franchised business is \$45,000.00. The initial franchise fee for your first and any additional franchises is due and payable in a lump sum when you sign each franchise agreement. This initial franchise fee will be fully earned when paid and is non-refundable in consideration of administrative and other expenses we incur in entering into the Franchise Agreement and for our lost or deferred opportunity to enter into the Franchise Agreement with others.

ITEM 6

OTHER FEES

| Type of Fee | Amount | Due Date | Remarks |
|--|-----------------------------------|--|--|
| Transaction Royalty Fee | 2.25% of Gross Sales ¹ | Upon purchase of real property. | See Note 1. |
| Minimum Transaction Royalty Fee ² | \$20,000.00 per year. | Annually, after your first year of operation. | See Note 2. |
| Delayed Royalty Fee | \$2,000 | Upon approval from Franchisor to pay Royalty upon sale of real property. | If Franchisee is unable to pay the Royalty at the time the real property is purchased, Franchisor may, in their absolute discretion, permit Franchisee to pay the Royalty upon the sale of the real property with both written consent from the Franchisor and |

| | | | |
|---------------------------|--|---|--|
| | | | payment of a delayed royalty fee |
| Local Marketing Fee | <p>A minimum of \$3,000 per month which must be spent in the manner set forth in the Operations Manual.</p> <p>Currently: \$600 for the digital storefront \$300 for the lead manager program \$700 for postcard mailers \$1,400 for other digital marketing</p> | Monthly | All local marketing must be approved by us. |
| Technology Fee | \$150.00 per month. We reserve the right to increase this fee up to \$350 per month. | Payable in advance on the 1 st day of each month | These fees will be paid by you in advance on the 1 st day of each month. |
| QuickBooks | \$360 to \$1,080 per year | As incurred | Paid directly to QuickBooks for either QuickBooks Online or Desktop. |
| Third-Party Software Fees | Actual, reimbursed cost of third-party software fees, such as CRM software, etc., as incurred by us for use in your New Again Houses Franchised Business, plus a 10% administrative fee. This amount ranges between \$75 and \$200 per month. | Payable in advance on the 1 st day of each month | Actual cost incurred by New Again Houses for any and all management services rendered, plus a margin not to exceed 10%. This fee will be charged if it is necessary for us to facilitate any communications with your QuickBooks provider. |
| Additional Training Fee | Our per diem charges, plus our out-of-pocket expenses, which together are currently estimated at \$250-\$350 per day. | Two Weeks before Training | Reasonable tuition fee for training we provide after opening training. |

| | | | |
|-------------------------|--|-----------------|---|
| Annual Conference Fee | \$71 per month We reserve the right to increase this fee up to 10% year over year. | Monthly | If we hold an annual conference, at least one owner will be required to attend. You will receive notice from us about our intention to hold an annual conference at least 60 days in advance. |
| Audit Fee | All costs and expenses associated with the audit, including but not limited to all reasonable accounting and legal costs and fees. | When Billed | Payable to us if you do not submit sales statements or keep books and records, or if you understate Gross Sales by 2% or more. |
| Late Charge | 1.5% of Outstanding Balance per Month or highest rate allowed by law | When Billed | Payable if your account is more than 30 days past due. |
| Testing Fee | Actual costs | When we request | We may test the product or service of any supplier or contractor you propose. The testing fee pays for our costs and is payable to us. See Item 8. |
| Indemnification | As incurred | When Billed | You must pay or reimburse us for expenses incurred to defend claims for which you indemnify us under the Franchise Agreement. |
| Renewal Fee | \$5,000 | Upon Renewal | Payable to us. See Item 17. |
| Franchisee Transfer Fee | \$10,000 | Upon Transfer | Payable to us. See Item 17. |

All of these fees are uniform and imposed by and payable to New Again, Inc. None of these fees are refundable, in whole or in part.

Notes

- (1) The phrase “Gross Sales” generally means all revenues you recognize or accrue from all business conducted at, from, or by your New Again Houses franchised business, whether evidenced by cash, check, credit, charge account, exchange, or otherwise, without deduction for credit card fees, bad debt, costs of collection, bank fees, or other deductions. The Gross Sales shall be divided into the following categories:
- Sale Transaction. You must pay to us a two and a quarter percent (2.25%) Royalty of the Estimate After Renovation Value at the time any real property is purchased. The After Renovation Value shall be the amount as agreed upon by Franchisor and Franchisee on a case by case basis (“After Renovation Value”). Upon sale of the real property the total Royalty paid, after credit for Royalty paid on the After Renovation Value at the time purchase, shall be a total of two and a quarter percent (2.25%) of the Sales Price. A Sale Transaction is any transaction involving the sale by you of any interest in any real property within twelve months of your acquisition of that interest in real property. The Sales Price shall be the contract sales price as shown on lines 101 and 401 of the HUD-1 Settlement State or as shown on page 1 of the Buyer or Seller Closing Disclosure or as shown on the ALTA Settlement Statement. There shall be no deductions made for closing cost credits, real estate commissions, or other related closing costs or reductions. Notwithstanding anything to the contrary herein, the cap on any two and a quarter percent (2.25%) Royalty paid on any Sale Transaction for any individual piece of real property shall be two and a quarter percent (2.25%) of the median sales price of a US home as defined by the National Association of Realtors Existing Single Family Home Sales in the month of January for the year prior. Notwithstanding the foregoing, if Franchisee is unable to pay the Royalty at the time the real property is purchased, Franchisor may, in their absolute discretion, permit Franchisee to pay the Royalty upon the sale of the real property with both written consent from the Franchisor and payment of a delayed royalty fee of Two Thousand Dollars (\$2,000) (“Delayed Royalty Fee”). Franchisor reserves the right to increase the Delayed Royalty Fee by ten percent (10%) per year.
 - Assignment Transaction. You must pay to us a Royalty on any Assignment Transaction. An Assignment Transaction means the transfer by you to any other person or entity of any rights to acquire an interest in any real property, including, but not limited to, any purchase agreements, rights of first refusal, option agreements, or lease-to-purchase agreements held by you and transferred to any other person or entity. The Sales Price for any Assignment Transaction shall be the contract sales price as shown on lines 101 and 401 of the HUD-1 Settlement State or as shown on page 1 of the Buyer or Seller Closing Disclosure or as shown on the ALTA Settlement Statement plus any amount paid to you by any other person or entity for the transfer/assignment of the right to purchase your interest in the real property (the “Transfer Fee”). The Royalty you must pay to us for any Assignment Transaction shall be the greater of: (1) \$500 or (2) the lesser of 2.25 % of the Sales Price or 10% of the Transfer Fee. By way of example, if you transfer a contract to purchase property with a contract sales price of \$100,000.00 to another person for

a Transfer Fee of \$10,000.00, then the Sales Price of that Assignment Transaction would be \$110,000.00 and the Royalty you owe us would be \$1,000.00, as that amount (10% of the Transfer Fee) is less than 2.25% of the Sales Price, but greater than \$500.00.

- (2) In order to avoid territories from becoming inactive, we require a minimum Transaction Royalty Fee. This is not a separate fee from the Transaction Royalty Fees you will pay upon each real estate transaction. After your first year, regardless of your sales volume, market penetration, or financial performance, you must pay a minimum Royalty Fee of \$20,000.00 per year; this is not in addition to the royalties you are required to pay, but rather, in connection with. If your financial performance is not generating this minimum Royalty Fee, you may choose to voluntarily terminate your New Again Houses franchised business instead of making the minimum Royalty Payment. However, see section 17 of the Franchise Agreement for your obligations upon terminating the Franchise Agreement.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

| Type of Expenditure | Amount | Method of Payment | When Due | To Whom Payment is to be Made |
|---|--|--------------------------|-----------------|--------------------------------------|
| Franchise Fee | \$45,000.00 | Lump Sum | Upon Signing | Us |
| Furniture, Fixtures, and Equipment ² | \$0 – \$1,000 | As Incurred | As Agreed | Suppliers |
| Computer System ³ | \$1,500 - \$4,000 | As Incurred | As Agreed | Suppliers |
| Pre-Opening Costs ⁴ | \$1,500 - \$4,000 | As Incurred | As Agreed | Vendors, Etc. |
| Required Software ⁵ | \$2,000 – \$4,000 | As Incurred | As Agreed | Suppliers |
| Consultant Fees ⁶ | \$0- \$4,000 | As Incurred | As Agreed | Consultants |
| Initial Monthly Advertising ⁷ | \$24,000 - \$48,000 | As Incurred | As Agreed | Vendors |
| 3 Month Insurance Premiums | \$1,000 - \$3,000 | Annually | As Agreed | Insurer |
| Down Payments on Property | \$30,000 - \$75,000 | As Incurred | As Agreed. | Vendors |
| Additional Funds – 6 Months ⁸ | \$10,000 - \$20,000 | As Incurred | As Agreed | Various |
| Total | \$115,000 - \$208,000⁹ | | | |

Notes

- (1) A New Again Houses franchised business will be operated from home and requires no formal office space to operate.
- (2) We estimate furniture, fixtures and equipment at zero on the low end because we expect you will open as a home-based business, but if you choose to open a small office, those expenses are represented on the high end. The amounts exclude the cost of transportation, installation, and sales tax (if applicable), which will vary for

each location.

- (3) The amounts for a computer system include the cost of a computer system, monitors, printers, scanners, copiers, an office terminal, modems, and related equipment, including software, as well as three months of high-speed internet service. See Item 11.
- (4) The amounts for miscellaneous opening costs include initial legal and accounting fees, business permit fees, initial insurance premiums for six months' coverage, and pre-opening compensation fees, if any as well as the products, services, and other materials we require you to obtain for use in the operation of, or to be offered for sale from, your New Again Houses franchised business.
- (5) The amounts for required software include the necessary software subscriptions to get the real property acquisition process started, and the amounts included here represent one month's worth of subscription fees.
- (6) This fee will only be needed if you decide to hire a consultant to assist in the opening and operation of your franchised business. The low range of \$0 is for instances where a consultant is not hired by the franchisee.
- (7) This is the total amount that will need to be spent on your initial marketing over the first 6 months of opening your franchised business location. This amount includes the initial cost to work with Click X, who is our marketing partner.
- (8) The amounts for additional funds represent an estimate of the "working capital" that would be used to pay expenses as they are incurred, such as salaries for employees or travel expenses. We estimate that the amount given will be sufficient to cover on-going expenses for the start-up phase of your franchise, which we estimate to be six months; six months is the estimated amount of time it will take to get your first house flipped. In formulating the amount required for additional funds, we relied on the following factors, basis and experience: the development of a New Again Houses business by our affiliate, and our general knowledge of the industry.
- (9) All payments to us are non-refundable. Any payments to third parties are subject to the refund policies of those third parties.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must follow the standards and specifications we establish for the products and services used in the operation of your New Again Houses franchised business. We have the right to require you to obtain any product or service used in the operation of your business from us, our Affiliates, or our approved suppliers and vendors. We will publish a list of approved suppliers and vendors and their respective approved products and services in the Operations Manual and/or in written or electronic communications to you. We will amend the list when we add, change, or drop suppliers,

products, and services.

You may be required to purchase or lease certain proprietary products, services, and/or equipment from us, our Affiliates, or our designees. Specifically, you must purchase from us or our designees all products which now comprise, or in the future may comprise, a part of our System and which were developed by, are proprietary to, or are kept secret by us. You may not purchase any proprietary supplies from any other source other than from us or our designee, and you may not attempt to duplicate or replicate any of our proprietary items.

You are currently required to purchase from Click X (marketing partner).

Other than the products and services that we specify you must obtain from a designated supplier, you may obtain the products and services necessary to operate your New Again Houses franchised business from any supplier or vendor approved in writing by us as long as the products and services otherwise meet our standards and specifications.

If you want to use a product or service, or obtain a product or service from a supplier or vendor we have not yet approved, you first must submit sufficient information, specifications, and/or samples for our determination whether the product or service complies with our system standards or the supplier meets our approved supplier criteria. We may establish and revise our approved supplier and vendor criteria from time to time as we deem appropriate and may make them available to our franchisees upon written request. We may condition our approval of a supplier on the supplier or vendor's agreement to comply with product quality standards, frequency of delivery, standards of service, and concentration of purchase requirements. We also may impose limits on the number of approved suppliers, vendors, products, and services. Our approval should not take more than 45 days in most instances. We reserve the right to test supplies and inspect the premises of suppliers before granting our approval. We will not charge you any approval fees, but you will have to reimburse us for our out-of-pocket costs and expenses of any inspection or testing. We may terminate our approval of a supplier or vendor or any products or services at any time, with or without cause, upon reasonable notice.

We will formulate and modify our product specifications and standards by reviewing each product on an individual basis, taking into consideration the provider's ability to provide quality products or services on a consistent basis to you or our approved suppliers and vendors on a timely basis. We generally will formulate specifications and standards based on the quality of the products and other relevant factors. We periodically may review each product and respective supplier to make sure that the supplier or vendor is following the specifications and standards. We will not issue our specifications and standards to our franchisees. Rather, we will issue them to our approved suppliers.

Except as described in Item 7 and Item 8 above, you will not have to purchase or lease from us or any designated source any other products, services, supplies, fixtures, equipment, signs, inventory, or real estate relating to the establishment or operation of your New Again Houses franchised business.

Your biggest initial expense will be the money required to purchase your first property. This could be as little as the money required to pay closing costs, but it could be up to 20% of the

purchase price plus applicable closing costs.

We require you to utilize QuickBooks Online or Desktop for your accounting. We estimate that this will cost you between \$380 and \$1,080 per year.

We estimate that 40% to 55% of your initial investment will go towards required purchases and leases. We estimate that your required purchase and leases will be between 50% to 60% of all goods and services you will be to operate your franchised business.

We currently have a purchase arraignment with two approved suppliers, Lowes Home Improvement and Vontive. Our affiliate, Lavinder Development, Inc. received \$47,410.76 in rebates which makes up .86% of Lavinder Development, Inc.'s Gross Income of \$5,482,389 in 2023. Our affiliate, New Again, Inc. received \$11,667 in rebates which was .93% of New Again, Inc.'s Gross Revenue of \$1,258,226 in 2023. Other than what is mentioned in this section, we have not negotiated any purchase arrangements with any of our suppliers/vendors; however, we reserve the right to do so in the future. Other than what is mentioned in this section, we do not currently receive any consideration from approved suppliers/vendors with whom we negotiate purchase or other arrangements, but we reserve the right to do so in the future.

You will not receive any material benefit from us based on your use of designated or approved sources. The failure of a New Again Houses franchisee to follow and support the New Again Houses System, however, including its recommended advertising programs and approved supplier/provider programs, will serve as a reason for not granting additional franchises or other discretionary benefits to the franchisees and, if reasonable grounds exist, may result in the termination of your Franchise Agreement.

You must maintain the following minimum amounts and policy forms of insurance from insurance companies acceptable to us. These policy amounts represent the minimum we suggest based upon historical losses within the System. We encourage you to consult with your insurer to determine whether you should maintain policy limits higher than those set forth below.

- 1 Worker's Compensation Insurance. You must maintain worker's compensation and employer's liability insurance having minimum limits of liability of the greater of \$500,000 or the amounts required by applicable state law.
- 2 Liability Insurance. You must maintain commercial general liability insurance, including bodily injury, property damage, products liability, and personal and advertising injury coverage, on an occurrence policy form, with a minimum per occurrence and general aggregate limits as we may require in the franchise agreement, operations manual, or otherwise to you in writing.
- 3 Automobile Insurance. Each person who drives a vehicle within the course and scope of his or her employment at your New Again Houses franchised business must maintain primary automobile insurance on his or her vehicle with a minimum limit of \$100,000. You must maintain an assigned risk/hired and non-owned insurance policy having a minimum limit of \$100,000. We strongly encourage you to maintain policy limits higher than the minimum limits set forth herein.
- 4 Construction and Remodeling Insurance. Before commencing any construction,

remodeling, or refurbishing, you will cause the general contractor, its sub-contractors, and any other contractor to effect and maintain at the contractors' respective expense, such insurance policies and bonds with such endorsements as we may require in the Operations Manual.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

| <u>Obligation</u> | <u>Section in Agreement</u> | <u>Disclosure Document Item</u> |
|--|---|---------------------------------|
| a. Site Selection and Acquisition/ Lease | 2.01, 3.01, 7.01, Exhibit B, and Exhibit C | 11 |
| b. Pre-opening Purchases/ Leases | 9.01, 9.07 | 8 |
| c. Site Development and Other Pre-opening Requirements | 7, 8.04, 9.01, 9.05 | 6, 7 and 11 |
| d. Initial and Ongoing Training | 8.04, 8.05-8.07 | 11 |
| e. Opening | 9.01, 9.07 | 11 |
| f. Fees | 5.01-5.03 and Exhibit D | 5 and 6 |
| g. Compliance with Standards and Policies/ Operations Manual | 8.03, 9.05 | 11 |
| h. Trademarks and Proprietary Information | 9.12, 15.01-15.09, 13.01-13.04, and Exhibit A | 13 and 14 |
| i. Restrictions on Products/ Services Offered | 3.03, 9.07.1 | 16 |
| j. Warranty and Customer Service Requirements | None | None |
| k. Territorial Development and Sales Quotas | None | 12 |
| l. Ongoing Product/ Service Purchases | 9.07 | 8 |
| m. Maintenance, Appearance, and Remodeling Requirements | 9.02, 9.03 | 11 |
| n. Insurance | 10.01, 10.02 | 6 and 8 |
| o. Advertising | 11.01-11.09 | 6 and 11 |
| p. Indemnification | 9.10 | 6 |
| q. Owner's Participation/ Management/ Staffing | 9.05 | 11 and 15 |
| r. Records and Reports | 5.05, 12.01, 12.02 | 6 |
| s. Inspections and Audits | 9.11 | 6 |
| t. Transfer | 14.02-14.07 | 6 and 17 |
| u. Renewal | 4.01, 4.02 | 17 |
| v. Post-termination Obligations | 17.01-17.03 | 17 |
| w. Non-competition Covenants | 13.01-13.04 and Exhibit E | 17 |
| x. Dispute Resolution | 19.06, 19.12-19.15 | 17 |
| y. Guaranty | 19.17 and Exhibit F | 11 |

ITEM 10

FINANCING

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

ITEM 11

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

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

Obligations Prior to Opening

(1) We will designate in the Franchise Agreement the Territory for your New Again Houses franchised business. Currently, the Territory is a separate, individual county area within a particular state, as defined by the Franchise Agreement. (Franchise Agreement – Sections 2.01 and 3.01)

(2) We will not select the site for your New Again Houses franchised business as we expect you to operate from your home. (Franchise Agreement – Article 7)

(3) Within 45 days after your submission of all initial and supplemental information we request regarding the proposed office location, we will give you written notice of our approval or rejection of the office location. If we accept the site, the notice will set forth any remaining conditions to that acceptance. If we do not give you written notice of our approval of the site within 45 days after your submission of all initial and supplemental information we request regarding the site, you may deem us as having rejected the site. (Franchise Agreement – Section 7.01.2)

(4) We will provide you with a sample layout for the interior of a typical New Again Houses franchised business office location and a set of typical preliminary plans and specifications for furniture, fixtures, equipment, and/or decor. The sample layout and preliminary plans and specifications will not satisfy the requirements of, and may not be used for, construction drawings or other documentation necessary to obtain permits or authorizations to build a specific New Again Houses franchised business. (Franchise Agreement – Section 7.07.1. 7.09)

(6) We will provide you (or if you are a Business Entity, one of your Key Principals) and your Manager an initial one week training program ("Initial Training Program"). (Franchise Agreement – Section 8.04)

(7) We will loan you one copy of the Operations Manual. (Franchise Agreement – Section 8.03.1)

(8) We will provide you with the services of our team, remotely or virtually, for a

period of one week to assist you with the opening of your New Again Houses franchised business at no cost to you. Subject to availability, we will provide the services of our team, remotely or virtually, for additional days to continue to assist you with the opening of your New Again Houses franchised business at a per diem charge that we may establish from time to time. (Franchise Agreement – Section 8.11)

(9) We will consult with you on any opening advertising campaign for your New Again Houses franchised business. (Franchise Agreement – Section 9.01).

(10) We will provide you a list of the products, services, and other materials we require you to obtain for use in the operation of, or to be offered for sale from, your New Again Houses franchised business. We will also provide you with a list of approved suppliers/vendors from whom you may purchase these required products/services. (Franchise Agreement – Section 8.12, 9.07)

(11) We will provide you with other resources and assistance that we may develop and make available to our franchisees from time to time. (Franchise Agreement – Section 8.18)

Except as described, we have no obligation to assist you with (1) locating a site from which you will operate your New Again Houses franchised business; (2) ensuring compliance with local ordinances and building codes or obtaining any required permits; (3) hiring and training employees; or (4) obtaining necessary equipment, signs, fixtures, or supplies.

Length of Time to Open

We estimate that it will take no more than two months after you sign the Franchise Agreement to begin operating your New Again Houses franchised business. Factors that may affect that time period including making any necessary financial arrangements, obtaining required permits, installation of necessary equipment, and obtaining other necessary labor and materials.

Obligations during Operation

(1) We will publish a list of approved suppliers/vendors and their respective approved products and services in the Operations Manual and/or in other written or electronic communications to you. As new suppliers, products, and services become available, we will amend that list. (Franchise Agreement – Section 8.12)

(2) We will provide you with the merchandising, marketing, and advertising research data and advice that we develop from time to time and deem helpful in the operation of a New Again Houses franchised business using the Franchised System. (Franchise Agreement – Section 8.13)

(3) We will provide you with the management, development, and motivational seminars and periodic newsletters that we may develop from time to time and deem helpful to communicate to you new developments, techniques, and improvements in the areas of management and service pertinent to the operation of a New Again Houses franchised business using the Franchised System. (Franchise Agreement – Section 8.14)

(4) We will conduct periodic field evaluations of your New Again Houses franchised business for your and our mutual benefit and to promote uniform standards of operation and quality control throughout the Franchised System. (Franchise Agreement – Section 8.15)

(5) We will provide you with periodic individual or group advice, consultation, and assistance by personal visit, by telephone, or by newsletters or bulletins that we may make available to our franchisees from time to time. (Franchise Agreement – Section 8.16)

(6) We will provide you with written and electronic bulletins, brochures, and reports that we may publish from time to time regarding our plans, policies, and research and developments activities. (Franchise Agreement – Section 8.17)

(7) We will provide you access to our Operations Manual, and we will provide you with any supplements, additions, and revisions to our Operations Manual as may be made from time to time. (Franchise Agreement – Section 8.03)

(8) We will preserve and protect the validity of our Marks and your rights to use them. We will defend you against third party claims involving your use of our Marks. (Franchise Agreement – Section 15.06-15.07)

(9) We will provide you with other resources and assistance that we may develop and make available to our franchisees from time to time. (Franchise Agreement – Section 8.18)

(10) We will renew your Franchise Agreement upon your satisfaction of the conditions described in the Franchise Agreement. (Franchise Agreement – Section 4.02-4.04)

(11) We will review any proposed transfer of your Franchise Agreement and either accept or reject that proposed transfer. (Franchise Agreement – Section 14.02-14.07)

Except as specifically set forth above, we do not have any obligation to provide you with assistance with (1) the services or products offered by your New Again Houses franchised business to your customers; (2) the hiring or training of your employees; (3) pricing; (4) administrative, bookkeeping, accounting, or inventory control procedures; or (5) operating problems you may encounter.

Advertising Program

You will be required to spend at least \$3,000 per month in advertising and promotional activities, at the time and in the manner we specify, which must be approved by us. Currently, each month you must spend \$600 towards your Digital Store front, 300 for the lead manager program, \$700 for postcard mailers, and \$1,400 for other digital marketing. We reserve the right to change the required allocations of your local advertising.

We, or our designee, will direct all marketing and advertising programs and will have the sole right to decide the concepts, materials, and media used in these programs and the placement and allocation of the programs. The marketing and advertising is intended to maximize general

public recognition, acceptance, and use of the New Again Houses System. We will provide copies of all materials for use by New Again Houses franchised business to you at your expense.

The Franchise Agreement does not require us to spend any amount on advertising or other promotions in your area. We cannot assure any franchisee that they will receive benefits from any marketing or advertising in proportion to the amounts they contribute to such marketing or advertising programs. Neither we nor our designee will be obligated to make expenditures for you that are equivalent or proportional to your contribution or to ensure that any particular franchisee benefits directly or pro rata from monies spent on marketing or advertising.

Any New Again Houses business that we or our Affiliates operate will make contributions to marketing and advertising programs on the same basis as our franchisees. Except for those contributions, we do not have any obligation to spend any amount on advertising under the Franchise Agreement.

If you wish to use your own advertising and promotional materials, you must submit them to us for approval at least 30 days before the date of their first proposed use. You may not use any advertising or promotional materials that we disapprove or have not approved. You may not create a separate website promoting your New Again Houses franchised business without our prior written approval.

We currently have no advertising council composed of franchisees that advises us on advertising policies. However, we reserve the right to establish such a council in the future.

At present, we do not have any local or regional advertising cooperatives. However, we reserve the right to establish one or more such cooperatives from time to time in the future, and we may modify, terminate, and reform any existing advertising cooperative from time to time in our sole discretion. All company-owned New Again Houses businesses that we operate will participate in any advertising cooperative that we establish on the same basis as our franchised outlets.

Computer Systems

You must purchase a satisfactory computer system to open and operate your New Again Houses franchised business. You must have a computer system with requisite printers, scanners, copiers, etc. capable of running the software programs necessary to operate a New Again Houses franchised business.

We recommend the following components for an initial computer system: A desktop computer or laptop computer with an Intel I5 processor or equivalent, a printer and copier, and three monitors. We estimate the cost of this computer system at \$1,500.00 - \$4,000.00. We anticipate you having to update or replace your computer system every five to seven years. We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates. We do not require you enter into any such contract with a third party. There is no contractual limit on the frequency or cost of this obligation.

We may have independent access to the records and information generated by the software, including information relating to your inventory, sales, and product costs. We may use this

information as a management tool allowing us to evaluate and offer suggestions relating to your performance. We also may use this information to evaluate and analyze system-wide performance for the benefit of the entire New Again Houses System. We may use this information to determine whether you are in compliance with certain provisions of the Franchise Agreement. There is no contractual limitation on our right to access the information.

Operations Manual

The Table of Contents of our Operations Manual, showing the topics contained therein, appears as Attachment 5 to this Disclosure Document. The Operations Manual contains a total of 153 pages.

Training

Prior to the opening of your New Again Houses franchised business, we will train you and your Manager, if different from you, as follows:

TRAINING PROGRAM

| <u>SUBJECT</u> | <u>HOURS OF CLASSROOM TRAINING</u> | <u>HOURS OF ON-THE-JOB TRAINING</u> | <u>LOCATION</u> |
|--------------------------------|------------------------------------|-------------------------------------|-----------------|
| Building the Ecosystem | 5 | | Online |
| Marketing and Social Media | 9 | | Online |
| Business Setup and Bookkeeping | 4 | | Online |
| Deal Analysis and Negotiation | 8 | | Online |
| Transactions | 2 | | Online |
| Managing Capital | 1 | | Online |
| Executing Construction | 8 | | Online |
| Sales | 1 | | Online |
| Support Systems | 2 | | Online |
| TOTALS | 40 | | |

We will conduct our training programs on an “as needed” basis. You are required to complete initial training within 120 days of signing the franchise agreement. We have developed a robust training program that consists of roughly 40 hours of virtual training. We will provide the initial training described above at no cost to you; however, you must pay all compensation, meal, and other incidental expenses incurred by you, your operating personnel, and our training personnel. You also must pay the fee we designate for any additional training or the training of additional personnel above and beyond the training described above.

Instructors will initially include Chad Arnold, John Wright, Joe Klaus, and Corey O’Neill.

Instruction materials will include manuals, videos, workbooks, and live tutorials. The classroom portion of the program addresses various areas of real estate operations, including administrative responsibilities, cost controls, labor control, scheduling, financial systems, security

awareness, and other management duties. The on-the-job portion of the program includes hands-on work if you decide to shadow us during our operations.

Before the opening of your New Again Houses franchised business, you and your Manager must successfully complete the initial training program. Successful completion of our training program requires demonstrated proficiency in all required tasks and a score of 90% or higher on any written examinations we choose to administer. If you do not complete training to our satisfaction, we may terminate your franchise agreement with no refund due to you.

We may conduct additional, optional training. We encourage, but do not require, our franchisees to attend additional, optional training.

ITEM 12

TERRITORY

General

We will grant you the right to operate a single New Again Houses franchised business at a specific location in the Franchise Agreement. We will not operate a New Again Houses business and will not license or franchise any other person to operate a New Again Houses within your Territory. Your Territory will consist of a geographic area surrounding your specific location that we mutually agree upon before you sign your Franchise Agreement based on our consideration of demographic evaluations, traffic patterns, tax maps, county boundaries, competition in the market area, and other factors. The criteria used to determine your Territory consists of the driving radius of your home address, population, median home value, home ownership percentage, and median household income. The minimum Territory that will be granted is an area with a minimum population of 400,000 people. The ideal Territory is within 45 minutes of your home and contains sufficient housing stock that can be remodeled and sold to the median household within that territory.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

During the term of your Franchise Agreement, and provided that you are not in default of your Franchise Agreement, we will not open another New Again Houses outlet or grant the right to anyone else to open a New Again Houses outlet within the Territory. However, notwithstanding this limited protection right we grant to you, we reserve all rights to sell our products and services under the Mark in the Territory through alternative distribution channels, as discussed below.

You may conduct special events outside of your Territory only after submitting to us all materials concerning any such special event that we may request and only after receiving our prior written approval.

Continuation of your protection in your Territory is contingent on paying a minimum Royalty Fee of \$20,000 per calendar year. If your financial performance is not generating this minimum Royalty Fee, you may choose to voluntarily terminate your New Again Houses franchised

business instead of making the minimum Royalty Payment. See Item 6.

You have no options, rights of first refusal, or other rights to acquire additional franchises. At our sole discretion, however, we may grant you an option to purchase one or more additional New Again Houses franchised business within a specified period, for a specified initial franchise fee, and embracing a Territory contiguous to your Territory.

Relocation of Franchised Business

You may not relocate your New Again Houses franchised business to another location without first obtaining our written approval for the new location, which approval we may withhold for any reason or for no reason. If you relocate your New Again Houses franchised business with our approval, the new location will be your new "Unit Location." Any relocation will be at your expense. We may charge you for any costs we incur for the relocation. You must construct, design, and/or equip your relocated New Again Houses franchised business according to our then-current standards, specifications, and requirements as set forth in our then current franchise agreement, Operations Manual, or otherwise.

Retained Rights

We and our Affiliates may sell within and outside your Territory through any methods of marketing, sales, and distribution other than a dedicated New Again Houses business, including, without limitation, sales through the World Wide Web and other forms of electronic commerce; "800" or similar toll-free telephone numbers; mail order; catalogues; direct marketing campaigns, including postal and electronic mail and phone solicitations; and, radio and television sales, including "infomercials" (together, "Alternative Distribution Channels"). We may use these Alternative Distribution Channels to sell both New Again Houses products and services as well as product or services using trademarks and service marks different from the ones you will use under your Franchise Agreement. You will be entitled to no compensation for any sales we make via Alternative Distribution Channels.

Both within and outside your Territory, we and our Affiliates will have the right to offer and sell New Again Houses services and products at retail or wholesale to National, Regional, and Institutional Accounts or Captive Audience Facilities. National, Regional and Institutional Accounts and Captive Audience Facilities include, but are in no way limited to: federal, state, and local governmental and quasi-governmental agencies, branches, or facilities; educational institutions; health care facilities; rest stops; parks; etc. You will be entitled to no compensation for any sales we make via Alternative Distribution Channels.

You acknowledge that we may develop rights and property that are not granted to you or may not be designated as part of the New Again Houses System. For example, and without limitation, we may own, operate, or authorize others to own or operate real estate agencies, title companies, or any other form of the New Again Houses brand and engage in or authorize others to conduct at any location any form of business including any type of product or service not offered under the New Again Houses trademark. You will have no rights in these new trademarks or businesses. At present, however, we have no intent to operate or franchise a business under any different trademarks.


Both within and outside the Territory, we and our Affiliates will have the right to offer and sell New Again Houses services and products, or to license others to sell and distribute, directly or indirectly, New Again Houses services and products through franchise arrangements or otherwise, from any location and to any purchaser (including, but in no way limited to, offers and sales made at retail locations, by mail order, and on the Internet), as long as such sales, whether by us, our Affiliates, our licensees, or other franchisees, are not conducted from a New Again Houses business operated from a location within your Territory (excluding National, Regional, and Institutional Accounts or Captive Audience Facilities).

You and all other New Again Houses business (whether company owned, franchised, or otherwise) may solicit, advertise, and offer products and services to any individual or entity, as long as the medium/market chosen encompasses at least part of your Territory. Notwithstanding this, we reserve the right to prohibit the direct channeling of customers away from other New Again Houses franchised businesses and to your New Again Houses franchised business.

ITEM 13

TRADEMARKS

New Again IP, LLC (“Licensor”) is the owner of the Mark and has granted us the exclusive right to use the Mark and license to others the right to use the Mark in the operation of a New Again Houses® outlets in accordance with the System. The Franchise Agreement will license to you the right to operate your Franchised Business under the New Again Houses service mark, as described below (“Principal Mark”):

| Mark | Registration Number | Registration Date | Register |
|---|---------------------|-------------------|-----------|
| New Again Houses | 4776320 | July 21, 2015 | Principal |
|  | 4776322 | July 21, 2015 | Principal |

Licensor has filed all required affidavits.

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

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

Principal Mark, or to use one or more additional or substitute Marks.

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

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

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

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not own rights in, or licenses to, patents that are material to the franchise. All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Operations Manual as well as all other sales, training, management and other materials that we or our affiliates have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your franchised business.. You will have the right to use the proprietary information in the Operations Manual; however, you will acquire no right, title, or interest of any kind in any of our copyrighted, confidential, or other proprietary information. You must keep confidential during and after the term of the Franchise Agreement all proprietary information, including the Operations Manual and our master software. Upon termination of your Franchise Agreement, you must return to us all proprietary information, including but not limited to the Operations Manual, the master software, and all other copyright material. You must tell us promptly when you learn about any unauthorized use of the Operations Manual, the master software, or the information in it. We have no obligation to take any action if that happens. We will respond as we deem appropriate.

We do not have any registered copyrights. There are no currently effective determinations of the Copyright Office, USPTO, Board of Patent Appeals and Interferences, or any court; any pending infringement, opposition, or cancellation proceeding; or any pending material litigation involving any of our patents or copyrights. There are no infringing uses actually known to us that could materially affect your use of patents or copyrights. We have no agreements that would limit our right to license the use of any existing or future patents, copyrights, or proprietary information. Although not obligated under any express provision of the Franchise Agreement, we intend to protect our rights in our existing and future patents, copyrights, and proprietary information.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to any patents and copyrights and we have the sole right to decide to pursue or settle any infringement actions or administrative

proceedings related to patents or copyrights. You must notify us immediately when you learn about any infringing use of our patents, copyrights, or proprietary information or any challenge to your use of our patents, copyrights, or proprietary information.

Except as stated above, we do not have any obligation to take any affirmative action, participate in your defense, or indemnify you for expenses or damages if you become a party to an administrative or judicial proceeding involving any patents, copyrighted material, or proprietary information licensed by us to you or if the proceeding is resolved unfavorably to you.

If we must discontinue the use of any of our patents, copyrighted materials, or proprietary information, we reserve the right to substitute different materials and/or information for use in your franchised business, but we have no obligation to compensate you for the discontinuance or modification of any patents, copyrighted material, or proprietary information. We know of no infringing rights that could materially affect you.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Unless we otherwise permit in writing, you (or if you are a Business Entity, one of your Key Principals, as defined in the Franchise Agreement) agree to supervise the operation of your New Again Houses franchised business personally, after completing our Initial Training Program, and to devote your time, attention, and best efforts to the performance of your duties under the Franchise Agreement and the operation of your New Again Houses franchised business. You may designate in writing to us a “Manager” for your Business, and he or she need not have any equity interest in you. Your Manager will have full time, day-to-day management responsibility for your business, exercise on-premises supervision at your New Again Houses franchised business, and personally participate in the management, supervision, and operation of your New Again Houses franchised business. The use of a designated Manager in no way relieves you of your obligations to comply with the Franchise Agreement and to ensure that your New Again Houses franchised business is properly operated.

You must inform us promptly when you employ each successor Manager. You will be deemed the Manager if and when you have not designated another person as the Manager. Each initial Manager must complete the Initial Training Program no more than 60 days prior to the opening of your New Again Houses franchised business. If we deem it necessary, each replacement/successor Manager must complete the Initial Training Program to our satisfaction before or within 60 days of being hired.

If you operate as a corporation, partnership, or other form of business entity, each of your owners must guarantee your obligations and agree to a restriction on the transfer of their ownership interests pursuant to the terms of the Franchise Agreement and the Guaranty Agreement attached as Exhibit F thereto. We also require all Principle Operators and General Managers to execute the Confidentiality and Non-Competition Agreement attached as Exhibit E to the Franchise Agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must operate your New Again Houses franchised business under the New Again Houses system as described in the Franchise Agreement, the Operations Manual, and in our published standards and policies. You may not engage in any other business or offer any other services or products at your New Again Houses franchised business not a part of the New Again Houses system or without first obtaining our express authorization. You may only engage in the retail sale of New Again Houses services and products. You may not engage in the wholesale sale or distribution of any New Again Houses service, product, equipment, or other component which is now or in the future part of the New Again Houses brand or System, or any related product or service without our prior written authorization.

You may not engage, directly or indirectly through an affiliate, in any business located in or operating or selling to customers located within your Territory that offers, sells, makes, or provides products and services that are substantially similar to, or considered as substitutes for, the products and services offered by New Again Houses.

You agree to sell all services, products, and programs which are part of the New Again Houses System and all other services, products, and programs which we in the future incorporate into the System. You may not sell any service, product, or program which is not a part of the System or which we delete from the System. You may not use the brand name or the Proprietary Marks for the benefit of any business other than your New Again Houses franchised business.

If you desire to offer or sell any product, service, or program that is not part of the New Again Houses System, you must submit to us in writing a request for approval to offer or sell such product, service, or program. Similarly, if you desire not to offer or sell any product, service, or program that is part of the New Again Houses System, you must submit to us in writing a request for approval not to offer or sell such product, service, or program. The decision on whether to approve or reject such request will be made by us in our sole discretion for any reason or for no reason. If you do not receive notice of our approval or rejection of your request within 45 days, you may deem us as having rejected your request. We reserve the right to withdraw any previously granted approval upon 30 days written notice to you.

ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

| Provision | Section in Franchise or Other Agreement | Summary |
|--|--|--|
| a. Length of the Franchise Term | FA: 4.01 | The Franchise Agreement runs for a term of 10 years. |
| b. Renewal or Extension of the Term | FA: 4.02 | You may renew the Franchise Agreement for two additional five-year terms. |
| c. Requirements for You to Renew or Extend | FA: 4.03 | <p>(1) Within six months prior, but no more than twelve months prior, to the end of the then current term of your Franchise Agreement, you give us notice of your election to renew your Franchise Agreement;</p> <p>(2) As of the end of the then current term of the Franchise Agreement, no event of default by you exists under the terms of the Franchise Agreement, and you are in full compliance under the Franchise Agreement, our Operations Manual, and all other agreements between you and us or our Affiliates;</p> <p>(3) As of the end of the then current term of your Franchise Agreement, you have satisfied all monetary obligations then due and owing to us and our Affiliates and have substantially met these obligations on time throughout the Term;</p> <p>(4) You perform any remodeling, repairs, and renovations that we may require to cause your New Again Houses franchised business to conform to the then current plans and specifications for new New Again Houses franchised business;</p> <p>(5) You complete, at your expense, any retraining program we may require;</p> <p>(6) You execute a general release of any and all claims you may have against us and our Affiliates, which will not release us from any future claims related to any Renewal Agreement; and</p> <p>(7) You pay us the required renewal fee.</p> <p>You may be asked to sign our then-current Franchise Agreement, which may have materially different terms and conditions than your original</p> |

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| | | Franchise Agreement, including differences in the provisions regarding fees, your Territory, and advertising contributions or obligations. |
| d. Termination by Franchisee | FA: 16.06 | You may terminate the Franchise Agreement only if we substantially fail to perform any of our material obligations to you under the Franchise Agreement after at least 60 days written notice to us of the failure. You may also terminate your Franchise if you fail to meet the minimum Royalty Fee as set forth in Item 6, and you do not wish to pay the minimum Royalty Fee out of pocket. |
| e. Termination by Franchisor Without Cause | None | We may not terminate your Franchise Agreement without cause. |
| f. Termination by Franchisor with Cause | FA: 16.01, 16.02 | We may terminate your Franchise Agreement after written notice of a curable default and the expiration of a cure period, immediately upon written notice of an incurable default, or automatically and without notice upon the occurrence of certain specifically enumerated incurable defaults. |
| g. “Cause” Defined – Curable Defaults | FA: 16.03 | <p>FA: Upon notice, we may terminate your Franchise Agreement upon the occurrence of any of the following events:</p> <p>(1) You fail to cure any monetary default after at least five business days’ notice of the monetary default, including a monetary default in any financing arrangement you enter into with us. A monetary default means your failure to make any payments as and when due to us or our Affiliates.</p> <p>(2) You fail to cure any non-monetary default after at least 30 days’ notice of the non-monetary default. A non-monetary default means any default in the performance of any of your obligations under your Franchise Agreement or any other agreement with us or our Affiliates, other than the failure to make any payments as and when due to us or our Affiliates and other than those defaults set forth in Section 16.01 or 16.02 of the Franchise Agreement.</p> |
| h. “Cause” Defined – Non-Curable Defaults | FA: 16.01, 16.02 | <p>We may terminate your Franchise Agreement without notice and without an opportunity to cure upon the occurrence of any of the following events:</p> <p>(1) You, your Business Entity, or any individual or</p> |

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| | <p>entity that directly or indirectly controls you (a "Control Person") is adjudicated as bankrupt or insolvent.</p> <p>(2) All or a substantial part of the assets thereof are assigned to or for the benefit of any creditor.</p> <p>(3) A petition in bankruptcy seeking your reorganization is filed by or against you, your Business Entity, or any Control Person and is not immediately contested and dismissed within 60 days from filing.</p> <p>(4) A bill in equity or other proceeding for the appointment of a receiver or other custodian of you, your Business Entity, or any Control Person or assets of any of them is filed and consented to by you.</p> <p>(5) A receiver or other custodian (permanent or temporary) of all or part of your assets or property is appointed by any court of competent jurisdiction.</p> <p>(6) Proceedings for a composition with creditors under any state or federal law are instituted by or against you, your Business Entity, or any Control Person.</p> <p>(7) Your Business Entity is dissolved.</p> <p>(8) Execution is levied against you, your Business Entity, or any Control Person or your or their property.</p> <p>(9) The real or personal property of your Business Entity is sold after levy thereon by any governmental body or agency.</p> <p>We may terminate your Franchise Agreement upon notice without an opportunity to cure upon the occurrence of any of the following events:</p> <p>(1) You do not commence operation of your New Again Houses franchised business within 60 days of the deadline for completing the construction or remodeling as set forth in the Franchise Agreement or you cease to operate or abandon your New</p> |
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| | <p>Again Houses franchised business for three consecutive days.</p> <p>(2) You omitted or misrepresented any material fact in the information that you furnished to us for our decision to enter into the Franchise Agreement.</p> <p>(3) We and you agree in writing to terminate the Franchise Agreement.</p> <p>(4) You do not secure a Unit Location within the time limits and following the procedures specified in the Franchise Agreement.</p> <p>(5) You lose the right to possession of your Unit Location, provided, however, that if the loss of possession results from an act of God, then you will have 30 days after the event to apply for our approval to relocate and reconstruct the premises under the Franchise Agreement.</p> <p>(6) You (or any Control Person) are convicted of a felony, fraud, crime involving moral turpitude, or any other crime or offense which we reasonably believe is related to your operation of your New Again Houses franchised business or is likely to have an adverse effect on the New Again Houses Brand, the System, the Proprietary Marks, the goodwill associated with the Proprietary Marks, or our interest in the System or Proprietary Marks.</p> <p>(7) A threat or danger to public health or safety results from the construction, maintenance, or operation of your New Again Houses franchised business.</p> <p>(8) You (or any principal of your Business Entity) fail to comply with the restrictions on assignment under the Franchise Agreement.</p> <p>(9) You violate the covenant not to compete during the Term of the Franchise Agreement, violate the restrictions pertaining to the use of Confidential Information contained in the Agreement, or do not obtain the execution of the additional covenants required under the Agreement.</p> |
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| | <p>(10) Before the opening of your New Again Houses franchised business we determine that you (if an individual) and/or your Manager has failed to attend or successfully complete our Initial Training Program.</p> <p>(11) You conceal Gross Sales, knowingly maintain false books or records, falsify information, or otherwise defraud or make false representations to us, or knowingly submit any substantially false report to us.</p> <p>(12) You do not maintain the financial records required under the Franchise Agreement.</p> <p>(13) We cause an audit to be made for any period and the Gross Sales as shown by your statements submitted to us are found to be understated by 8% or more for any period of examination or for the entire period of examination.</p> <p>You refuse us permission to inspect or to conduct an audit of your New Again Houses franchised business, Business Entity, books, records, or other documents pursuant to our right to do so under the Franchise Agreement.</p> <p>(15) You do not cure any default under this Agreement which materially impairs the goodwill associated with our Proprietary Marks following delivery of written notice to cure at least 72 hours in advance.</p> <p>(16) You do not cure any failure to comply with any governmental authority or with any federal, state, or local law or regulation applicable to the operation of your New Again Houses franchised business within the time period required by law following notification of the violation or directing action from any governmental authority.</p> <p>(17) After curing a default for which you have 30 days to cure, you commit the same act of default again within six months.</p> <p>(18) You offer or sell as part of your New Again Houses franchised business any unapproved</p> |
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| | | <p>product, service, or programs, or do not continue offering and selling all products, services, and programs required under the New Again Houses System Standards, Operations Manual, or otherwise without requesting and securing a regional preference waiver as required pursuant to the Franchise Agreement.</p> <p>(19) You use or duplicate any aspect of the System, services, programs, or products in an unauthorized fashion.</p> <p>(20) You do not maintain at all times adequate reserves and working capital in the form of cash deposits, marketable securities, and/or lines of credit as required by the Franchise Agreement.</p> <p>You do not keep your trade accounts current or make the immediate repayment(s) to us for any amounts advanced by us on your behalf, as required by the Franchise Agreement.</p> <p>(22) You do not purchase or maintain the insurance required by the Franchise Agreement.</p> <p>(23) You breach the portion of the Franchise Agreement relating to advertising standards and do not cure this breach within three days following our written notice to you of the breach.</p> <p>(24) You commit a breach which, by its nature, you cannot cure or with regard to which you notify us that you do not intend to cure.</p> |
| <p>i. Franchisee's Obligations Upon Termination or Non-Renewal</p> | <p>FA: 17.01</p> | <p>FA: Upon expiration or termination of this Agreement for whatever reason, you agree to:</p> <p>(1) Pay all royalties, fees, and other sums that you owe us, our Affiliates, or third parties.</p> <p>(2) Discontinue using the Proprietary Marks and the Confidential Information and cease doing business under any name or in any manner which might give the general public the impression that you are or were at one time connected to the System. You must not identify yourself to third</p> |

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| | <p>parties as a former franchisee of New Again Houses.</p> <p>(3) Take all necessary action to cancel any assumed name or equivalent registration which contains any portion or the entire name "New Again Houses," any other Proprietary Mark of ours, or any variant, within 15 days following termination or expiration of this Agreement.</p> <p>(4) Deliver to us all Confidential Information; the Operations Manual; training and other Operations Manuals furnished to you; instructions; display items; advertising and promotional materials; warranty information and records; customer lists; all materials, signs, and items which bear our Proprietary Marks, slogans, or insignias; forms and other materials or property of ours; and any copies of them in your possession which relate to the New Again Houses System.</p> <p>(5) Immediately sign all agreements necessary to effectuate the termination.</p> <p>(6) If we terminate because of your default or you terminate through failure to make payment following notice to cure pursuant to Section 16.03 of the Franchise Agreement, you agree to pay us all losses and expenses we incur as a result of the default or termination, including all damages, costs, expenses, and reasonable attorneys' and experts' fees directly or indirectly related to the termination, such as (without limitation) lost profits, lost opportunities, damage to our Proprietary Marks or reputation, travel and personnel costs, and the cost of securing a new franchise for the Territory. This obligation will give rise to and remain, until paid in full, a lien in our favor against all of the assets, property, furnishings, equipment, signs, fixtures, and inventory owned by you, your New Again Houses franchised business, and your Business Entity at the time of termination and against any of your money which we are holding or which is otherwise in our possession.</p> <p>(7) Immediately deliver to us all computer</p> |
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| | <p>software and electronic records; customer lists; paper records and files; documents; instructions; display items; advertising and promotional materials; any and all materials, signs, and related items which bear our Proprietary Marks, slogans, insignias, or designs; advertising contracts; forms and other materials or property of ours; and any copies of them in your possession which relate to the operation of your New Again Houses franchised business.</p> <p>Notify the Yellow and White Pages and any telephone directories that your phone numbers and advertising should no longer be under the New Again Houses name or under any of our Proprietary Marks or other confusingly similar names or marks.</p> <p>(9) At our option, assign to us any interest which you have in the lease, sublease, right of entry, or easement for the Unit Location and vacate the Unit Location promptly and completely, rendering all necessary assistance to us to enable us to take prompt possession.</p> <p>(10) Within 15 days from the date of termination or expiration of this Agreement, arrange with us for us to take an inventory, at our cost, of all of your personal property, fixtures, equipment, inventory, and supplies and those of your New Again Houses franchised business. We will have the option, to be exercised within 30 days after termination or expiration of your Franchise Agreement, to purchase from you any or all of these items at fair market value, meaning depreciated book value or actual fair market value, whichever is less.</p> <p>(11) If we elect not to assume possession of the Unit Location, perform all de-identification of your New Again Houses franchised business and Unit Location and any other premises used by you in your operation of your New Again Houses franchised business as we consider necessary to distinguish them from their former appearance as a New Again Houses franchised business.</p> |
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| | | (12) Abide by all of the confidentiality provisions and covenants not to compete set forth in the Franchise Agreement. |
| j. Assignment of Contract by Franchisor | FA: 14.01 | We will have the unfettered right to transfer, assign, or pledge the Franchise Agreement, in whole or in part, and all of our rights and privileges under the agreements, to any Person or Business Entity. |
| k. "Transfer" by Franchisee – Defined | FA: 14.02 | Neither your interest in the Franchise Agreement nor your rights, privileges, or obligations under the Agreement, nor any interest in your New Again Houses franchised business a Business Entity Franchisee (including any capital stock, membership, partnership, or proprietary interest of you or anyone who controls you), may be assigned, sold, transferred, shared, reconsidered, sublicensed, or divided, voluntarily or involuntarily, directly or indirectly, in one or a series of related transactions, by operation of law or otherwise, without first obtaining our written consent and, if applicable, complying with our right of first refusal. |
| l. Franchisor Approval of Transfer by Franchisee | FA: 14.03, 14.04 | <p>We will not unreasonably withhold or delay our consent to your assignment to a Business Entity that you form solely for convenience if all the conditions in the Franchise Agreement, summarized in Section "m" below, are met.</p> <p>If we do not exercise our right of first refusal, we will not unreasonably withhold or delay our consent to the assignment of your New Again Houses franchised business to a third party, but our consent will be conditioned upon the requirements set forth in the Franchise Agreement, summarized in Section "m" below.</p> |
| m. Conditions for Franchisor Approval of Transfer | FA: 14.03, 14.04 | <p>We will not unreasonably withhold or delay our consent to your assignment to a Business Entity that you form solely for convenience if all of the following conditions are met:</p> <p>(1) The Business Entity is newly formed and each requirement in the Franchise Agreement has been satisfied.</p> <p>(2) Each individual involved in the new entity has the same proportionate ownership interest in the new entity as he or she had in the New Again</p> |

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| | <p>Houses franchised business before the assignment.</p> <p>(3) You and the new entity sign an agreement with us under which you and the new entity are jointly and severally liable for all the obligations under the Franchise Agreement and are bound by all the terms, conditions, and covenants of the Franchise Agreement.</p> <p>(4) Each present and future equity holder in the new entity signs our Confidentiality and Non-Competition Agreement in the form of Exhibit E to the Franchise Agreement.</p> <p>If we do not exercise our right of first refusal, we will not unreasonably withhold or delay our consent to the assignment to a third party, but you acknowledge that it will not be unreasonable for us to condition our consent on, among other requirements, the following conditions:</p> <p>(1) That the proposed assignee applies to us for acceptance as a franchisee and furnishes to us the information and references that we request.</p> <p>(2) That the assignee (or the principal officers, shareholders, or directors of a corporate assignee, or if any other entity, the principals of the assignee entity) demonstrates that he/she has the skills, qualifications, ethics, moral values, and economic resources necessary, in our reasonable judgment, to operate your New Again Houses franchised business and to fulfill his/her obligations to the assignor.</p> <p>(3) That the proposed assignee (if an individual) and his/her or its proposed Manager attend and successfully complete our Initial Training Program before the assignment, as well any other training that we reasonably require, at the assignee's expense.</p> <p>(5) That you, the assignor, pay us a transfer fee of \$10,000.</p> <p>(6) That as of the date of the assignment, you, the assignor, have cured any existing defaults under</p> |
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| | | <p>the Franchise Agreement and any other agreement or arrangement with us or our Affiliates, and have fully satisfied all of your accrued monetary and other obligations to us and our Affiliates under the Franchise Agreement and any other agreement or arrangement with us or our Affiliates.</p> <p>(7) That the assignee signs a separate Franchise Agreement in the form and on the terms and conditions we then offer to prospective franchisees. This Franchise Agreement will have an initial term equal to the balance of the term of your existing Franchise Agreement and there will be no obligation to pay us an Initial Franchise Fee.</p> <p>(8) That you, the assignor, and all equity holders of a Business Entity assignor sign a general release in our favor.</p> <p>(9) That the owners of 5% or more of the equity of the proposed assignee and any other persons required to do so under the Franchise Agreement sign a Guaranty Agreement in the form of Exhibit F to the Franchise Agreement and a Confidentiality and Non-Competition Agreements in the form of Exhibit E to the Franchise Agreement.</p> <p>(10) That you, the assignor, furnish us with a copy of any proposed contract related to the assignment of the franchise and the purchase and sale of your New Again Houses franchised business, we approve the proposed contract, and we receive an executed copy of it and any related agreements.</p> <p>(11) That you remain liable for all the obligations to us arising out of or related to your Franchise Agreement before the effective date of the assignment, including all guarantees and post termination and post-expiration provisions of the Franchise Agreement (including the covenant not to compete), and that you, the assignor, sign all instruments reasonably requested by us to evidence this liability.</p> |
| n. Franchisor’s Right of First Refusal to Acquire Franchisee’s Business | FA: 14.06 | We have a right of first refusal to purchase your New Again Houses franchised business on the same terms and conditions offered to you by a third |

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| | | party. |
| o. Franchisor's Option to Purchase Franchisee's Business | FA: 17.01 | We have an option to purchase your New Again Houses franchised business for its fair market value upon the termination or expiration of the Franchise Agreement. |
| p. Death or Disability of Franchisee | FA: 14.05 | <p>Upon your death or the death of one of your Key Principles, the Estate may continue the operation of your New Again Houses franchised business if:</p> <p>(1) The Estate provides a competent and qualified individual reasonably acceptable to us to serve as Manager and operate your New Again Houses franchised business on a full-time basis; and</p> <p>(2) That individual attends and successfully completes our next offered Initial Training Program at the Estate's expense; and</p> <p>(3) That individual assumes full-time operation of your New Again Houses franchised business as Manager within three months after the date the person dies or becomes disabled.</p> <p>In the alternative, the Estate may sell your New Again Houses franchised business within six months after your death or long-term disability, subject to our right of first refusal.</p> <p>Failure to comply with one of these alternatives will be a material breach of your Franchise Agreement which, unless cured by the Estate, will result in the Agreement being terminated.</p> |
| q. Non-competition Covenants during the Term of the Franchise | FA: 13.02 | You may not, either directly or indirectly, engage in any other business which offers or sells services or products offered or sold by New Again Houses; which offers or sells related services or products to those offered or sold by New Again Houses; which engages in any of the activities which the Franchise Agreement contemplates that you will engage in; or which offers or sells any other service, product, or component which now or in the future is part of the New Again Houses System or any confusingly similar service or product. |

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| r. Non-competition Covenants after the Franchise is Terminated or Expires | FA: 13.02 | For a period of two years after the termination or expiration of the Franchise Agreement, you may not engage in any activity prohibited in section “q” above. |
| s. Modification of the Agreement | FA: 19.09 | No amendment to the Franchise Agreement will become effective or binding on the parties unless agreed to in writing by all of the parties; provided, however, that changes to the Franchised System or Operations Manual shall become effective and binding upon you upon their issuance by us. |
| t. Integration or Merger Clause | FA: 19.08 | Your Franchise Agreement will constitute the entire agreement and understanding between you and us (subject to state law). Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments. |
| u. Dispute Resolution by Arbitration or Mediation | FA: 19.14 | You are not required to resolve any dispute with us through arbitration. Rather, the Franchise Agreement require that you resolve all disputes with us and our Affiliates pursuant to litigation in Sullivan County, Tennessee. The parties mutually waive any right to a jury trial in any action relating to this Agreement or any disputes over the relationship between the parties. This is all subject to state law. |
| v. Choice of Forum | FA: 19.14 | All litigation must take place in Sullivan County, Tennessee (subject to state law). |
| w. Choice of Law | FA: 19.13 | Tennessee law applies (subject to state law). |

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

There were thirty four New Again Houses franchised outlets that operated for the entire 2023 calendar year. The following table contains historical financial data from the 2023 calendar year for the thirty four total New Again Houses businesses that operated for the entire 2023 calendar year.

| Territory | Date of Franchise Agreement | # Sold | Gross Profit | Revenue | COGS | 2023 Inventory |
|-------------------------|------------------------------------|---------------|---------------------|----------------|-------------|-----------------------|
| Tri-Cities* | Jan 1, 2007 | 27 | \$745,684 | \$5,298,800 | \$4,543,361 | |
| Knoxville | Mar 1, 2019 | 8 | \$500,390 | \$2,164,000 | \$1,663,610 | 6 |
| Nashville SW | Nov 1, 2019 | 14 | \$480,099 | \$3,497,600 | \$3,017,501 | 3 |
| BucksMont | Nov 8, 2019 | 12 | \$558,567 | \$4,720,000 | \$4,161,433 | 10 |
| Lexington | Dec 27, 2019 | 3 | \$122,385 | \$764,775 | \$642,390 | 2 |
| Charlottesville | Feb 5, 2020 | 6 | \$200,820 | \$2,321,900 | \$2,121,080 | 4 |
| Virginia Beach | Apr 28, 2020 | 1 | -\$13,098 | \$370,000 | \$383,098 | 1 |
| Murfreesboro TN | May 5, 2020 | 15 | \$259,161 | \$4,970,000 | \$4,710,839 | 6 |
| Mesa AZ | Jul 22, 2020 | 1 | \$5,284 | \$69,500 | \$61,791 | 0 |
| North Hartford CT | Aug 14, 2020 | 2 | \$74,835 | \$840,000 | \$765,165 | 0 |
| Charlotte NE | Oct 1, 2020 | 2 | -\$5,880 | \$490,000 | \$495,880 | 4 |
| Nashville Central | Nov 2, 2020 | 19 | \$71,138 | \$7,187,224 | \$6,426,223 | 6 |
| Morristown TN | Nov 9, 2020 | 4 | \$126,176 | \$886,400 | \$760,224 | 3 |
| Hendersonville TN | Dec 8, 2020 | 6 | \$323,624 | \$2,059,600 | \$1,735,976 | 3 |
| Austin TX East | Jan 1, 2021 | 1 | \$14,336 | \$625,000 | \$610,664 | 1 |
| Chattanooga | Feb 5, 2021 | 6 | \$129,206 | \$1,904,800 | \$1,775,594 | 4 |
| York PA | Feb 18, 2021 | 2 | \$53,945 | \$468,000 | \$414,055 | 0 |
| Lowell MA | Mar 21, 2021 | 4 | \$247,038 | \$1,883,900 | \$1,636,863 | 1 |
| Fort Worth West TX | Mar 26, 2021 | 2 | \$12,720 | \$205,000 | \$192,280 | 3 |
| Fredericksburg | May 13, 2021 | 1 | \$36,667 | \$242,000 | \$205,333 | 0 |
| St. Louis Northwest, MO | Aug 20, 2021 | 2 | \$34,178 | \$598,000 | \$563,823 | 2 |
| Monroe LA | Nov 8, 2021 | 3 | \$34,810 | \$684,000 | \$649,190 | 2 |

| Territory | Date of Franchise Agreement | # Sold | Gross Profit | Revenue | COGS | 2023 Inventory |
|-----------------------|-----------------------------|--------|--------------|-----------|-----------|----------------|
| Greenville SC | Dec 6, 2021 | 1 | \$63,975 | \$330,000 | \$266,025 | 1 |
| Spartanburg SC | Feb 17, 2022 | 2 | \$81,030 | \$580,500 | \$499,470 | 2 |
| Kissimmee FL | Mar 31, 2022 | 2 | \$35,884 | \$702,000 | \$665,016 | 1 |
| Oak Ridge TN | Apr 12, 2022 | 4 | \$116,581 | \$810,000 | \$693,419 | 2 |
| Delaware County PA | Jul 7, 2022 | 2 | \$37,122 | \$836,000 | \$798,878 | 1 |
| Indianapolis NW | Sep 15, 2022 | 3 | \$67,271 | \$881,500 | \$814,229 | 2 |
| Lee County (North) FL | Oct 22, 2022 | 2 | \$55,941 | \$855,000 | \$799,059 | 1 |
| Volusia County FL | Nov 21, 2022 | 1 | \$39,963 | \$240,000 | \$200,037 | 1 |
| Arapahoe County | April 12, 2022 | 0 | \$0 | \$0 | \$0 | 0 |
| Raleigh NE | April 29, 2022 | 0 | \$0 | \$0 | \$0 | 1 |
| Dallas Carrollton | August 30, 2022 | 0 | \$0 | \$0 | \$0 | 1 |
| Brazoria County | October 25, 2022 | 0 | \$0 | \$0 | \$0 | 1 |

*Tri Cities is an affiliate owned outlet

All data has been provided by franchisees via required financial reports. All financial data included within this Item 19 is unaudited.

“Revenue” in the above chart means all money and consideration received by each location less any refunds or discounts. “COGS” includes all costs directly associated with the property, including cost of property, rehab, holding costs, selling costs, buying costs, and cost of money. COGS does not include royalty. “Gross Profit” in the above chart means the Revenue minus each location’s Cost of Sales. For properties that were held as rentals rather than sold, we've used the appraised value at the time of completion to determine the value and included that as Gross Profit.

Franchised Outlets - 2022

There were twenty-four New Again Houses franchised outlets that operated for the entire 2022 calendar year. The following table contains historical financial data from the 2022 calendar year for the twenty-four total New Again Houses businesses that operated for the entire 2022 calendar year.

| Territory | Date of Franchise Agreement | # Sold | Gross Profit | Revenue | COGS | 2023 Inventory |
|-------------------|-----------------------------|--------|---------------|-----------------|-----------------|----------------|
| Murfreesboro TN | 5-May-20 | 16 | \$ 651,699.35 | \$ 4,471,000.00 | \$ 3,819,300.65 | 16 |
| Lehigh Valley, PA | 8-Nov-19 | 9 | \$ 520,088.72 | \$ 3,223,000.00 | \$ 2,702,911.28 | 7 |

| Territory | Date of Franchise Agreement | # Sold | Gross Profit | Revenue | COGS | 2023 Inventory |
|---------------------------|------------------------------------|---------------|---------------------|-----------------|-----------------|-----------------------|
| Knoxville, TN | 1-Mar-19 | 8 | \$ 327,955.52 | \$ 1,487,200.00 | \$ 1,159,244.48 | 5 |
| Nashville SW, TN | 1-Nov-19 | 7 | \$ 351,196.97 | \$ 1,719,700.00 | \$ 1,368,503.03 | 11 |
| Hendersonville TN | 8-Dec-20 | 7 | \$ 289,564.47 | \$ 2,787,399.00 | \$ 2,497,834.53 | 5 |
| Nashville Central, TN | 2-Nov-20 | 6 | \$ 221,178.92 | \$ 2,160,900.00 | \$ 1,939,721.08 | 9 |
| Lowell, MA | 21-Mar-21 | 5 | \$ 280,403.45 | \$ 2,077,940.65 | \$ 1,797,537.20 | 2 |
| Morristown, TN | 9-Nov-20 | 4 | \$ 31,487.00 | \$ 800,000.00 | \$ 768,513.00 | 2 |
| Chattanooga, TN | 5-Feb-21 | 4 | \$ 53,876.00 | \$ 1,475,000.00 | \$ 1,421,124.00 | 5 |
| Mesa, AZ | 22-Jul-20 | 4 | \$ 100,865.30 | \$ 2,047,000.00 | \$ 1,946,134.70 | - |
| Charlottesville, VA | 5-Feb-20 | 3 | \$ 140,391.67 | \$ 1,281,000.00 | \$ 1,140,608.33 | 5 |
| Lexington, KY | 27-Dec-19 | 3 | \$ 117,956.17 | \$ 595,000.00 | \$ 477,043.83 | 3 |
| Virginia Beach, VA | 28-Apr-20 | 2 | \$ 48,815.48 | \$ 284,000.00 | \$ 235,184.53 | 1 |
| North Hartford, CT | 14-Aug-20 | 2 | \$ 94,252.90 | \$ 482,000.00 | \$ 387,747.10 | 1 |
| York, PA | 18-Feb-21 | 2 | \$ 48,824.67 | \$ 335,000.00 | \$ 281,175.33 | 2 |
| Charlotte, NC | 1-Oct-20 | 2 | \$ 50,654.82 | \$ 405,000.00 | \$ 354,345.18 | 5 |
| Greenville, SC | 6-Dec-21 | 1 | \$ 63,440.00 | \$ 195,000.00 | \$ 131,560.00 | 2 |
| Monroe, LA | 8-Nov-21 | 1 | \$ (2,274.60) | \$ 225,000.00 | \$ 227,274.60 | 3 |
| St. Louis, MO | 20-Sept-21 | 0 | - | - | - | 3 |
| Austin, TX | 1-1-2021 | 0 | - | - | - | 2 |
| Worcester, MA | 7-9-2021 | 0 | - | - | - | 0 |
| Houston, TX | 6-28-2021 | 0 | - | - | - | 0 |
| Fredericksburg, VA | 5-13-2021 | 0 | - | - | - | 1 |
| Fort Worth, TX/Fresno, CA | 3-26-2021 | 0 | - | - | - | 5 |

All data has been provided by franchisees via required financial reports. All financial data included within this Item 19 is unaudited.

“Revenue” in the above chart means all money and consideration received by each location less any refunds or discounts. “COGS” in the above chart includes construction costs (rehab), the initial cost of the property, closing costs, interest, and selling costs/concessions. “Gross Profit” in the above chart means the Revenue minus each location’s Cost of Sales.

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

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than above, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Matt Lavinder, President of the New Again System, at 501 Alabama Street, Bristol, TN 37620, (423) 389-4110, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISE INFORMATION

**Table No. 1
Systemwide Outlet Summary for Years 2021-2023**

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|----------------------|-------------|---|---------------------------------------|-------------------|
| Franchised | 2021 | 15 | 24 | +9 |
| | 2022 | 24 | 37 | +13 |
| | 2023 | 37 | 43 | +6 |
| Company-Owned | 2021 | 1 | 1 | 0 |
| | 2022 | 1 | 1 | 0 |
| | 2023 | 1 | 1 | 0 |
| Total Outlets | 2021 | 16 | 25 | +9 |
| | 2022 | 25 | 38 | +13 |
| | 2023 | 38 | 44 | +6 |

**Table No. 2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For Years 2021-2023**

| State | Year | Number of Transfers |
|-----------------|------|---------------------|
| California | 2021 | 0 |
| | 2022 | 1 |
| | 2023 | 0 |
| Total Transfers | 2021 | 0 |
| | 2022 | 1 |
| | 2023 | 0 |

**Table No. 3
Status of Franchised Outlets
For Years 2021-2023**

| State | Year | Outlets at Start of Year | Outlets Opened | Termination | Non-Renewals | Reacquired by Franchisor | Ceased Operations – Other Reasons | Outlets at End of the Year |
|-------------|------|--------------------------|----------------|-------------|--------------|--------------------------|-----------------------------------|----------------------------|
| Arizona | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Alabama | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| California | 2021 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 1 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Colorado | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Connecticut | 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 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 3 | 0 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 2 | 0 | 0 | 0 | 0 | 5 |
| Georgia | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 1 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Illinois | 2021 | 0 | 1 | 0 | 0 | 0 | 1 | 0 |
| | 2022 | 0 | 1 | 0 | 0 | 0 | 1 | 0 |
| | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Indiana | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |

| | | | | | | | | |
|-----------------------|-------------|-----------|-----------|----------|----------|----------|----------|-----------|
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Kentucky | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Louisiana | 2021 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| Massachusetts | 2021 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2022 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 1 | 0 | 0 | 0 | 1 |
| Michigan | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Missouri | 2021 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| Nebraska | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 0 | 1 | 1 | 0 | 0 | 0 | 1 |
| North Carolina | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| New Hampshire | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Ohio | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Pennsylvania | 2021 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2022 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| South Carolina | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| Tennessee | 2021 | 7 | 1 | 1 | 0 | 0 | 0 | 7 |
| | 2022 | 7 | 2 | 0 | 0 | 0 | 0 | 9 |
| | 2023 | 9 | 0 | 0 | 0 | 0 | 0 | 9 |
| Texas | 2021 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2022 | 2 | 3 | 0 | 0 | 0 | 0 | 5 |
| | 2023 | 5 | 0 | 1 | 0 | 0 | 0 | 4 |
| Virginia | 2021 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| | 2022 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| Total | 2021 | 15 | 10 | 1 | 0 | 0 | 0 | 24 |
| | 2022 | 24 | 16 | 0 | 0 | 0 | 3 | 37 |
| | 2023 | 37 | 9 | 3 | 0 | 0 | 0 | 43 |

*We reacquired this franchise and resold the territories to two operating Tennessee franchisees in 2021.

Table No. 4

**Status of Company-Owned Outlets
For Years 2021-20223**

| 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 |
|-----------|------|--------------------------|----------------|------------------------------------|----------------|----------------------------|----------------------------|
| Tennessee | 2021 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 1 |
| Total | 2021 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 1 |

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

| State | Franchise Agreements Signed But Outlet Not Opened | Projected New Franchised Outlets In The Next Fiscal Year | Projected New Company-Owned Outlets In the Next Fiscal Year |
|----------------|---|--|---|
| Alabama | 1 | 0 | 0 |
| Arkansas | 0 | 1 | 0 |
| Colorado | 0 | 1 | 0 |
| Delaware | 1 | 1 | 0 |
| Florida | 0 | 2 | 0 |
| Georgia | 0 | 0 | 0 |
| Indiana | 0 | 1 | 0 |
| Iowa | 1 | 0 | 0 |
| Kentucky | 0 | 0 | 0 |
| Massachusetts | 0 | 0 | 0 |
| Michigan | 0 | 1 | 0 |
| Mississippi | 0 | 0 | 0 |
| Missouri | 0 | 0 | 0 |
| New Hampshire | 0 | 0 | 0 |
| New Jersey | 0 | 1 | 0 |
| North Carolina | 0 | 1 | 0 |
| Ohio | 0 | 1 | 0 |
| Oklahoma | 0 | 1 | 0 |
| Pennsylvania | 0 | 1 | 0 |
| South Carolina | 1 | 1 | 0 |
| Tennessee | 0 | 1 | 0 |
| Texas | 0 | 1 | 0 |
| Virginia | 0 | 0 | 0 |
| West Virginia | 0 | 0 | 0 |
| Wisconsin | 0 | 1 | 0 |
| Total | 1 | 16 | 0 |

No franchisee has failed to communicate with us during the 10 weeks prior to the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. Three franchisees signed confidentiality clauses with us during the last three fiscal years. To the best of our knowledge, there are no trademark specific franchisee associations, or other franchisee associations, within or among the New Again Houses franchised business franchisees.

The names, addresses, and telephone numbers of all New Again Houses franchised business franchisees operating under a franchise agreement with us as of December 31, 2023, together with their locations, appear in Attachment 4. Additionally, the names of the franchisees who were terminated or not renewed appear in Attachment 4.

ITEM 21

FINANCIAL STATEMENTS

Attachment 2 contains our audited financial statements for the fiscal years ending December 31, 2023, December 31, 2022, and December 31, 2021. Our fiscal year end is December 31.

ITEM 22

CONTRACTS

We have included a copy of our Franchise Agreement (with Authorization Agreement for Pre-Authorized Payments, Confidentiality and Non-Competition Agreement, and Guaranty) as Attachment 1 to this Disclosure Document.

ITEM 23

RECEIPTS

Duplicate copies of the receipt appear as Attachment 9 of this Disclosure Document.

ATTACHMENT 1

Franchise Agreement



NEW AGAIN FRANCHISING, INC.

**FRANCHISE
AGREEMENT**

Franchisee

Location

Date

**NEW AGAIN HOUSES
FRANCHISE AGREEMENT**

New Again Franchising, Inc. (“we,” “us” or “our”) and the undersigned (“you” or “your”) enter into this Franchise Agreement (the “Agreement”) as of the Effective Date.

1. NATURE AND SCOPE OF THIS AGREEMENT

1.01 The Concept Businesses, System, and Proprietary Marks.

We, our predecessors, and our affiliates have expended substantial time, skill, effort, and money to develop a unique, proprietary system (“System”) for developing, opening, and operating a real estate development business known to its customers, patrons, and the general public under the “New Again Houses” brand (the “Brand” or the “New Again Houses Brand”), each of which operates as an independent location (a “Unit Location”) specializing in purchasing, remodeling, and selling residential properties using a variety of products, methods, techniques, and services. The Brand is identified under the name and mark “New Again Houses” and certain other trademarks, service marks, trade names, related emblems, designs, labels, trade dress, signs and symbols, copyrighted and copyrightable materials, and other intellectual property (together, the “Proprietary Marks”) which we will designate on Exhibit A, elsewhere in this Agreement, in the Operations Manual, or otherwise as licensed to you under this Agreement.

2. GRANT OF FRANCHISE AND LICENSE

2.01 Grant of Franchise and License.

Subject to the terms and conditions set forth in this Agreement, we hereby grant you the right, license, and privilege to operate a New Again Houses Franchised Business (hereinafter “New Again Houses Franchised Business” or “New Again Houses”) at the address set forth below, and only at the address set forth below (“Franchised Business”), and the right, license, and privilege to adopt and use the Franchised System, the Proprietary Marks, and the Intellectual Property at that address during the term of this Agreement. If you have not selected a location accepted by us as of the Effective Date, you must select a location and obtain our acceptance in accordance with Article 7. We will insert the address of that accepted location in this Paragraph 2 promptly after its selection and acceptance.

3. TERRITORY

3.01 Territory and Unit Location.

Your license to operate a New Again Houses Franchised Business is restricted to the geographic area described in Exhibit B by a map or written description (the “Territory”). Your “Unit Location” means the location within the Territory that you select and we approve, from which you must operate your New Again Houses Franchised Business. You must operate your New Again Houses Franchised Business from your Unit Location continuously throughout the term of this Agreement, after we authorize your New Again Houses Franchised Business to open under the System. You may operate your New Again Houses Franchised Business from only one Unit Location.

3.02 Our Restrictions.

We and our Affiliates (defined below) will not operate, own, lease, manage, or grant a franchise for a business of the same type as what is franchised to you under this Agreement that would operate

under the same Proprietary Marks, except as provided in Sections 3.04 and 14.01. These restrictions will terminate (i) immediately upon the expiration or termination of this Agreement for any reason, or (ii) if you violate Section 3.03 and fail to cure within thirty (30) days after we give you written notice of the violation. For purposes of this Agreement, a party's affiliates means all persons and entities that are controlled by, control, or are under common control with the party, as determined by ownership of the voting power of the equity interests

3.03 Your Restrictions.

3.03.1 Except as otherwise provided in Section 3.05, you, whether directly or indirectly through your Affiliates, may not engage in the retail sale of products and services under the System or the Proprietary Marks through any "Alternative Distribution Channels," as defined in subsection 3.04.2 with the exception of the Unit Location.

3.03.2 You may only engage in the retail sale of New Again Houses Franchised Business services and products. You may not engage in the wholesale sale or distribution of any New Again Houses Franchised Business service, product, equipment, or other component which is now or in the future part of the New Again Houses Brand or System, or any related product or service without our prior written authorization. "Retail sale" means any sale by you directly to an ultimate consumer or end user. "Wholesale sale or distribution" means any sale or distribution by you to a third party for resale, retail sale, or further distribution. "Component" means any constituent part, ingredient, element, segment, or derivative.

3.03.3 You may not engage in any other trade, business, or profession at the Unit Location. You will offer and provide only the products and services authorized in this Agreement, the Operations Manual, or as we designate as part of the System.

3.03.4 During the Term, you and your Principals covenant and agree that you and they will not engage, directly or indirectly through an Affiliate, in any business located in or operating or selling to Customers located within the Territory that offers, sells, makes, or provides products and services that are substantially similar to, or considered as substitutes for, the products and services offered by New Again Houses.

3.03.5 The covenant in Subsection 3.03.4 will extend and survive for a period of two (2) years after the expiration of the Term, or if this Agreement terminates before the expiration of the Term, for a period equal to the shorter of three (3) years after the termination or the period ending two (2) years after the expiration date of the Term.

3.04 Rights We Reserve

3.04.1 You acknowledge that we and our Affiliates may have, and may later acquire or develop, rights and property that are not granted to you or may not be designated as part of the System. You further acknowledge that this Agreement does not create any form of franchise or license of those rights and that property, all of which remain our property. We reserve those rights and all rights not expressly granted in this Agreement. These rights will not be qualified or diminished in any way by implication. For example, and without limitation, we or our Affiliates may own, operate, or authorize others to own or operate real estate development firms or any other form of the New Again Houses Brand and engage in or authorize others to conduct at any location any form of business including any type of product or service not offered under the Proprietary Marks. Without limiting the generality of this paragraph, we and our Affiliates reserve the following specific rights:

3.04.2 We and our Affiliates may sell within and outside your Territory through any methods of marketing, sales, and distribution other than a dedicated New Again Houses business, including, without limitation, sales through the World Wide Web and other forms of electronic commerce; "800" or similar toll-free telephone numbers; mail order; catalogues; direct marketing campaigns, including postal and

electronic mail and phone solicitations; and, radio and television sales, including “infomercials” (together, “Alternative Distribution Channels”). See Section 3.05 for circumstances when we may offer you the right to fulfill orders we gain through Alternative Distribution Channels calling for delivery or performance in your Territory.

3.04.3 Both within and outside the Territory, we and our Affiliates will have the right to offer and sell New Again Houses services and products at retail or wholesale to National, Regional, and Institutional Accounts or Captive Audience Facilities. National, Regional and Institutional Accounts and Captive Audience Facilities include, but are in no way limited to: federal, state, and local governmental and quasi-governmental agencies, branches, or facilities; educational institutions; real estate agencies; banking or other financial institutions; etc. Only we will have the right to enter into contracts with National, Regional, and Institutional Accounts or Captive Audience Facilities within your Territory. However, we may give you the opportunity to serve any facilities of National, Regional, and Institutional Accounts in your Territory at the price we agree on with the Account. If, for any reason, (a) you choose not to serve a National, Regional, and Institutional Account, (b) you cannot serve the Account according to the contract terms, (c) we conclude, in our reasonable business judgment, that you are unable to serve the Account, or (d) the Account desires for any reason to deal exclusively with us, our Affiliates, or another franchisee and not with you, then we, our Affiliates, or any other New Again Houses franchisee may serve the Account within your Territory, and you will be entitled to no compensation for such sales and services.

3.04.4 Both within and outside the Territory, we and our Affiliates will have the right to offer and sell New Again Houses services and products through franchise arrangements or otherwise, from any location and to any purchaser (including, but in no way limited to, offers and sales made by mail order and on the Internet), as long as such sales, whether by us, our Affiliates, our licensees, or other franchisees, are not conducted from a New Again Houses business operated from a location within your Territory (excluding National, Regional, and Institutional Accounts or Captive Audience Facilities described in Section 3.03.3).

3.04.5 This Agreement confers no marketing exclusivity in the Territory on you during the Term, and all New Again Houses businesses (whether wholly or partially owned by us or our Affiliates, franchised, or otherwise owned) may solicit, advertise, and offer their products and services to any individual or entity, as long as the medium/market encompasses a portion of your and its Territory. Notwithstanding this Section 3.04.5, we reserve the right to prohibit the direct channeling of customers away from other New Again Houses businesses and to your New Again Houses Franchised Business.

3.05 Electronic Commerce and Other Alternative Distribution Channels

If we engage in electronic commerce through any Internet, World Wide Web, or other computer network site or sell through any other Alternative Distribution Channel, and we receive orders for any System products or services calling for delivery or performance in your Territory (“Alternative Orders”), then we will have the right, but not the obligation, to offer the Alternative Order to you at the price we establish. If, for any reason, (a) you choose not to serve the Alternative Order, (b) you cannot serve the Alternative Order according to its terms, (c) we conclude, in our reasonable business judgment, that you are unable to serve the Alternative Order, or (d) the person who places the Alternative Order desires for any reason to deal exclusively with us, our Affiliates, or another franchisee and not with you, then we, our Affiliates, or any other New Again Houses franchisee may serve the order within your Territory, and you will be entitled to no compensation for such sales and services.

4. TERM AND RENEWAL

4.01 Initial Term: Term

The initial term ("Initial Term") of this Agreement will be a period of ten years, beginning on the Effective Date and ending on the day preceding the tenth anniversary of the Opening Date (defined in section 9.01, unless this Agreement is sooner terminated under its provisions. The “Term” consists of the Initial Term and all Renewal Terms that became effective as provided in this Article 4.

4.02 Renewal Term and Renewal Agreement

At the end of the Initial Term, you will have the right, but not the obligation, to enter into Renewal Franchise Agreements for two additional consecutive terms of five years (the "Renewal Term"), if you have complied with the conditions for renewal in Section 4.03. The Renewal Term will begin on the date that the Initial Term expires. The Renewal Agreement will supersede this Agreement in all respects. The Renewal Agreement will be the same form then in use for new New Again Houses Franchised Businesses. Those provisions, including any royalty or advertising payments, may differ from the terms of this Agreement, except that the boundaries of the Territory will remain the same, and the Transaction Royalty on renewal will not be greater than the Transaction Royalty that we then charge new franchisees.

4.03 Conditions to Renewal

At the end of the initial term of this Agreement, you will have the right to renew this Agreement for two additional five-year terms if: (a) within six months prior, but no more than twelve months prior, to the end of the then current term of this Agreement, you give us notice of your election to renew this Agreement; (b) as of the end of the then current term of this Agreement, no event of default by you exists under the terms of this Agreement, and you are in full compliance under this Agreement, our Operations Manual, and all other agreements between you and us or our affiliates; (c) as of the end of the then current term of this Agreement, you have satisfied all monetary obligations then due and owing to us and our Affiliates and have substantially met these obligations on time throughout the Term; (d) you renew your Lease, if any, on terms acceptable to both you and us, or to lease a mutually acceptable substitute Unit Location without any interruption of business in compliance with Sections 7.01 and 7.02; (e) you perform any remodeling, repairs, and renovations that we may require to cause the Franchised Business to conform to the then current plans and specifications for new New Again Houses Brand; (f) you complete, at your expense, any retraining program we may require; (g) you execute a general release of any and all claims you may have against us and our Affiliates, which will not release us from any future claims related to any Renewal Agreement; and (h) you pay us the required renewal fee. The franchisee renewal fee is uniform for all franchisees, and all new franchisees, meaning all franchisees will be responsible for the full renewal fee of \$5,000 at the time of the renewal. If you fail to do so, the then-current Franchise Agreement will automatically expire at the end of its term. **Time is of the essence with regard to this Section 4.03.**

4.04 Notice of Expiration

If applicable law requires us to give notice of expiration to you at a specified time before the expiration of the Initial Term or any Renewal Term of this Agreement, and we have not done so, then the term of this Agreement will be extended on a month-to-month basis until we have given you the required notice of expiration and the required period before the expiration of the Agreement becomes effective has expired.

5. YOUR PAYMENTS TO US

5.01 Initial Franchise Fee

In consideration of our execution of this Agreement, you agree to pay us an Initial Franchise Fee of Forty Five Thousand Dollars (\$45,000.00). The Initial Franchise Fee is payable in full when you sign this Agreement, is not refundable, and will be fully earned when paid. This right is personal to you and is non-transferable.

5.02 Transaction Royalty

In consideration of our granting the franchise to you under this Agreement, you must pay us a Transaction Royalty equal to two and a quarter percent (2.25%) of the Gross Sales of the Franchised Business as defined in Section 5.04. Beginning in your second year of operation, you must pay us a minimum total Transaction Royalty of Twenty Thousand Dollars (\$20,000.00) per year. The minimum Transaction Royalty is not a separate fee from the Transaction Royalty.

5.03 Local Marketing

You will be required to spend at least Three Thousand Dollars (\$3,000.00) per month on local marketing, which must be approved by us. You must spend your local marketing funds in the manner set forth in the Operation Manual. We may add, modify, or eliminate additional components and fees that you must pay as part of our advertising and marketing programs, including customer loyalty and warranty programs.

5.04 Definition of Gross Sales

"Gross Sales" means all revenues and income from any source that you accrue, derive or receive from, through, by, or on account of the operation of the Franchised Business, whether received in cash, in services, in kind, from barter and/or exchange (valued at the full retail value of the goods or services received), on credit (whether or not you ultimately receive payment on credit transactions), or otherwise. You may deduct from Gross Sales, to the extent that they have been included in your calculation of Gross Sales, documented refunds, chargebacks, credits, and allowances that you give in good faith to customers. You may also deduct from Gross Sales all sales taxes or similar taxes, if applicable, which you legally charge to customers if you add the taxes when you charge the customers, send the tax payments to the appropriate tax authorities when due, furnish to us within 30 days of payment an official receipt for payment of the taxes or any other evidence that we reasonably consider acceptable, and state in the monthly report required by Section 5.05 the amount of all these taxes and the payments to which they relate. You may not deduct allowances for doubtful accounts, credit card processing fees, bank fees, and other costs of collection. Gross Sales shall be divided into the following categories:

- (a) Sale Transaction. You must pay to us a two and a quarter percent (2.25%) Royalty of the Estimate After Renovation Value at the time any real property is purchased. The After Renovation Value shall be the amount as agreed upon by Franchisor and Franchisee on a case by case basis ("After Renovation Value"). Upon sale of the real property the total Royalty paid, after credit for Royalty paid on the After Renovation Value at the time purchase, shall be a total of two and a quarter percent (2.25%) of the Sales Price. A Sale Transaction is any transaction involving the sale by you of any interest in any real property within twelve months of your acquisition of that interest in real property. The Sales Price shall be the contract sales price as shown on lines 101 and 401 of the HUD-1 Settlement State or as shown on page 1 of the Buyer or Seller Closing Disclosure or as shown on the ALTA Settlement Statement. There shall be no deductions made for closing cost credits, real estate commissions, or other related closing costs or reductions. Notwithstanding anything to the contrary herein, the cap on any two and a quarter percent (2.25%) Royalty paid on any Sale Transaction for any individual piece of real property shall be two and a quarter percent (2.25%) of the median sales price of a US home as defined by the National Association of Realtors Existing Sing Family Home Sales in the month of January for the year prior. Notwithstanding the foregoing, if Franchisee is unable to pay the Royalty at the time the real property is purchased, Franchisor may, in their absolute discretion, permit Franchisee to pay the Royalty upon the sale of the real property with both written consent from the Franchisor and payment of a delayed royalty fee of Two Thousand Dollars (\$2,000) ("Delayed Royalty Fee"). Franchisor reserves the right to increase the Delayed Royalty Fee by ten percent (10%) per year.
- (b) Assignment Transaction. You must pay to us a Royalty on any Assignment Transaction. An Assignment Transaction means the transfer by you to any other person or entity of any rights to acquire an interest in any real property, including, but not limited to, any purchase agreements, rights of first refusal, option agreements, or lease-to-purchase agreements held by you and transferred to any other person or entity. The Sales Price for any Assignment Transaction shall be the contract sales price as shown on lines 101 and 401 of the HUD-1 Settlement State or as shown on page 1 of the Buyer or Seller Closing Disclosure or as shown on the ALTA Settlement Statement plus any amount paid to you by any other person or entity for the transfer/assignment of the right to purchase your interest in the real property (the "Transfer Fee"). The Royalty you

must pay to us for any Assignment Transaction shall be the greater of: (1) \$500 or (2) the lesser of 2.25% of the Sales Price or 10% of the Transfer Fee. By way of example, if you transfer a contract to purchase property with a contract sales price of \$100,000.00 to another person for a Transfer Fee of \$10,000.00, then the Sales Price of that Assignment Transaction would be \$110,000.00 and the Royalty you owe us would be \$1,000.00, as that amount (10% of the Transfer Fee) is less than 2.25% of the Sales Price, but greater than \$500.00.

For any transaction above, you must provide to us a transaction report on a form designated by us within three business days of your execution of any agreement to engage in any of the above-described transactions, or any other transaction involving a transfer of any interest in real property. You must also provide to us a copy of the HUD-1 Settlement Statement, Closing Disclosure, or ALTA Settlement Statement for each such applicable transaction. For each such applicable transaction, the Royalty due to us must be listed on the HUD-1 Settlement Statement, Closing Disclosure, or ALTA Settlement Statement and must be paid to us directly by the title company or real estate attorney closing the transaction. If the Royalty is not paid as provided above, it will be considered late and subject to a late fee. In addition, if the Royalty is not paid as provided above, it will be considered a material breach of this Agreement, constituting good cause for us to terminate the Agreement without opportunity for you to cure.

5.05 Reporting and Payment

By Friday of each week, you will deliver to us a statement of the Gross Sales of the Franchised Business for the preceding Reporting Period. Each Reporting Period will begin at 12:00 a.m. on Monday and end at 11:59 p.m. the following Sunday. Within 20 days after the end of each calendar month, you will deliver to us a complete profit and loss statement for the Franchised Business in a form prescribed by us (and any other statistical or informational reports or records which we may require from time to time) for the previous calendar month. You also will send us a copy of all sales tax returns, if any, filed for the Franchised Business as and when filed with each appropriate taxing authority. Within 90 days after the end of each calendar year, you will deliver to us a complete profit and loss statement covering the operations of the Franchised Business for the preceding calendar year and a balance sheet taken as of the close of that calendar year. You will keep full and complete records of the Franchised Business for at least seven years in a manner and form satisfactory to us and will deliver any additional financial, operating, and other information and reports which we may request on the forms and in the manner prescribed by us from time to time. We will have the right to assemble and disseminate to third parties financial and other information regarding you and other franchisees to the extent required by law or to the extent necessary or appropriate to further the interests of the Franchised System as a whole. We will have the right to disclose your business name, address, and telephone number as they appear in our records, in our franchise offering circulars, and to any Person making inquiry as to the ownership of the Franchised Business. We will not disclose specific financial information regarding you or the Franchised Business to any Person without (a) your consent or (b) being directed to disclose the information pursuant to the order of a court or other governmental agency.

5.05.1 By Friday of each week, you agree to pay us the Transaction Royalty and Advertising Fee due based on Gross Sales accrued for the preceding week, as specified in your weekly report.

5.05.2 You must transmit all payments required under this Agreement by direct account debit, electronic funds transfer, or other similar means designed to accomplish the same purpose unless we waive this requirement in writing, which waiver can be granted or denied at our sole discretion for any reason or for no reason, and which waiver can be withdrawn by us for any reason upon no less than 60 days prior written notice to you. You must make payments by direct account debit, electronic funds transfer, or other similar means we designate, you must deposit and maintain at all times sufficient funds to cover all fees and payments you owe to us and our Affiliates in a segregated bank account (the "Bank Account") that you open and maintain for the Franchised Business. The Bank Account must have the capacity to disburse payments through the means we designate, and you must sign all documents required by your bank, our bank, and us or for approval and implementation of the debit or electronic funds transfer process, including the Electronic Debit Authorization in the form of Exhibit C to this Agreement. You may not change the Bank Account without our advance written approval. You agree to pay all costs of the Bank Account, the

direct account debit, electronic funds transfer, or other similar means we designate.

5.053 If you do not pay or transmit any payment of Transaction Royalties or Advertising Fees or other amounts due to us under this Agreement when due, such amounts shall bear simple interest until paid at the lesser of 18% per annum (1.5% per month) or the highest rate allowed by applicable law. This provision does not constitute consent to late payments or an agreement to extend credit. If you are delinquent in any required payment, we or our Affiliate may apply any payment from you to any obligation due in whatever order and for whatever purposes as we determine, whether or not there is any contrary designation by you. You may not withhold, set-off, or recoup payment of any amount due on the grounds of the alleged non-performance or breach of any of our or our Affiliates' obligations under this or any other agreement.

5.054 In addition to all other payments due under this Agreement, you agree to pay or reimburse us or our Affiliates immediately upon demand: (a) all sales and use taxes, license taxes, and any other taxes, imposed on, required to be collected, or paid by us or our Affiliates (excluding any corporate income or franchise taxes imposed on us or our Affiliates) because we or our Affiliates have furnished services or products to you or collected any fee from you; (b) all amounts we advance, pay, or become obligated to pay on your behalf for any reason; and (c) all amounts you owe us or our Affiliates for products or services that you purchase from us or our Affiliates.

6. OPTION FOR ADDITIONAL FRANCHISES

6.01 Option

We may grant you an option to purchase one or more additional New Again Houses franchises within a specified period, for a specified Initial Franchise Fee, and embracing a franchised territory or territories contiguous to your Territory.

7. UNIT LOCATION REQUIREMENTS

7.01 Unit Location

7.01.1 You will operate your New Again Houses Franchised Business only from your Unit Location, which will be a home office. You may not use the Franchised Business and Unit Location for any business purpose other than the operation of your New Again Houses Franchised Business without our prior written approval, which we may withhold for any reason or for no reason in our sole discretion. We reserve the right to require you to maintain formal office space as your Unit Location if, in our sole discretion, we deem that your sales volume requires a formal office instead of a home office.

7.01.2 If you have suggested a Unit Location which we have approved before the execution of this Agreement, then the Unit Location will be set forth on Exhibit B to this Agreement. If you have not suggested a Unit Location which we have approved before the execution of this Agreement, then the following will apply:

You must comply with all our Unit specifications, requirements, and restrictions. The Unit Location will be subject to our advance written approval, and our determination will be final. We may require you to submit maps, completed checklists, photographs, diagrams of the premises with measurements, and other information and materials which we may reasonably require to evaluate your proposed Unit Location. Because of the subjective nature of the decision, our approval or disapproval of any site submitted or suggested by you will be at our sole discretion.

Further, you may not rely on or construe any inspection or approval as a representation, guaranty, warranty, or any other indication of the prospective profitability or merit of your location. You waive any claim to the contrary.

7.02 Government Approvals, Consents, and Licenses

It will be your sole responsibility to promptly investigate the need for, seek, obtain, and maintain

during the Term all government and quasi-governmental approvals, consents, and licenses required to open and operate your Franchised Business. We make no representation or warranty that you will be able to do so. If you are unable to do so by the scheduled Opening Date under Section 9.01, then either you or we will have the right to terminate this Agreement immediately upon notice to the other. If either of us terminates the Agreement for this reason, then all funds you paid us will be considered earned by us and non-refundable.

8. OUR DUTIES

8.01 The System; System Standards; Modifications; Waivers

8.01.1 We have created, specified, and administered a system for developing, opening, and operating a real estate development business under the “New Again Houses” name, which includes the Proprietary Marks, associated goodwill, and a series of System Standards for designing, developing, equipping, marketing, identifying, and operating New Again Houses. We have the sole discretion to modify, amend, change, update, revise, and restate System Standards and the method of communication of System Standards. Any modification to System Standards will be effective after we give you not less than 30 days prior written notice, unless we believe prompt action is required to deal with emergent conditions.

8.01.2 We may prescribe written standards (“System Standards”) for use in the New Again Houses System, which may include: (a) “Design Standards” covering the functional and non-functional elements of building and space design, minimum Unit size, location attributes, engineering, mechanical systems, utilities, specifications, floor plans, construction, renovation, fit, finishes, appearance, décor, decorations, wall and floor coverings, facades, furniture, fixtures, equipment, artwork, and other attributes of Units; (b) “Operating Standards” covering the operation and performance of a New Again Houses Franchised Business, sourcing, creation, and delivery of products or services under the New Again Houses Brand, know-how, administration, training, quality assurance and control, metrics, accounting, and other attributes of operation; (c) “Identity Standards” covering proper use and display of the Proprietary Marks, trade dress, and other non-functional elements of the New Again Houses Brand used to create goodwill and distinguish the brand from its competitors; (d) “Technology Standards” covering technology used or authorized for use in a New Again Houses Franchised Business such as point of sale, process control, production, inventory, accounting, communications, record keeping, customer relationship management, human resource management, information and communication systems, transaction data capture and processing, other business applications and processes, procedures, file formats, reporting requirements, telecommunications, hardware, applications, and system software, peripherals, communications services, circuits, networks, and related support, maintenance support, electronic mail, and other attributes of technology associated with the New Again Houses Brand and New Again Houses Franchised Businesses; and (e) “Marketing Standards” covering the New Again Houses Brand’s sales, marketing, advertising, customer service, Internet, Alternative Distribution Channel, National, Regional, and Institutional Accounts, and other marketing, sales, promotional, public relations, and other similar programs intended to promote the New Again Houses Brand and the awareness, trial, and use of the New Again Houses Brand products and services. We may add to, amend, or discontinue any Standards at our sole discretion.

8.01.3 In the exercise of our sole business judgment, we may modify any components of the System and System Standards applicable to you by Supplements to the Operations Manual or otherwise, including, but not limited to, altering the products, programs, services, methods, System Standards, accounting and computer systems, forms, policies, and procedures of the System; adding to, deleting from or modifying those products and services which your New Again Houses Business is authorized and required to offer; modifying or substituting the finishes, equipment, signs, and other requirements that you are required to observe; and changing, improving, modifying, or substituting for the Proprietary Marks, including replacing the primary name and marks of the Brand with a different name and marks. You agree to bear the expenses associated with any and all such modifications.

8.01.4 You acknowledge that because uniformity under many varying conditions may not be possible or practical, we reserve the right to vary standards or franchise agreement terms for any New Again

Houses Franchised Business materially, based on the timing of the grant of the franchise, the particular territory or business circumstances, population, existing business practices, other non-arbitrary distinctions, or any other condition which we consider important to the successful operation of the Concept Business. You will have no right to require us to disclose any variation or to grant the same or a similar variation to you.

8.02 Dual Branding

We may, from time to time, co-brand one or more business concepts operated by us or our Affiliates with Brand Units and/or offer for sale in Brand Units products sold in other units or businesses operated by us and/or our Affiliates. This Dual Branding may involve changes to the Proprietary Marks, and may require modifications to the building and premises of New Again Houses businesses and to the furnishing, fixtures, equipment, and signs at New Again Houses businesses. We may, but are under no obligation to, offer you the opportunity to implement such dual branding at your New Again Houses Franchised Business. If we offer and you accept the opportunity to implement dual branding at your New Again Houses Franchised Business, such dual branding will be subject to and governed by a supplemental agreement that you must execute prior to implementing the dual branding.

8.03 Confidential Operating Operations Manual; Policy Statements

8.03.1 We will lend you or give you electronic access to one copy of our confidential operating Operations Manual (the "Operations Manual") in which the System Standards will be published. The Operations Manual may be in the form of one or more of the following: one or more loose-leaf or bound volumes; bulletins; facsimiles; notices; videotapes; CD-ROMS and/or other electronic media; computer disks; online postings; e-mail and/or other electronic optical or magnetic communications; or, any other written memorializations. We may maintain the Operations Manual exclusively on-line and will provide you with secure access by means of password-protected procedures. You agree to honor and follow our instructions on maintaining security for our on-line Operations Manual. You agree to operate your New Again Houses Franchised Business in strict compliance with the operational systems, procedures, policies, methods, standards, specifications, and requirements prescribed in the Operations Manual as part of the System.

8.03.2 We have the right to prescribe additions to, deletions from, or revisions of the Operations Manual, all of which will be considered a part of the Operations Manual. All references to the Operations Manual in this Agreement will include the supplements to the Operations Manual. Supplements to the Operations Manual will become binding on you as if originally set forth in the Operations Manual, upon being delivered to or made accessible to you. The Operations Manual and any supplements thereto are material in that they will affect the operation of your New Again Houses Franchised Business, but they will not conflict with or materially alter your rights and obligations under this Agreement.

8.03.3 You acknowledge that we are the owner of all proprietary rights in the Operations Manual, all supplements to the Operations Manual and the System, and that you are acquiring no property or other right to them other than a license to use them and comply with them during the Term. You promise that you, your agents, independent contractors, and employees will treat the Operations Manual and the information contained therein as confidential unless we designate that some of such information is not confidential; will use all reasonable efforts to maintain this information as secret and confidential; will at no time copy, duplicate, record, or otherwise reproduce the Operations Manual or supplements to the Operations Manual, in whole or in part; and will not make the Operations Manual, supplements to the Operations Manual, or information therein available to any unauthorized person. Upon the expiration or termination of this Agreement, you must return the Operations Manual and all supplements to us, or at our direction obliterate or destroy them. You agree to ensure at all times that your copy of the Operations Manual and its supplements are current and up-to-date. If there is any dispute as to your compliance with the Operations Manual and any supplements, the master copy of the Operations Manual, with associated supplements, at our principal office will control. Any information or System Standards we designate as not being confidential will only be distributed on a need to know basis and will not be made available to the

general public or otherwise be treated as other than confidential unless we confirm the character of the information as within the public domain.

8.03.4 In addition to the Operations Manual, we may issue policy statements designed to provide you with information and insight as to our current thinking about various business issues or strategies. Policy statements that we do not expressly incorporate into the Operations Manual are not part of the Operations Manual, are not contracts, and do not create any contractual obligation on either you or us.

8.04 Initial Training Program

8.04.1 After you secure a Unit Location and before the opening of your New Again Houses Franchised Business, you (or if you are a Business Entity, one of your Key Principals, as defined in Section 14.05) and your Manager (as defined in Section 9.05) must attend and successfully complete an initial training program which we will provide (the "Initial Training Program"). The Initial Training Program is conducted Online. We will determine and notify you about the date of commencement and duration of the Initial Training Program. If you open more than three New Again Houses Franchised Businesses, you must establish one of your New Again Houses Franchised Businesses as a Management-in-Training Location ("MIT Location") at which you will offer the basic skills and management training program to your employees. We must certify your New Again Houses Franchised Business and the personnel responsible for conducting such training as an MIT Location before you may begin training there, and we may periodically visit the MIT Location to ensure that it continues to meet our standards. We may revoke our certification at any time if the MIT Location ceases to meet our then current standards.

You (or if you are a Business Entity, one of your Key Principals) must attend the Initial Training Program only once. Thus, you or your Key Principal will not be required to attend additional Initial Training Programs subsequent to franchising additional New Again Houses Franchised Businesses. However, you or your Key Principal has the option of attending a second or subsequent Initial Training Program for free if you desire. The Manager for your second and third New Again Houses Franchised Business will be required to attend and pass a training program conducted at our office or at one of our MIT Locations, and the Manager for your fourth and subsequent New Again Houses Franchised Business must attend and successfully pass the training program conducted in your certified New Again Houses MIT Location.

8.04.2 The cost for the Initial Training Program for you (or if you are a Business Entity, one of your Key Principals) and your Manager will be included in the Initial Franchise Fee; however, you must pay incidental expenses. You must pay to us the actual cost for our training additional personnel at the initial training, which cost shall not exceed \$350 per person, per day.

8.04.3 If we reasonably conclude that either you (if an individual) or your Manager has failed to attend or successfully complete our Initial Training Program to our satisfaction in our sole business judgment, then that person may re-enroll in our next scheduled Initial Training Program at no additional charge. We will have the right to terminate this Agreement if, following your Initial Training Program (including re-enrollment training), we determine that you and/or your Manager has failed to attend or successfully complete our Initial Training Program. This failure will be a material and incurable breach of this Agreement which, unless we waive the breach, will entitle us to terminate this Agreement immediately upon notice to you, with no opportunity to cure. If we terminate the Agreement for this reason, then all funds you paid us will be considered earned by us and non-refundable.

8.04.4 At all times during the Term, you agree to pay all the expenses incurred by your trainees or attendees in connection with any training, conferences, conventions, or other meetings they attend, including, but not limited to, their compensation, transportation costs, meals, lodging, and other living expenses.

8.05 On-Going Training

We may provide additional, supplemental, or refresher training sessions at various times during the Term of this Agreement. We will determine the duration, curriculum, and location of these sessions. You or your Key Principal and your Manager must attend each training session that we designate as mandatory.

8.05.1 We may require you to attend an annual conference. If we do require you to attend an annual conference, at least one (1) owner of your franchise must attend. You will receive at least sixty (60) days' notice of an annual conference. You will be required to pay an annual conference fee of Seventy One Dollars (\$71) per month throughout the Term of this Agreement. You must pay your own travel and living expenses to attend the annual conference. We reserve the right to increase this fee up to 10% year over year.

8.06 Field Support and Consultation Services

We may furnish to you field support or consultation services that we consider advisable through off-site sessions, telephonic, electronic, virtual, mobile, or other communication devices. The timing of our field support and consultation will be subject to the availability of our personnel.

8.07 Optional Materials and Services Which We May Offer

If we decide to offer to sell you any optional materials and services (whether directly or through an Affiliate), and you, at your sole option, choose to purchase any of them, then you must pay us (or our Affiliate) the prices that we, at our discretion, determine and set forth at the time of offer or sale or otherwise generally set forth in the Operations Manual or otherwise. All such prices will be subject to change at any time.

8.08 Technology and Data Specifications

We specify the technology you need to employ to operate your New Again Houses Franchised Business in the Technology Standards. You will acquire, install, operate, maintain, and replace technology as we specify in the Technology Standards. We will give you reasonable notice in advance of replacement requirements when we determine that any technology is obsolete or needs replacement, following our testing and determination that the change will prove economically or systemically beneficial to you and to us. We may designate a single source for all or some technology, which may be us or an Affiliate. We may mandate that you add memory, ports, accessories, peripheral equipment, and additional, new, or substitute software. Compliance with this Section 8.09 is at your expense.

8.9 Pricing

Because enhancing New Again Houses' competitive position and the consumer acceptance for New Again Houses' products and services is a paramount goal of ours and our franchisees, and because this objective is consistent with the long-term interest of the System overall, we may exercise rights with respect to the pricing of products and services to the fullest extent permitted by then-applicable law. These rights may include (without limitation) recommending sale prices, advertising specific prices, and setting maximum and minimum price limitations under the legal principles we believe are applicable to us and to the affected franchisees that are in effect at the time. Among other things, price limitations may serve to enhance the inter-brand competitiveness of the New Again Houses System, enable competitive and multi-territorial "price point" advertising, effectuate national or regional promotions, or benefit New Again Houses' customers. In addition, or in the alternative, to setting price limitations, we may also suggest prices for services or products offered and sold by your New Again Houses Franchised Business from time to time. You acknowledge that any suggested or maximum prices, fees, markups, or margins may or may not optimize the revenues or profitability of your New Again Houses Franchised Business.

8.10 Opening Assistance

We will provide you with the services of our team for a period of up to 7 days, virtually or mobile, at our discretion, to assist you with the opening of the New Again Houses Franchised Business at no cost to you. Subject to availability, we will provide the services of our team for additional days to continue to assist you with the opening of the New Again Houses Franchised Business at a per diem charge that we may establish from time to time.

8.11 Approved Products, Services, and Suppliers

We will publish a list of approved suppliers and their respective approved products and services in the Operations Manual and/or in other written or electronic communications to you. As new suppliers, products and services become available, we will amend that list.

8.12 Marketing Assistance

We will provide you with the merchandising, marketing, and advertising research data and advice that we develop from time to time and deem helpful in the operation of a New Again Houses Franchised Business using the Franchised System.

8.13 Communication

We will provide you with the management, development, and motivational seminars and periodic newsletters that we may develop from time to time which we deem helpful to communicate to you any new developments, techniques, and improvements in the areas of management and service pertinent to the operation of a New Again Houses Franchised Business using the Franchised System.

8.14 Evaluation Program

We will conduct periodic field evaluations of your New Again Houses Franchised Business for your and our mutual benefit and to promote uniform standards of operation and quality control throughout the Franchised System.

8.15 Advice

We will provide you with periodic individual or group advice, consultation, and assistance by personal visit, by telephone, electronic media, or by newsletters or bulletins that we may make available to our franchisees from time to time.

8.16 Written and Electronic Materials

We will provide you with written and electronic bulletins, brochures, and reports that we may publish from time to time regarding our plans, policies, and research and developments activities.

8.17 Other

We will provide you with other resources and assistance that we may develop and make available to our franchisees from time to time.

9. YOUR DUTIES

9.01 Opening

You will have two months from the Effective Date of this Agreement to complete the conversion of your home office into your New Again Houses Franchised Business.

You will not open the New Again Houses Franchised Business without our prior written authorization. We will have the right to withhold that authorization until you complete (to our satisfaction) (1) the preparation of the New Again Houses Franchised Business for the commencement of operations, (2) the training of your personnel as required by Section 8.06 and 9.05 of this Agreement, and (3) the payment of all monies due us under this Agreement and all other related agreements.

You must conduct an opening advertising program, which will begin no later than 30 days after the opening of your New Again Houses Franchised Business. The actual dates of the advertising program will be determined by you after consultation with us, and you must submit a marketing plan to us at least 30 days prior to the estimated beginning date of your opening advertising program. You will spend a minimum

of \$2,000 to conduct your opening advertising program. This amount will count towards your local marketing requirement set forth in Section 5.03. The opening advertising program must conform to our requirements and must use the media and advertising formats designated by us. You must submit vendor invoices for opening advertising expenses to us within 90 days of the commencement of the advertising program to evidence your compliance with this Section 9.01. Your failure to conduct the opening advertising program as required by this Section will constitute a default under this Agreement, entitling us to the remedies set forth in Section 16.03 of this Agreement, provided however, that you will have 30 days after notice from us to cure such default.

9.02 Maintenance and Repair

At all times throughout the Term, you agree, at your own expense, to maintain the interior and exterior of your New Again Houses Franchised Business and all equipment and finishes at your New Again Houses Franchised Business, in the highest degree of cleanliness and sanitation, and in good working order, maintenance, condition, and repair so as to offer all functionality required under System Standards, as required by the Operations Manual, by applicable law, and as may otherwise be desirable or necessary. You agree to make such periodic alterations, additions, replacements, or improvements (such as repainting or replacing obsolete signs, furnishings, equipment, or décor) as we may reasonably direct. You may make no other material alteration, addition, replacement, or improvement in or to the interior or exterior of your Franchised Business without our advance written consent.

If the New Again Houses Franchised Business suffers physical damage, you will restore the New Again Houses Franchised Business to at least the minimum acceptable standards applicable to you at the time of the damage. However, you also will make reasonable efforts to restore the New Again Houses Franchised Business to reflect the then current image, design, and specifications of a New Again Houses Franchised Business.

9.03 Upgrade of Business

We may require you to upgrade your New Again Houses Franchised Business from time to time to conform to our then existing equipment, technology, and image requirements for new New Again Houses Franchised Businesses. However, we may not require more than once every five years any upgrade that will cost more than \$25,000. If we exercise our right to require you to make any upgrade within three years prior to the end of the then current term of this Agreement, you may exercise any right you may have to renew the term of this Agreement at that point in time in accordance with the applicable provisions of this Agreement, which renewal then will take effect as of the expiration of the then current term of this Agreement. Sometimes, we may encourage you to make an upgrade because of economic circumstances, technological advances, brand imaging opportunities, or other compelling events or circumstances. Your voluntary agreement to make an upgrade in those cases will not constitute a required upgrade pursuant to this Section 9.03.

9.04 Compliance with Laws, Rules, and Regulations

You covenant to adhere to the highest standards of honesty, integrity, and fair dealing in all dealings with your customers, suppliers, employees, and the public and to design, construct, renovate, and operate your New Again Houses Franchised Business in strict compliance with all applicable laws, decisions, rulings, rules, and regulations of all governmental and public authorities having jurisdiction over and you and your New Again Houses Franchised Business. You covenant to withhold, contribute, pay, remit, and return when due, or properly contest, all taxes of all kinds, assessments, levies, and other amounts payable to any governmental entity arising from the operation of your New Again Houses Franchised Business. You also covenant to obtain and keep in good standing all licenses, permits, and other governmental consents and approvals required to operate your New Again Houses Franchised Business during the Term.

You must furnish to us a copy of any report, warning, citation, certificate, or rating resulting from any health or safety inspection within 48 hours, unless such report, warning, citation, certificate, or rating indicates non-compliance with or violation of a serious or emergent health or safety

standard, in which case you must furnish to us a copy of the report, warning, citation, certificate, or rating immediately. You acknowledge that breach of this Section 9.04 is a material breach of this Agreement.

9.05 Operation of your New Again Houses Franchised Business

Unless we otherwise permit in writing, you (or if you are a Business Entity, one of your Key Principals) agree to supervise the operation of your New Again Houses Franchised Business personally, after completing our Initial Training Program, and to devote your time, attention, and best efforts to the performance of your duties under this Agreement and the operation of your New Again Houses Franchised Business. You may designate in writing to us a “Manager” for your Business. Your Manager will have full time, day-to-day management responsibility for your business, exercise on-premises supervision at the New Again Houses Franchised Business, and personally participate in the management, supervision, and operation of your New Again Houses Franchised Business. Your Manager must spend at least 20 hours per week on your New Again Houses Franchised Business carrying out the responsibilities set forth in this Section 9.05. You must inform us promptly when you employ each successor Manager. You will be deemed the Manager if and when you have not designated another person as the Manager. Each initial Manager must complete the Initial Training Program no more than 60 days prior to the opening of your New Again Houses Franchised Business. Each replacement/successor Manager must complete the Initial Training Program to our satisfaction before or within 60 days of being hired if we deem it necessary in our sole business discretion.

You may not open or operate your New Again Houses Franchised Business without having at least one on-premises manager (whether the Manager or another manager, working full time who has completed our training program) or a supervisor certified in the duties of that position by a certified trained manager and in accordance with our standards as set forth in our System Standards or Operations Manual. Any employee or manager you employ who attends our training in the operation of the Franchised Business must sign a Management Confidentiality and Non-Competition Agreement prior to obtaining such training in the form attached as Exhibit D.

You will operate the New Again Houses Franchised Business in accordance with the Franchised System as described in this Agreement, in the Operations Manual (as amended from time to time), and in our standards and policies (as amended from time to time). You will use your Unit Location and New Again Houses Franchised Business exclusively for the purpose of operating a New Again Houses Franchised Business. You will not engage in any business or offer any products or services at the New Again Houses Franchised Business that are not a part of the Franchised System without our prior consent in written or electronic form.

You must keep your New Again Houses Franchised Business open and in normal operation for such hours and days as we may from time to time specify. These times are designed to ensure that customers of your New Again Houses Franchised Business have access to communicate with you during any real estate project.

You must at all times employ a competent, conscientious, and properly trained staff, whether employees or contractors, in numbers sufficient to promptly service clients. You must also take such steps as are necessary to ensure that all of your employees or contractors preserve good customer relations and preserve the good name of New Again Houses, which includes ensuring compliance with any specific requirement we may from time to time prescribe in our System Standards, Operations Manual, or any other communication from us to you.

We have the right to require you to employ one or more district managers (who shall be individuals reasonably acceptable to us and who shall not simultaneously serve both as a district manager and a Manager or other manager without our permission) to supervise the day to day operations of your New Again Houses Franchised Business if you (and/or an affiliate of yours) operates three or more New Again Houses Franchised Business. Each district manager will oversee a maximum of six New Again Houses

Franchised Business. Thus, depending upon the number of New Again Houses Franchised Business you operate, we reserve the right to require you to employ additional district managers. The district manager will engage in the active supervision and management of all three or more of your New Again Houses Franchised Business. The district manager will spend no less than 25 hours per week overseeing business operations and ensuring each New Again Houses Franchised Business' compliance with all standards, specifications, and requirements set forth in any applicable franchise agreements, operations manuals, or other governing document. Further, the district manager will spend at least 10 of the required 25 hours per week providing hands-on supervision and management oversight on premises at, and reasonably apportioned among, the three or more New Again Houses Franchised Business. The failure of the district manager to perform fully the requirements set forth above will constitute a material breach of the third and subsequent franchise agreements, which breach will entitle us to terminate said franchise agreement(s) with no opportunity to cure. The district managers shall be required to attend and successfully complete the Initial Training Program if they have not already done so prior to becoming a district manager.

In lieu of hiring a district manager as set forth in this Section 9.05, you (or if you are a Business Entity, your Key Principal) may assume the role of district manager. If you or your Key Principal assume the role of district manager, you agree that you or they will: (a) engage in the full-time, active supervision and management of each New Again Houses Franchised Business, subject to all of the requirements of a district manager as set forth in this Section 9.05 and (b) hire one certified Manager in each of the three or more New Again Houses Franchised Business, which certified Managers will spend no less than 15 hours per week engaged in the day-to-day operation of his or her respective New Again Houses Franchised Business. Should you or your Key Principal choose to assume the role of district manager, any failure to perform fully the requirements set forth in this Section 9.05 will constitute a material breach of the third and subsequent franchise agreements, which breach will entitle us to terminate said agreement(s) with no opportunity to cure.

9.06 Fixtures, Furniture, Equipment, and Décor

You will install in and about the New Again Houses Franchised Business equipment, fixtures, furnishings, and other personal property that strictly conform to the appearance, uniform standards, and specifications we specify from time to time in the Operations Manual or otherwise in written or electronic form. You will not display any other sign or advertising at the New Again Houses Franchised Business without our advanced consent in written or electronic form.

9.07 Requirements Concerning Products and Services

9.07.1 Services and Products You Sell; Regional Preferences

You agree to sell all services, products, and programs which are part of the System and all other services, products, and programs which we in the future incorporate into the System. You may not sell any service, product, or program which is not a part of the System or which we delete from the System. You may not use the Brand name or the Proprietary Marks for the benefit of any business other than your New Again Houses Franchised Business. You may not conduct (or permit anyone else to conduct) any business other than the business contemplated by this Agreement at or from your Unit Location without first obtaining our written consent, which we may withhold for any reason or for no reason.

If you desire to offer or sell any product, service, or program that is not part of the New Again Houses System, you must submit to us in writing a request for approval to offer or sell such product, service, or program. Similarly, if you desire not to offer or sell any product, service, or program that is part of the New Again Houses System, you must submit to us in writing a request for approval not to offer or sell such product, service, or program. The decision on whether to approve or reject such request will be made by us in our sole discretion for any reason or for no reason. If you do not receive notice of our approval or rejection of your request within 45 days, you may deem us as having rejected your request. We reserve the right to withdraw any previously granted approval upon 30 days written notice to you.

We have the right to prescribe, and subsequently vary, one or more product or service formats to be utilized in your New Again Houses Franchised Business. These formats may include requirements concerning organization, graphics, product descriptions, illustrations, and other matters related to the products or services offered to clients. Prescribed formats may vary depending upon region, market size, or other factors we deem relevant. If we prescribe a format, you agree to begin using that format no later than 30 days after receiving written notice from us regarding the menu format.

9.07.2 Proprietary Products and Services

To provide products of the highest quality and in the most expeditious and cost-effective manner, to guarantee uniformity of concept and quality, and to protect our trade secrets – which are of the essence to the New Again Houses Brand, the System, and this Agreement – you will be required to purchase or lease certain proprietary products, services, and/or equipment from us, our Affiliates, or our designees. Specifically, you agree to purchase from us or our designees all products which now comprise, or in the future may comprise, a part of our System and which were developed by, are proprietary to, or are kept secret by us. You agree not to purchase any proprietary supplies from any other source other than from us or our designee, and you further agree not to attempt to duplicate or replicate any of our proprietary items.

9.07.3 Sources of Supply and Specifications

As detailed in the Operations Manual, you must purchase all non-proprietary supplies, services, equipment, materials, etc. from suppliers we designate in writing; from suppliers you select and we approve; and/or under our written specifications. We may from time to time provide you with specifications governing the minimum standards of non-proprietary products, services, or equipment you procure from a third party (that is, from any party other than us or our Affiliates, or the designees of either), in the Operations Manual or in other written notices we transmit to you. We may modify our specifications in writing from time to time. You may submit to us for approval the name of a non-designated vendor from whom you wish to purchase non-proprietary products or services. In order to nominate a non-designated vendor for approval, the following conditions must be met before we will consider the approval of that vendor: 1) You must submit a written request to us for approval of the vendor; 2) The vendor must demonstrate to our reasonable satisfaction that it is able to supply a product or service to you meeting our specifications; and 3) The vendor must demonstrate to our reasonable satisfaction that it is in good standing in the business community with respect to its financial soundness and the reliability of its product or service. Upon you and the proposed vendor meeting these three conditions, we will decide, in our sole business judgment, whether to approve the nominated vendor as a designated vendor. We reserve the right to test, analyze, inspect, or randomly sample the product or service of any vendor you propose at your expense, whether or not we approve or reject the vendor. We will give you written notice of our approval or disapproval within a reasonable time. If you do not receive notice of acceptance or rejection of the proposed vendor within 45 days, you may deem us as having rejected the proposed vendor. If we revoke approval of a vendor, which we reserve the right to do, we will give you written notice, and you must cease purchasing from that vendor within 30 days of receiving written notice. We may offer and sell to you any non-proprietary products and services that you are required to purchase at the prices we determine and set forth at the time of sale in the Operations Manual or otherwise. We reserve the right to earn a profit from selling you non-proprietary (or proprietary) goods and services.

You acknowledge that this Section 9.07.3 is not a restriction upon your ability to purchase non-proprietary supplies, equipment, materials, and services from vendors other than those designated by us, provided that such vendors comply with the requirements of this Section 9.07.3 and are approved by us in writing prior to your purchasing from said vendors.

9.07.4 Opening Inventory

Before you open your New Again Houses Franchised Business, you must purchase the opening inventory of required supplies, equipment, materials, and services that we specify in the Operations Manual

or System Standards. After you open your New Again Houses Franchised Business, you must purchase your first property for development within one-hundred and twenty (120) days of the opening of your New Again Houses Franchised Business.

9.075 Brand-wide Supply Contracts

We may, in the exercise of our business judgment, enter into Brand-wide supply contracts with one or more vendors of products and/or services that company-owned and franchised New Again Houses Franchised Businesses are required to use or sell. If we enter into any Brand-wide supply contract, then immediately upon notification of this fact, you, we, and all New Again Houses Franchised Businesses must purchase the specified products or services only from the designated vendor. However, if at the time of our notification you are already a party to a non-terminable supply contract with another vendor for the product or service in question, then your obligation to purchase from our designated supplier will not begin until the scheduled expiration (or earlier termination) of your pre-existing agreement. We make no representation that we will enter into any Brand-wide supply contracts or other exclusive supply arrangements or, if we do so, that you would not otherwise be able to purchase the same products and/or services at a lower price from another supplier. We may modify or discontinue any Brand-wide supply contracts or exclusive supply arrangements and/or substitute designated suppliers, all in the exercise of our business judgment.

9.08 Technology and Data Obligations

You agree to procure and install, at your expense, the computer hardware, applications, and operating system software, wide area and local area network equipment, routers and circuits, satellite communications systems, Internet connections and service, dedicated telephone and power lines, and other related accessories, peripherals, and equipment that we specify in the Technology Standards or otherwise (the "computer system")(the "Point of Sale System"). You agree to obtain high-speed communications access, such as broadband, satellite, or other high-speed data communication capacity that we require for your computer system. You also agree to maintain a functioning e-mail address for your New Again Houses Franchised Business, which we reserve the right to issue and control. You agree to provide all cooperation and assistance we require to bring your computer system on-line with our management information system at the earliest possible time and to maintain this connection as we require. You agree to input and maintain in your computer system all data and information which we prescribe in the Operations Manual, in our proprietary software (if any) and its Operations Manuals, and otherwise. We may retrieve from your computer system all information that we consider necessary, desirable, or appropriate. You agree to use any proprietary New Again Houses software developed by us or on our behalf. You agree to purchase from us or our approved supplier any proprietary software that we require. You agree to purchase from us or our approved supplier new, upgraded, or substitute proprietary software whenever we determine to adopt them system-wide, at the prices and on the terms that we establish. You agree, at your expense, to keep your computer system in good maintenance and repair, and to continuously subscribe to all software maintenance agreements necessary to keep the specified software debugged and current with all releases and versions that are not extra-cost upgrades unless we expressly require the same. You agree to install at your own expense the additions, modifications, substitutions and/or replacements to your computer system hardware, software, telephone, power lines, and other computer facilities as we direct, on the dates and within the times we specify in our Operations Manual or otherwise, subject to our testing obligation, if any should apply as provided in Section 8.09. You will follow our instructions about training your personnel to use and maintain the technology. You will enter and retain data faithfully as we specify in the Operations Manual. Although you agree to obtain, use, maintain, and modify your computer system according to our standards and specifications, you acknowledge and agree that you alone will have the complete responsibility for: (a) acquiring, paying for, operating, maintaining, and upgrading your computer system; (b) the manner in which your computer system interfaces with our and any third party's computer system(s); and, (c) all consequences if your computer system is not properly operated, maintained, and/or upgraded. Upon termination or expiration of this Agreement, you must return to us in good condition, allowing for normal wear and tear, all software, disks, tapes, and other magnetic storage media that we initially provided to you.

9.09 Telephone Listings and Web Sites

You will establish and maintain a published telephone listing for the New Again Houses Franchised Business in all telephone books and online databases that we designate pursuant to Section 11.03 of this Agreement, which telephone lines and listings we may own and/or reserve the right to control, through a call center or otherwise. You may not, however, maintain a World Wide Web site or otherwise maintain a presence, offer or sell products or services, advertise, or make any use of our Proprietary Marks on the Internet or any other public computer network for your New Again Houses Franchised Business without our advance written approval, which we may withhold for any reason or for no reason. We reserve the right to control your Web site, and your Web site(s) may be accessible only through our Web site(s). If you develop a Web site with our approval, you must follow all guidelines and requirements set forth in the Operations Manual and use any templates provided in the Operations Manual (including required hyperlinks), so that your site conforms to System Standards, including, without limitation, those related to format, "look and feel," substantive content, privacy undertakings, and technical performance. You may not allow customers to see or access your Web page(s) or any modifications unless you have received our advance written approval. We will be and at all times remain the sole owner of the copyrights for all material which appears on your Web page(s). All responsive content and information which appears on your Web site(s) or which you gather from visitors to your Web site will constitute "Confidential Information" as defined in Section 13.01.

9.10 Indemnification

You will, at your sole cost, at all times save and defend us, our Affiliates, and the corporate affiliates, subsidiaries, successors, assigns, and designees of each, and the respective directors, officers, employees, agents, attorneys, shareholders, designees, contractors, and representatives of each (we and all others referenced above, the "Indemnitees"), and indemnify and hold harmless us and the other Indemnitees to the fullest extent permitted by law, from all claims, losses, liability, and costs (including court costs, attorneys' fees, experts' fees, and disbursements) incurred for any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether reduced to judgment) or any settlement which actually or allegedly, directly or indirectly, arises out of, is based upon, is a result of, or is related to any of the following:

1. Any personal injury, death, or property damage suffered by any client, customer, visitor, invitee, licensee, employee, or guest of your New Again Houses Franchised Business or the New Again Houses Franchised Business location.
2. Claims of any type or nature advanced by or against you or any of your officers, directors, shareholders, partners, proprietors, management, agents, employees, affiliates, representatives, and contractors (or any third party acting on your behalf or at your direction) by a third party (or, as applicable, against a third party) or between or among themselves.
3. Crimes committed on or near any of the premises or facilities of your Unit Location
4. The operation of your New Again Houses Franchised Business.
5. Your acts, errors, or omissions and/or those of your contractors or subcontractors or other third parties arising out of or related to the design, construction, conversion, build-out, outfitting, remodeling, renovation, or upgrading of your New Again Houses Franchised Business or any of the properties that you buy, sell, lease, or otherwise develop, whether or not approved by us.
6. Latent and patent defects in your New Again Houses Franchised Business location or any real or personal property used in your New Again Houses Franchised Business, whether or not discoverable by us or by you.
7. Any representations that may have been given by you or anyone acting on your behalf to

any proposed assignee of all or part of your New Again Houses Franchised Business or any New Again Houses Franchised Business (other than representations in our then- current applicable Franchise Disclosure Document), or any claim that you or the assignor engaged in fraud, deceit, violation of franchise laws, or other illegality in connection with an assignment.

8. Any acts, errors, omissions, breaches of contract, torts, violations of law, or other transactions or occurrences by you or your officers, directors, equity holders, management, employees, agents, servants, contractors, partners, proprietors, affiliates or representatives, or the operation of your New Again Houses Franchised Business (or any third party acting as your agent, on your behalf, or at your direction), whether in connection with the operation of your New Again Houses Franchised Business or otherwise, including (without limitation) any property damage, personal injury, or death suffered or caused by any person serving the New Again Houses Franchised Business.
9. All liabilities arising from or related to your offer, sale, and delivery of products and services as contemplated by this Agreement.
10. Any action by any client, customer, invitee, or licensee of yours or visitor to your Unit Location or any other facility of your New Again Houses Franchised Business.

You agree to give us written notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation that could be the basis for a claim for indemnification by any Indemnatee within three days after your actual or constructive knowledge of it. At your expense and risk, we may elect to assume (but under no circumstance will we be obligated to undertake) the defense and/or settlement of the action, suit, proceeding, claim, demand, inquiry, or investigation. However, we will seek your advice and counsel and keep you informed with regard to the defense or contemplated settlements. Our undertaking of defense and/or settlement will in no way diminish your obligation to indemnify us and the other Indemnitees and to hold us and them harmless.

We will have the right, at any time we consider appropriate, to offer, order, consent, or agree to settlements or take any other remedial or corrective actions we consider expedient with respect to the action, suit, proceeding, claim, demand, inquiry, or investigation if, in our sole judgment, there are reasonable grounds to do so. Under no circumstances will we or the other Indemnitees be required to seek recovery from third parties or otherwise mitigate their losses to maintain a claim against you. You agree that any failure to pursue recovery from third parties or mitigate loss will in no way reduce the amounts recoverable by us or the other Indemnitees from you. The indemnification obligations of this Section 9.10 will survive the expiration or sooner termination of this Agreement.

9.11 Inspections and Audits

We will have the right to inspect your New Again Houses Franchised Business at any time during regular business hours during the term of this Agreement, with or without notice to you, in order to confirm your compliance with the provisions of this Agreement. We also will have the right to audit your accounts, books, records, and tax returns (including, without limitation, state and local sales tax reports and federal, state, and local income tax returns) at all times during and after the term of this Agreement. You will make copies of those items available for audit at our corporate offices at your cost. If the audit discloses that Gross Sales actually exceeded the amount you reported, you immediately must pay us any additional fees required by Section 5 of this Agreement, plus interest at the rate specified in Section 5 of this Agreement. If the audit discloses that Gross Sales actually exceeded the amount reported by an amount equal to 2% or more of the Gross Sales you originally reported, you also must reimburse us for our out-of-pocket costs and allocable administrative costs and overhead incurred in connection with the audit.

9.12 Intellectual Property You Develop

You agree to disclose to us all ideas, concepts, methods, techniques, and products conceived or

developed by our or your affiliates, owners, or employees during the Term of this Agreement relating to the operation of your New Again Houses Franchised Business. You irrevocably and permanently give us an exclusive, perpetual, and world-wide royalty-free license for any and all of the following developed by you, or on your behalf, if such development occurred, in whole or in part, for the benefit of your New Again Houses Franchised Business: improvements to the System; any technology, inventions, ideas, concepts, know-how, or business methods associated with your New Again Houses Franchised Business, the New Again Houses Brand, the New Again Houses System, or the products and services associated with the New Again Houses Brand or System; existing or newly developed products or services; your means, manner, and style of offering and managing sales; all sales, marketing, advertising, and promotional programs and campaigns developed by you or on your behalf; and, all other intellectual property developed by you or on your behalf. We may authorize our Affiliates and/or other New Again Houses Franchised Businesses to use rights under this license. No consideration will be payable for this license.

9.13 No Media Statements by You

You agree to make no statements or comments without our advance written approval to any media representative or any other third party (except for persons considering purchasing a New Again Houses Franchised Business) relating to the contents of this Agreement, to us, or to any of our Affiliates.

9.14 Adequate Reserves and Working Capital

You must at all times maintain adequate reserves and working capital sufficient for you to fulfill all your obligations under this Agreement and to cover the risks and contingencies of operating your New Again Houses Franchised Business for at least three months. These reserves may be in the form of cash deposits, marketable securities, or lines of credit.

9.15 Franchisee Structure

If you are a corporation, you shall: (1) confine your activities, and at all times ensure that your governing documents reflect that your activities are confined, exclusively to operating your New Again Houses Franchised Business (2) maintain stop transfer instructions on your records against the transfer of any equity securities and only issue securities upon the face of which a legend, in a form satisfactory to us, references the transfer restrictions imposed by this Agreement; (3) not issue any voting securities or securities convertible into voting securities; and (4) maintain a current list of all owners of record and all beneficial owners of any class of your voting stock and furnish the list to us upon request.

If you are a partnership or limited liability partnership, you shall: (1) furnish us with a copy of your partnership agreement and any other document that we may reasonably request, along with all amendments thereto; and (2) prepare and furnish to us, upon request, a list of all of your general and/or limited partners.

If you are a limited liability company, you shall: (1) confine your activities, and at all times ensure that your governing documents reflect that your activities are confined, exclusively to operating your New Again Houses Franchised Business; (2) furnish us with a copy of your articles of organization and operating agreement, and any other document that we may reasonably request, along with all amendments thereto; (3) prepare and furnish to us, upon request, a list of all of your members and managers; and (4) maintain stop transfer instructions on your records against the transfer of any equity securities and only issue securities upon the face of which a legend, in a form satisfactory to us, references the transfer restrictions imposed by this Agreement.

Pursuant to Section 15.04 of this Agreement, you may not use our Business Entity name, our Proprietary Marks, or any confusingly similar words or symbols in your entity name. In particular, you may not use the words "New Again Houses" or any variant or portion thereof, including "New Again" by itself, as part of your Business Entity name.

9.16 Trade Accounts

You agree to maintain your trade accounts in a current status and to seek to resolve promptly any disputes with trade vendors or suppliers. If you do not maintain your trade accounts in a current fashion,

we may pay any or all of the accounts on your behalf, but we will have no obligation to do so. If we pay any accounts on your behalf, then you agree to immediately repay us as provided in Section 5.05.5 of this Agreement. Your obligation to repay us may be satisfied by offset against any amount due to you from us or any Affiliate.

10. INSURANCE

10.01 Your Required Insurance Coverage

You agree that prior to initiating construction on and/or opening your New Again Houses Franchised Business, you must acquire and thereafter maintain the following minimum amounts and policy forms of insurance from insurance companies acceptable to us. These policy amounts represent the minimum we suggest based upon historical losses within the System. We encourage you to consult with your insurer to determine whether you should maintain policy limits higher than those set forth below.

1 Worker's Compensation Insurance. You must maintain worker's compensation and employer's liability insurance having minimum limits of liability of the greater of \$500,000 or the amounts required by applicable state law.

2 Liability Insurance. You must maintain commercial general liability insurance, including bodily injury, property damage, products liability, and personal and advertising injury coverage, on an occurrence policy form, with a minimum per occurrence and general aggregate limits as follows:

- (1) \$1,000,000 general liability insurance for bodily injury to one individual;
- (2) \$1,000,000 general liability insurance for bodily injury in any one occurrence;
- (3) \$500,000 general liability insurance for property damage;
- (4) \$1,000,000 products liability insurance for bodily injury to one individual with regard to any product liability.
- (5) \$1,000,000 products liability insurance for bodily injury in any one occurrence; and
- (6) \$50,000 products liability insurance for property damage.

3 Automobile Insurance. Each person who drives a vehicle within the course and scope of his or her employment at your New Again Houses Franchised Business must maintain primary automobile insurance on his or her vehicle with a minimum limit of \$100,000. You must maintain an assigned risk/hired and non-owned insurance policy having a minimum limit of \$100,000. We strongly encourage you to maintain policy limits higher than the minimum limits set forth herein.

4 Business Interruption Insurance. You must maintain business interruption insurance having a minimum limit of \$50,000.

5 Construction and Remodeling Insurance. Before commencing any construction, remodeling, or refurbishing, you will cause the general contractor, its sub-contractors, and any other contractor to effect and maintain at the contractors' respective expense, such insurance policies and bonds with such endorsements as we may require in the Operations Manual.

6 Property Insurance. If you lease real property and/or a building from us for the operation of your New Again Houses Franchised Business, and if requested by us, you must keep the leased premises and the fixtures and personalty on it insured with an all risk property insurance policy in an amount sufficient to cover the cost of replacement (without deduction for depreciation). Such

replacement cost shall be determined from time to time at our request, but not more frequently than once in any twelve (12) consecutive calendar months. Replacement cost shall be determined by one of the insurers or, at our option, by an appraiser, architect or contractor who is mutually and reasonably acceptable to you and us, and whom shall be retained and paid by you.

7 Other Provisions. You must name New Again Franchising as an additional insured under the insurance policies specified in this Article 10. Your policies must constitute primary policies of insurance with regard to other insurance, must contain a waiver of subrogation provision in favor of us as it relates to the operation of the New Again Houses Franchised Business, and must provide for at least 30 days' notice to us prior to cancellation, non-renewal, or amendment. Your policies may provide the minimum limits set forth above through a single policy or through the combination of a primary and umbrella policy. We reserve the right to make such periodic changes in minimum policy limits and endorsements as we may determine from time to time.

8 Certificate of Insurance. Prior to opening your New Again Houses Franchised Business, you must furnish us with certificates of insurance evidencing that you have obtained the required insurance in the form and amounts as specified above. In addition, you must deliver evidence of the continuation of the required insurance policies at least 30 days prior to the expiration dates of each existing insurance policy. If you fail to acquire and maintain the required insurance coverage, we will have the right, at your expense, to acquire and administer the required minimum insurance coverage on your behalf. However, we will not have any obligation to assume the premium expense and nothing in this Agreement will constitute a guaranty by us against any losses sustained by you. We may end all of our duties with respect to the administration of any required insurance policies by giving you 10 days' notice.

10.02 Notice of Claims and Demands

You must notify us of all claims or demands against us or any of the other Indemnitees (as defined in Section 9.10) and any claim or demands against you or your New Again Houses Franchised Business for which you do not have insurance or which exceed the limits of coverage provided under any insurance policy within three days of your receiving notice of any such claim or demand. You must respond to all claims within the time required by law, rule, or regulation. In addition, you must provide us with any information we may request about the claim or demand, assert any defenses that we may direct, and otherwise cooperate as we may reasonably request in the defense or prosecution of any claim.

11. ADVERTISING

11.01 Advertising Standards and Submission

"Advertising" means any and all advertising, identification, and promotional materials and programs of any type or nature, including, without limitation, print and broadcast advertisements; direct mail materials; catalogues; brochures; World Wide Web/Internet pages, banner ads or other electronic communications; business cards; stationery; press releases; signs; telephone and voicemail messages; videotape, CD-ROM or other electronic media; and any other material or communication which we denominate as "advertising" in the Operations Manual or otherwise.

We will make available to you Advertising materials which we have approved or designated for use by New Again Houses franchisees. Except for Advertising materials, programs, and campaigns we furnish to you, you must submit to us and receive our approval for all proposed Advertising before use or dissemination. If we do not respond within 30 business days following our documented receipt of your proposed Advertising material, the material will be deemed to be rejected. We reserve the right to disapprove previously-approved or required Advertising materials and you agree to stop using them as soon as you receive our notice of disapproval.

Your Advertising must use the Proprietary Marks and refer to your New Again Houses Franchised Business only in a dignified manner which conforms to the highest ethical and legal standards and is

designed to avoid fraud, deception, misrepresentation, embarrassment, disparagement, and liability of any nature. You agree to conform all Advertising to the standards, specifications, and requirements that we may specify in writing. If you do not cure any breach of this Section 11.01 within three days following the delivery of our notice, we may remove any unauthorized advertising at your expense.

11.02 Initial Advertising

You agree to conduct an initial advertising and opening program as set forth in Section 9.01 of this Agreement. We reserve the right to require you to deposit with us (or into an advertising trust account) the funds required under this Section and Section 9.01 to distribute as may be necessary to conduct the Grand Opening Advertising Program.

11.03 General Advertising

If you wish to use your own advertising and promotional materials, you must submit them to us for approval at least 30 days before the date of their first proposed use. You may not use any advertising or promotional materials that we disapprove or have not approved. You may not create a separate website promoting your New Again Houses franchised business without our prior written approval.

We currently have no advertising council composed of franchisees that advises us on advertising policies. However, we reserve the right to establish such a council in the future.

At present, we do not have any local or regional advertising cooperatives. However, we reserve the right to establish one or more such cooperatives from time to time in the future, and we may modify, terminate, and reform any existing advertising cooperative from time to time in our sole discretion. All company-owned New Again Houses businesses that we operate will participate in any advertising cooperative that we establish on the same basis as our franchised businesses.

There is no fund for local store marketing. Each year you must furnish to us copies of all statements, invoices, and checks issued during the preceding year showing that you have spent the required amounts for local marketing as set forth in Section 5.03.

11.04 Publicity and Promotional Materials

We will have the right to photograph the New Again Houses Franchised Business and the properties it has and is developing and to use the photographs in any of our publicity or advertising programs. You will cooperate in securing the photographs and the consents of any individuals pictured. We also will have the right to place advertising and promotional materials for New Again Houses franchises in your New Again Houses Franchised Business.

11.05 Telephone Book Advertising

You agree to list your New Again Houses Franchised Business in all alphabetic directories ("White Pages") serving your Territory and to advertise your New Again Houses Franchised Business continually in all classified directories ("Yellow Pages") or other paper, electronic, or web-driven databases or advertising media serving your Territory under headings we designate. We may specify the size, style, and content of your Yellow Pages or other telephone book or web-driven database advertising.

11.06 Charitable Donations

You acknowledge and agree that certain associations between you and/or your New Again Houses Franchised Business and/or the Proprietary Marks, and/or the New Again Houses System on the one hand, and certain political, religious, cultural, or other groups, organizations, causes, or activities, on the other – however well-intentioned and/or legal – may create an unwelcome, unfair, or unpopular association with and have an adverse effect upon our reputation, the reputation of the New Again Houses Brand, and the reputation of the Brand's Proprietary Marks. Accordingly, you shall not engage in any activities with or donate any money, products, services, goods, or other times to any charitable, political, or religious organization, group, or activity without our prior written approval, if such action is taken or is perceived by

the public to be taken in the name of, in connection with, or in association with, you, us, your New Again Houses Franchised Business, the New Again Houses Brand, the New Again Houses System, and New Again Houses Proprietary Marks.

11.07 Participation in Promotions

Upon written notice, we may require you to participate in mandatory promotions that we may develop and implement from time to time to the extent permitted by then applicable law. If we require you to participate in a promotion, any money spent on advertising products or services approved by us and associated with the promotion shall count towards any minimum amount required for advertising pursuant to Section 11.03, above.

12. RECORDS, AUDITS, AND REPORTING REQUIREMENTS

12.01 Financial Statements

12.01.1 At our option, exercised by giving you written or electronic notice no later than 30 days following the end of each calendar quarter during the term of this Agreement, you agree to furnish to us within 30 days of notice, in a form we approve, a statement of your New Again Houses Franchised Business' profit and loss for the quarter and a balance sheet as of the end of the quarter. You must certify these statements to be true and correct.

12.01.2 At our option, exercised by giving you written or electronic notice no later than 90 days following the end of each of your fiscal years during the Term, you agree to furnish to us within 60 days of receipt of notice, in a form we approve, your New Again Houses Franchised Business' profit and loss statement for the fiscal year, an income statement for the fiscal year, and a balance sheet as of the end of the fiscal year, prepared on a compilation basis and certified to be true and correct by you. We reserve the right to require these annual financial statements to be audited by an independent certified public accountant.

12.01.3 The financial statements required above must be prepared under United States generally accepted accounting principles ("GAAP"), including all disclosures required under those principles.

12.01.4 At our option, exercised by giving you written or electronic notice no later than 30 days following your filing of the annual tax returns of your New Again Houses Franchised Business, you agree to furnish to us within 30 days of receipt of notice exact copies of the tax returns, including federal, state, and local income tax returns, and all state sales tax returns, together with a certificate signed by your chief executive, financial, or accounting officer that all FICA, Medicare, and unemployment payments, taxes, and fees required to be paid by you to any governmental agency or entity have been paid.

12.01.5 You authorize us to incorporate into our franchise disclosure document and franchise recruitment literature information about your New Again Houses Franchised Business derived from the financial statements and other of your reports.

12.02 Financial Records and Audit

12.02.1 You agree to record all financial transactions of your New Again Houses Franchised Business in compliance with GAAP, accurately, and in a timely manner, modified in the manner we specify in the Operations Manual. You agree to keep and preserve adequate and accurate books, records, and tax returns (including related supporting material such as cash receipts and credit and charge records) for your New Again Houses Franchised Business for at least seven years.

12.02.2 We or our agents (who may be outside accountants and auditors), designees, and/or employees will have the right, at any time, with or without written notice, during normal business hours, to enter your New Again Houses Franchised Business and any other premises from which your New Again Houses Franchised Business is conducted or where records of your New Again Houses Franchised Business are maintained to inspect, audit, and make copies of all records. You agree to make these materials available for examination.

Pursuant to Section 9.11 of this Agreement, if we cause an audit to be made for any period and the audit reveals that you understated the Gross Sales in any report or statement submitted to us by any amount, then you agree to immediately pay us the additional amount payable as shown by the audit, plus interest calculated as provided in Subsection 5.05.4. If an audit reveals that you understated the Gross Sales in any report or statement submitted to us by 2% or more when compared to your actual Gross Sales, then in addition to paying the additional amounts due and interest calculated as provided in subsection 5.05.4, you agree to immediately pay us the full cost of the audit for the entire period of examination. The recovery of the audit cost shall not be our exclusive remedy for such understatement. If any audit reveals that you understated any the Gross Sales in any report or statement submitted to us by any amount, you must file an amended tax return with any applicable state or federal agency, and you must furnish to us copies of any such amended tax returns for purposes of proving to us your submission of the amended return and payment of any and all owed taxes.

13. CONFIDENTIAL INFORMATION AND COVENANTS NOT TO COMPETE

13.01 Restriction on Use of Confidential Information

You acknowledge you have no interest whatsoever in the New Again Houses System except as set forth in this Agreement (and any other agreements with us). You acknowledge that the Franchised System constitutes our proprietary information and trade secrets and that the use or duplication of the New Again Houses System other than in accordance with an effective agreement with us will constitute an unfair method of competition. You must use and permit the use of our Confidential Information solely in connection with the operation of your New Again Houses Franchised Business. You may only use and divulge Confidential Information to those of your officers, directors, shareholders, sales personnel, employees, management personnel, agents, or independent contractors who need access to it in order for you to operate your New Again Houses Franchised Business, provided that you have taken all necessary precautions to ensure that these individuals retain the Confidential Information in confidence and comply with the restrictions of this Section 13.01. You may never copy, reproduce, divulge, or use any Confidential Information for the benefit of any other person, Business Entity, or other entity, nor may you directly or indirectly permit the disclosure of, imitate, or aid any such third party to imitate any of the Confidential Information. You will adopt and implement all procedures prescribed by us from time to time to prevent the unauthorized use or disclosure of the Franchised System, including (without limitation) restrictions on disclosure of the New Again Houses System to the employees of your New Again Houses Franchised Business and the use of non-disclosure and non-competition agreements with all persons or Business Entities who have access to the Franchised System.

As used in this Agreement "Business Entity" means a corporation, limited liability company, partnership, trust, or other legally recognized entity.

"Confidential Information" is defined as information, knowledge, trade secrets, standards and specifications, or know-how relating to the New Again Houses System or concerning our or your systems of operation, services, products, programs, customers, materials, books, records, Operations Manuals, computer files or databases, software, and practices to the extent that the information is not generally known to the public or within our industry. Confidential Information includes (without limitation) all information which we, our Affiliates, or our or their officers, contractors, employees, and/or designees designate as confidential. Confidential Information will not include information which you can demonstrate came to your attention before we disclosed it to you (unless illegally or improperly procured by you before our disclosure) or which, at or after the time of disclosure, becomes part of the public domain through no act of yours.

13.02 Covenants Not to Compete

You acknowledge that you will receive valuable, specialized training and confidential information, including without limitation, information regarding the development, operational, sales, promotional, and marketing methods and techniques of the New Again Houses System. During the Term and any Renewal

Term(s) of this Agreement, and for two years immediately following the expiration or termination of this Agreement for any reason, you will not, either directly or indirectly, engage in any other business which offers or sells services or products offered or sold by New Again Houses; which offers or sells related services or products to those offered or sold by New Again Houses; which engages in any of the activities which this Agreement contemplates that you will engage in; or which offers or sells any other service, product, or component which now or in the future is part of the New Again Houses System or any confusingly similar service or product (a “Competitive Business”).

During the Term and any Renewal Term(s) of this Agreement, you are prohibited from directly or indirectly engaging in any Competitive Business as a proprietor, partner, investor, shareholder, director, member, officer, manager, employee, principal, agent, adviser, or consultant. In addition, you agree not to divert any business that should be handled by your New Again Houses Franchised Business to any other person or entity.

For two years immediately following the expiration or termination of this Agreement for any reason, you are prohibited from directly or indirectly engaging in any Competitive Business as a proprietor, partner, investor, shareholder, director, member, officer, manager, employee, principal, agent, adviser, or consultant, if the other business is located within your Territory or within 50 miles of the perimeter of your Territory. We may reduce the duration and/or geographic scope of this provision by notice to you in order to have it conform to applicable law.

You will not employ or seek to employ any individual who, at the time, currently works or worked during the past three months for any of our other licensees or franchisees or for us, except with the consent of the affected licensee or franchisee or with our consent (as applicable). We will not employ or seek to employ any individual who, at the time, currently works or worked during the past three months for you, except with your consent.

The parties intend that these covenants will prohibit direct competition and all forms of indirect competition, such as consultation for Competitive Businesses, service as an independent contractor for Competitive Businesses, or the provision of any assistance or transmission of information of any kind which would be of any material assistance to a competitor. Nothing in this Section will prevent you from owning for investment purposes no more than an aggregate of 5% of the capital stock of any Competitive Business you do not control and whose stock is listed on the New York Stock Exchange, the American Stock Exchange, or the National Association of Securities Dealers Automated Quotation System. The parties intend that any person or entity with any legal or beneficial interest in or traceable to or through you also be bound by this covenant to avoid indirect circumvention.

You agree to obtain the execution of our Confidentiality and Non-Competition Agreement in the form of Exhibit D from the following persons and to cause them to refrain from the competitive activities described above: (a) before employment or any promotion, your Manager, any personnel you employ who have received or will receive training from us, all of your other managerial employees, and any other persons to whom you grant access to Confidential Information; and (b) if you are a Business Entity, all your officers, directors, equity holders, members, and those of any Business Entity directly or indirectly controlling you, at the same time as the execution of this Agreement (or at such later time as they assume such status). You must furnish us with copies of all signed Confidentiality and Non-Competition Agreements no later than 10 days following their execution.

You agree to pursue to the fullest extent permitted by law breaches of any Confidentiality and Non-Competition Agreement executed pursuant to this Section 13.02, and you acknowledge our own right, to be exercised in our sole business judgment, to enforce the terms of each executed Confidentiality and Non-Competition Agreement.

13.03 Enforcement of Confidentiality Provisions and Covenants Not To Compete

You acknowledge that your violation of the confidentiality provisions and covenants not to compete in this Agreement would result in immediate and irreparable injury to us for which no adequate remedy at

law will be available. You therefore consent to the entry of an injunction prohibiting any conduct by you in violation of the terms of these confidentiality provisions and covenants not to compete, without the necessity of our posting any bond or security. You agree that it may conclusively be presumed that any violation of the terms of the covenants not to compete was accomplished by and through your unlawful use of our Confidential Information, know-how, methods, and procedures. You also agree that any claims you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the confidentiality provisions and covenants not to compete set forth in this Agreement. You agree to pay all costs and expenses, including reasonable attorneys' and experts' fees, that we incur in connection with the enforcement of the confidentiality provisions and covenants not to compete set forth in this Agreement.

13.04 Lesser Included Covenants Enforceable At Law

If all or any portion of the confidentiality provisions or covenants not to compete set forth in this Article 13 are held unreasonable, void, vague, ambiguous, or illegal by any court or agency with competent jurisdiction over the parties and subject matter, the court or agency will be empowered to revise and/or construe the covenants to fall within permissible legal limits, and should not by necessity invalidate the entire covenants. You agree to be bound by any lesser covenant subsumed within the terms of this Article 13 as if the resulting covenants were separately stated in and made a part of this Agreement.

14. ASSIGNMENT

14.01 Assignment By Us

We will have the unfettered right to transfer, assign, or pledge this Agreement, in whole or in part, and all of our rights and privileges under this Agreement, to any Person or Business Entity, provided that, if the assignment results in the performance by the assignee of our functions under this Agreement the assignee must be capable of performing our obligations under this Agreement and must expressly assume and agree to perform these obligations.

You acknowledge that we, our Affiliates and our equity owners have the unfettered right to sell or engage in any transactions such as a sale, merger, consolidation, amalgamation, reorganization, financing, or restructuring of our company, our assets, our Proprietary Marks, and/or our System with or to a third party. We and our Affiliates have the right to purchase, merge, acquire, be acquired by, or affiliate with an existing competitive or non-competitive franchise network, chain, or any other business regardless of the location of that network, chain, or business' facilities, and to operate, franchise, or license those businesses and/or locations as real estate development companies operating under the Proprietary Marks or any other marks following the transaction, regardless of the location of these facilities, which may be within the Territory and near your Unit Location. You waive all claims, demands, or damages arising from or related to the foregoing assignment, sale, purchase, merger, acquisition, affiliation, and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, breach of contract, or breach of the implied covenant of good faith and fair dealing.

14.02 Assignment By You – General

Your rights and obligations under this Agreement are personal because we have entered into this Agreement in reliance on and in consideration of your singular personal trust, confidentiality, skill, and qualifications (or, if you are an entity, the personal trust, confidentiality, skill, and qualifications of your owners). Therefore, except as provided below, neither your interest in this Agreement nor your rights, privileges, or obligations under this Agreement, nor any interest in your New Again Houses Franchised Business or a Business Entity Franchisee (including any capital stock, membership, partnership, or proprietary interest of you or anyone who controls you), may be assigned, sold, transferred, shared, reconsidered, sublicensed or divided, voluntarily or involuntarily, directly or indirectly, in one or a series of related transactions, by operation of law or otherwise (each, an "Assignment"), without first obtaining our written consent and, where applicable, complying with our right of first refusal, each as provided in this Article 14. Any assignment in violation of this Article 14 will be null, void, and of no effect.

14.03 Assignment By You – To A Business Entity You Form

We will not unreasonably withhold or delay our consent to your assignment to a Business Entity that you form solely for convenience if all the following conditions are met:

1. The Business Entity is newly formed and each requirement in Sections 19.17 and 19.19 has been satisfied.
2. Each individual involved in the new entity has the same proportionate ownership interest in the new entity as he or she had in the New Again Houses Franchised Business before the assignment.
3. You and the new entity sign an agreement with us under which you and the new entity are jointly and severally liable for all the obligations under this Agreement and are bound by all the terms, conditions, and covenants of this Agreement.
4. Each present and future equity holder in the new entity signs our Confidentiality and Non-Competition Agreement in the form of Exhibit D to this Agreement.

Any assignment pursuant to this Section 14.03 will not be subject to our rights of first refusal under Section 14.06 below and will not require payment of a transfer fee.

14.04 Assignment By You – Sale To Third Party

If we do not exercise our right of first refusal under Section 14.06, we will not unreasonably withhold or delay our consent to the assignment to a third party, but you acknowledge that it will not be unreasonable for us to condition our consent on, among other requirements, the following conditions:

1. That the proposed assignee applies to us for acceptance as a franchisee and furnishes to us the information and references that we request.
2. That the assignee (or the principal officers, shareholders, or directors of a corporate assignee, or if any other entity, the principals of the assignee entity) demonstrates that he/she has the skills, qualifications, ethics, moral values, and economic resources necessary, in our reasonable judgment, to operate the New Again Houses Franchised Business and to fulfill his obligations to the assignor.
3. That the proposed assignee (if an individual) and his/her or its proposed Manager attend and successfully complete our Initial Training Program before the assignment as well any other training that we reasonably require, at the assignee's expense.
4. That the landlord of your New Again Houses Franchised Business location consents in writing to the assignment of your lease to the proposed assignee.
5. That you, the assignor, pay us a transfer fee of ten thousand dollars (\$10,000).
6. That as of the date of the assignment, you, the assignor, has cured any existing defaults under this Agreement and any other agreement or arrangement with us or our Affiliates, and has fully satisfied all of your accrued monetary and other obligations to us and our Affiliates under this Agreement and any other agreement or arrangement with us or our Affiliates.
7. The assignee signs a separate Franchise Agreement in the form and on the terms and conditions we then offer to prospective franchisees. This Franchise Agreement will have an initial term equal to the balance of the term of this Agreement and there will be no obligation to pay us an Initial Franchise Fee.
8. That you, the assignor, and all equity holders of a Business Entity assignor sign a general release in our favor.

9. That the owners of 5% or more of the equity of the proposed assignee and any other persons required to do so under Section 19.15 and/or Section 13.02 sign a Guaranty Agreement in the form of Exhibit E and the Confidentiality and Non-Competition Agreements in the form of Exhibit D.
10. That you, the assignor, furnish us with a copy of any proposed contract related to the assignment of the franchise and the purchase and sale of the New Again Houses Franchised Business, we approve the proposed contract, and we receive an executed copy of it and any related agreements.
11. That you remain liable for all the obligations to us arising out of or related to this Agreement before the effective date of the assignment, including all guarantees and post termination and post-expiration provisions of this Agreement (including the covenant not to compete), and that you, the assignor, sign all instruments reasonably requested by us to evidence this liability.

If we consent to the assignment of your New Again Houses Franchised Business or this Agreement, we will also consent to the assignment of your lease. If your New Again Houses Franchised Business or this Agreement is assigned, you also agree to assign the lease of your New Again Houses Franchised Business location and, at our request, all related agreements between you and us (or our Affiliates) to the same assignee.

14.05 Assignment By You – Transfer Upon Death or Disability

Upon your death or long-term disability (if you are an individual) or the death or disability of any “Key Principals” if you are a Business Entity, that person's rights will pass to his or her estate, heirs, legatees, guardians, or representatives, as appropriate (collectively, the "Estate"). "Key Principals" means a 25% shareholder, member, partner, or proprietor of the Franchisee as of the Effective Date.

The Estate may continue the operation of your New Again Houses Franchised Business if: (a) the Estate provides a competent and qualified individual reasonably acceptable to us to serve as Manager and operate your New Again Houses Franchised Business on a full-time basis; (b) that individual attends and successfully completes our next offered Initial Training Program at the Estate's expense; and, (c) that individual assumes full-time operation of your New Again Houses Franchised Business as Manager within three months after the date the person dies or becomes disabled. In the alternative, the Estate may sell the New Again Houses Franchised Business within six months after the death or long-term disability under Section 14.04, subject to our right of first refusal under Section 14.06. Failure to comply with one of these alternatives will be a material breach of this Agreement which, unless cured by the Estate as provided in Section 16.03, will result in this Agreement being terminated immediately.

14.06 Right of First Refusal

Your rights or your Estate's rights to transfer or assign any interest in this Agreement, your New Again Houses Franchised Business, or your Business Entity to a third party will be subject to our right of first refusal. We will exercise our right of first refusal in the following manner:

1. You must deliver to us a true and complete copy of the proposed transferee's offer including all of the material terms thereof (the "Notice") and furnish to us any additional information concerning the proposed transaction and the proposed transferee that we reasonably request.
2. Within 30 days after our receipt of the Notice (or, if we request additional information, within 30 days after receipt of the additional information), we will have the right either to consent or withhold consent to the assignment, under this Article, or to accept the assignment to ourselves or to our nominee, on the terms and conditions specified in the Notice. However, we will be entitled to all of the customary representations and warranties given by the seller of assets of a business, including (without limitation) representations and warranties as to ownership, condition of and title to assets, accuracy of financial statements and accounting records, liens and encumbrances on the assets, validity of contracts and

agreements, and your contingent and other liabilities affecting the assets.

3. If a partial assignment is proposed through the assignment of more than 25% of the ownership interests of a Business Entity Franchisee to other than the Key Principals of the Franchisee, then we will have the right and option to purchase the entire Business Entity so that our resulting ownership will represent 100% of the equity of the Business Entity Franchisee. The price of the Business Entity will be proportionate to the price of the interests initially being offered.

4. Our credit will be considered at least equal to the credit of any proposed purchaser. We may substitute cash for the fair market value of any other form of payment proposed in the offer.

5. If we give notice of exercise of our right of first refusal, we will be given at least 60 days to prepare for closing. You agree to take all action necessary to assign your lease to us and to obtain the Landlord's consent if necessary.

If we do not exercise our right of first refusal and we consent to the proposed assignment, then you will, subject to this Article, be free to transfer or assign this Agreement and sell your New Again Houses Franchised Business and/or Business Entity to your proposed assignee for a period of 120 days from the date of our notice and on any other terms and conditions specified as long as you satisfy the conditions of Section 14.04. If, however, the terms are changed, the changed terms will be considered a new offer, and we will have a right of first refusal with respect to this new offer. Our election not to exercise our right of first refusal with regard to any offer will not affect our right of first refusal with regard to any later or modified offer. If we do not exercise our right of first refusal, this will not, by itself, constitute approval of the proposed assignee or the assignment.

14.07 No Encumbrance

You will have no right to pledge, encumber, mortgage, hypothecate, or otherwise give any third party a security interest in this Agreement, your New Again Houses Franchised Business, your Unit Location, or your Business Entity in any manner without our advance written permission, which we may withhold for any reason or no reason at our sole discretion.

15. PROPRIETARY MARKS

15.01 Ownership of Proprietary Marks

Nothing in this Agreement will give you any right, title, or interest in or to any of our (or our Affiliates') Proprietary Marks except as a mere privilege and license to display and use the Proprietary Marks according to the limitations set forth in and during the Terms of this Agreement. You acknowledge that we (or our Affiliates) own the Proprietary Marks and that your limited license to use the Proprietary Marks granted by this Agreement applies only to the Proprietary Marks listed in Exhibit A (if we do not subsequently designate them as being withdrawn from use), together with those which we may later designate in writing. You further acknowledge that you will not represent that you have acquired or assert any claim to any ownership, goodwill, reputation, or equitable rights of our Proprietary Marks by virtue of the limited license granted under this Agreement or by virtue of your use of any of the Proprietary Marks or otherwise. All of your uses of the Proprietary Marks and any goodwill generated by them, whether as a trademark, service mark, trade name, or trade style, will inure solely to our benefit. Following the expiration or termination of this Agreement, no monetary amount will be attributable to any goodwill associated with your use of the Proprietary Marks or the operation of your Franchised, Business, including any "local goodwill".

You acknowledge that our rights in the Proprietary Marks are not limited to their specific presentation or configuration but rather extend to all combinations, displays, and designs used with the words and extend to all translations in any language. Further, you acknowledge that our rights in and to the Proprietary Marks are not limited to rights that may be conferred by registrations or by applications for registrations and include extensive common law and other rights vested in us as a result of their use by us and other authorized parties.

15.02 Acts in Derogation of the Proprietary Marks

During and after the Term, you covenant with us that you will not, directly or indirectly, (a) do or permit any act to be done in derogation of any of our rights or the rights of our Affiliates in connection with the Proprietary Marks; (b) apply for or obtain any trademark or service mark registration in your own name of any of the Proprietary Marks or any confusingly similar marks; (c) impair the goodwill associated with the Proprietary Marks; or (d) dispute or impugn the validity of the Proprietary Marks, our rights (or those of our Affiliates) to the Proprietary Marks, or our rights to use the Proprietary Marks or those of our Affiliates, other New Again Houses franchisees, or other third parties to whom we may have licensed the Proprietary Marks.

15.03 Use and Display of Proprietary Marks

You may use the Proprietary Marks only in the operation and advertising of your New Again Houses Franchised Business. You must use the Proprietary Marks as specifically permitted under this Agreement and in full compliance with rules we prescribe from time to time in our Operations Manual or otherwise. You may not use any names, marks, or logotypes other than the Proprietary Marks in connection with your New Again Houses Franchised Business without our advance written approval. You may not use the Proprietary Marks in any way which will incur any obligation on our behalf. You agree to comply with our instructions by filing and maintaining all requisite trade name or fictitious name registrations, and by executing any documents we may consider necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

15.04 Business Entity Name

If you are a Business Entity, you may not use our Business Entity name, our Proprietary Marks, or any confusingly similar words or symbols in your entity name. In particular, you may not use the words "New Again Houses" or any variant or portion thereof, including "New Again" by itself, as part of your Business Entity name.

15.05 Required Means of Brand Identification

You must operate your Franchised Business under the "New Again Houses[®]" trade name.

15.06 Our Defense of Proprietary Marks

If you receive notice or are informed or learn of any claim, suit, or demand against you on account of any alleged infringement, unfair competition, or similar matter relating to the use of the Proprietary Marks, including, without limitation, any of our copyrights and other intellectual property identified in the Operations Manual (each, a "Claim"), you agree to promptly notify us. We will then promptly take any action we may consider necessary to protect and defend you against the Claim and indemnify you against any loss, cost, or expense incurred in connection with the Claim, so long as and to the extent that the Claim is based solely on any alleged infringement, unfair competition, or similar matter relating to the use of the Proprietary Marks or copyrights. You may not settle or compromise the Claim by a third party without our advance written consent. We will have the right to defend, compromise, and settle the Claim at our sole cost and expense, using our own counsel. You agree to cooperate fully with us in connection with the defense of the Claim. You grant irrevocable authority to us, and appoint us as your attorney in fact, to defend and/or settle all Claims of this type. You may participate at your own expense in the defense or settlement, but our decisions with regard to the settlement will be final. We will have no obligation to defend or indemnify you pursuant to this Section 15.06 if the Claim arises out of or relates to your use of any of the Proprietary Marks and/or our copyrights in violation of the terms of this Agreement.

15.07 Prosecution of Infringers

If you receive notice or otherwise become aware that any third party which you believe is not authorized to use the Proprietary Marks is using the Proprietary Marks or any variant of the Proprietary Marks, you must notify us immediately. You will have no right to make any demand or to prosecute any infringement claim against any alleged infringer of our Proprietary Marks.

15.08 Discontinuance or Substitution of Proprietary Marks

We will have the right to modify or discontinue the use of any Proprietary Mark and/or to adopt or use one or more additional or substitute Proprietary Marks, and, if we do so, you agree to comply with our instructions. Our only obligation if this happens will be to reimburse you for your documented expenses of compliance, such as changing signs, stationery, etc. You waive any other claim arising from or relating to any Proprietary Mark change, modification, or substitution. We will not be liable to you for any expenses, losses, or damages sustained by you as a result of any Proprietary Mark addition, modification, substitution, or discontinuation except as provided above in this Section. You covenant not to commence or join in any litigation or other proceeding against us for any of these expenses, losses, or damages.

15.09 Injunction

You explicitly affirm and recognize the unique value and secondary meaning attached to the New Again Houses Brand, the Proprietary Marks, and the System. Accordingly, you acknowledge that your unauthorized or improper use of the New Again Houses Brand Proprietary Marks or the System will cause irreparable damage to us and other New Again Houses franchisees, and that during or after the Term of this Agreement, we will be entitled to, and you consent to the entry of, both temporary and permanent injunctive relief against you from any court of competent jurisdiction, without the necessity of our posting any bond or security, in addition to all other remedies which we may have at law.

16. DEFAULT AND TERMINATION

16.01 Termination By Us – Automatic Termination Without Notice

You will be in default of this Agreement, and all rights granted to you will automatically terminate and revert to us without notice to you upon the occurrence of any of the following events:

1. You, your Business Entity, or any individual or entity that directly or indirectly controls you (a "Control Person") is adjudicated as bankrupt or insolvent.
2. All or a substantial part of the assets thereof are assigned to or for the benefit of any creditor.
3. A petition in bankruptcy seeking your reorganization is filed by or against you, your Business Entity, or any Control Person and is not immediately contested and dismissed within 60 days from filing.
4. A bill in equity or other proceeding for the appointment of a receiver or other custodian of you, your Business Entity, or any Control Person or assets of any of them is filed and consented to by you.
5. A receiver or other custodian (permanent or temporary) of all or part of your assets or property is appointed by any court of competent jurisdiction.
6. Proceedings for a composition with creditors under any state or federal law are instituted by or against you, your Business Entity, or any Control Person.
7. Your Business Entity is dissolved.
8. Execution is levied against you, your Business Entity, or any Control Person or your or their property.
9. The real or personal property of your Business Entity is sold after levy thereon by any governmental body or agency.

16.02 Termination By Us Upon Notice – No Opportunity To Cure

You will have materially breached this Agreement, and we will have the right to terminate this Agreement and all rights granted under this Agreement, without giving you any opportunity to cure the breach, effective immediately upon your receipt of notice (which, whether sent by certified mail, registered

mail, overnight courier, or personal physical delivery, will be deemed to have been received by you upon delivery or first attempted delivery of the notice to you) upon the occurrence of any of the following events:

1. You do not commence operation of your New Again Houses Franchised Business within 60 days of the deadline for completing the construction or remodeling of your New Again Houses Franchised Business as set forth in Section 9.01 of this Agreement or you cease to operate or abandon your Business for three consecutive days.
2. You omitted or misrepresented any material fact in the information that you furnished to us for our decision to enter into this Agreement.
3. We and you agree in writing to terminate the Franchise Agreement.
4. You do not secure a Unit Location within the time limits and following the procedures specified in Article 7 of this Agreement.
5. You lose the right to possession of your Unit Location, provided, however, that if the loss of possession results from an event described in Section 18.01, then you will have 30 days after the event to apply for our approval to relocate and reconstruct the premises under Article 7 of this Agreement. We will not unreasonably withhold approval, but it will be reasonable for us to withhold approval if your New Again Houses Franchised Business will not re-open within 90 days of the closing of the previous Unit Location.
6. You (or any Control Person) are convicted of a felony, fraud, crime involving moral turpitude, or any other crime or offense which we reasonably believe is related to your operation of your New Again Houses Franchised Business or is likely to have an adverse effect on the New Again Houses Brand, the System, the Proprietary Marks, the goodwill associated with the Proprietary Marks, or our interest in the System or Proprietary Marks.
7. A threat or danger to public health or safety results from the construction, maintenance, or operation of your New Again Houses Franchised Business.
8. You (or any principal of your Business Entity) fail to comply with the restrictions on assignment under Article 14.
9. You violate the covenant not to compete during the Term of this Franchise Agreement, violate the restrictions pertaining to the use of Confidential Information contained in this Agreement, or do not obtain the execution of the additional covenants required in Section 13.02 of this Agreement.
10. Before the opening of your New Again Houses Franchised Business, we determine that you (if an individual) and/or your Manager has failed to attend or successfully complete our Initial Training Program.
11. You conceal Gross Sales, knowingly maintain false books or records, falsify information or otherwise defraud or make false representations to us, or knowingly submit any substantially false report to us.
12. You do not maintain the financial records required by Section 12.02.
13. We cause an audit to be made for any period and the Gross Sales as shown by your statements submitted to us are found to be understated by 8% or more for any period of examination or for the entire period of examination.
14. You refuse us permission to inspect or to conduct an audit of your New Again Houses Franchised Business, Business Entity, books, records, or other documents pursuant to our right to do so set forth in Sections 9.11 and 12.02.

15. You do not cure any default under this Agreement which materially impairs the goodwill associated with our Proprietary Marks following delivery of written notice to cure at least 72 hours in advance.
16. You do not cure any failure to comply with any governmental authority or with any federal, state, or local law or regulation applicable to the operation of your New Again Houses Franchised Business within the time period required by law following notification of the violation or directing action from any governmental authority.
17. After curing a default pursuant to Section 16.03, you commit the same act of default again within six months.
18. You offer or sell as part of your New Again Houses Franchised Business any unapproved products, services, or programs, or do not continue offering and selling all products, services, and programs required under the New Again Houses System Standards, Operations Manual, or otherwise without requesting and securing a regional preference waiver as required pursuant to Section 9.07.1
19. You use or duplicate any aspect of the System, services, programs, or products in an unauthorized fashion.
20. You do not maintain at all times adequate reserves and working capital in the form of cash deposits, marketable securities, and/or lines of credit as required by Section 9.14.
21. You do not keep your trade accounts current or make the immediate repayment(s) to us for any amounts advanced by us on your behalf, as required by Section 9.15.
22. You do not purchase or maintain the insurance required by this Agreement.
23. You breach Section 11.01 relating to Advertising standards and do not cure this breach within three days following our written notice to you of the breach.
24. You commit a breach which, by its nature, you cannot cure or with regard to which you notify us that you do not intend to cure.

In addition to the right to terminate this Agreement, we will have the right to any other remedy available to us under the law, including (without limitation) equitable relief.

16.03 Termination by Us – 30 Days to Cure

Except as specifically provided elsewhere in this Agreement, we may terminate this Agreement if you fail to cure any monetary default after at least five business days' notice of the monetary default. We may terminate this Agreement if you fail to cure any non-monetary default after at least 30 days notice of the non-monetary default. A monetary default means your failure to make any payments as and when due to us or our Affiliates, including any rent or other payments due under a lease agreement or other agreement. A non-monetary default means any default in the performance of any of your obligations under this Agreement or any other agreement with us or our Affiliates, other than the failure to make any payments as and when due to us or our Affiliates and other than those defaults set forth in Section 16.01 and 16.02 of this Agreement. If you do not remedy a curable default within 30 days after notice of a non-monetary default or within five business days after notice of a monetary default, we may terminate your Franchise Agreement. In addition to the right to terminate this Agreement, we will have the right to any other remedy available to us under the law, including (without limitation) equitable relief.

16.04 Cross Default

Any default or breach by you (or any of your affiliates) of any other agreement between us or our Affiliates and you (or any of your affiliates) will be deemed a default under this Agreement, and any default or breach of this Agreement by you will be deemed a default or breach under any and all other agreements between

us or our Affiliates and you (or any of your affiliates). If the nature of the default under any other agreement would have permitted us (or our Affiliate) to terminate this Agreement if the default had occurred under this Agreement, then we will have the right to terminate all the other agreements between us or our Affiliates and you (or any of your affiliates) in the same manner provided for in this Agreement for termination of this Agreement. Your “affiliates” include any persons or entities controlling, controlled by, or under common control with you.

16.05 Our Right to Cure your Defaults

In addition to all other remedies granted pursuant to this Agreement, if you default in the performance of any of your obligations or breach any term or condition of this Agreement or any related agreement, then we may, at our election, immediately or at any time thereafter, without waiving any claim for breach under this Agreement and without notice to you, cure the default on your behalf. Our cost of curing the default and all related expenses will be due and payable by you on demand.

16.06 Termination by You – 60 Days to Cure

You may terminate this Agreement only if we substantially fail to perform any of our material obligations to you under this Agreement after at least 60 days’ notice to us of the failure and we fail to perform such material obligation within that 60 days. You may also terminate this Agreement if you fail to meet the minimum Royalty Fee as set forth in this Agreement and in your Franchise Disclosure Document, and you do not wish to pay the minimum Royalty Fee out of pocket.

16.07 Notice Required By Law

If any valid, applicable law or regulation of a governmental authority with jurisdiction over this Agreement or the parties to this Agreement limits our rights of termination or requires longer notice or cure periods than those set forth above, then this Agreement will be considered modified to conform to such longer period of notice and the right to cure accordingly. We will not, however, be precluded from contesting the validity, enforceability, or application of the laws or regulations in any action, proceeding, hearing, or dispute relating to this Agreement or the termination of this Agreement.

17. OTHER OBLIGATIONS AND RIGHTS ON TERMINATION OR EXPIRATION

17.01 Other Obligations and Rights on Termination or Expiration

If this Agreement expires or terminates for any reason or is assigned by you, you will cease to be an authorized New Again Houses franchisee and you will lose all rights to the use of our Proprietary Marks, the System, all Confidential Information and know-how we license to you, and any goodwill (including “local goodwill”) engendered by the use of our Proprietary Marks and/or attributed to your operation of the New Again Houses Franchised Business.

Upon expiration or termination of this Agreement for whatever reason, you agree to:

1. Pay all royalties, fees, and other sums that you owe us, our Affiliates, or third parties.
2. Discontinue using the Proprietary Marks and the Confidential Information, and cease doing business under any name or in any manner which might give the general public the impression that you are or were at one time connected to the System. You must not identify yourself to third parties as a former franchisee of New Again Houses.
3. Take all necessary action to cancel any assumed name or equivalent registration which contains any portion or the entire name “New Again Houses”, any other Proprietary Mark of ours, or any variant, within 15 days following termination or expiration of this Agreement. If you fail to do so within 15 days following the date of termination, we may, in your name, on your behalf, and at your expense, sign all documents necessary to cause discontinuance of your use of the name “New Again Houses” and any other Proprietary

Mark or any variant. You irrevocably appoint us as your attorney-in-fact to do so. You also agree to reimburse us for all of our costs and expenses, including without limitation administrative overhead and employee salaries, that we may incur in acting as your attorney-in-fact to perform such acts.

4. Deliver to us all Confidential Information; the Operations Manual; training and other Operations Manuals furnished to you; instructions; display items; advertising and promotional materials; warranty information and records; customer lists; all materials, signs, and items which bear our Proprietary Marks, slogans, or insignias; forms and other materials or property of ours; and any copies of them in your possession which relate to the New Again Houses System. You agree that the above items will be considered to be our property for all purposes.
5. Immediately sign all agreements necessary to effectuate the termination.
6. If we terminate because of your default or you terminate through failure to make payment following notice to cure pursuant to Section 16.03, you agree to pay us all losses and expenses we incur as a result of the default or termination, including all damages, costs, expenses, and reasonable attorneys' and experts' fees directly or indirectly related to the termination, such as (without limitation) lost profits, lost opportunities, damage to our Proprietary Marks or reputation, travel and personnel costs, and the cost of securing a new franchise for the Territory. This obligation will give rise to and remain, until paid in full, a lien in our favor against all of the assets, property, furnishings, equipment, signs, fixtures, and inventory owned by you, your New Again Houses Franchised Business, and your Business Entity at the time of termination and against any of your money which we are holding or which is otherwise in our possession.
7. Immediately deliver to us all computer software and electronic records; customer lists; paper records and files; documents; instructions; display items; advertising and promotional materials; any and all materials, signs, and related items which bear our Proprietary Marks, slogans, insignias, or designs; advertising contracts; forms and other materials or property of ours; and any copies of them in your possession which relate to the operation of your New Again Houses Franchised Business.
8. Notify the Yellow and White Pages and any telephone directories that your phone numbers and advertising should no longer be under the New Again Houses name or under any of our Proprietary Marks or other confusingly similar names or marks. If you do not promptly direct the telephone company to do so, you irrevocably appoint us as your attorney-in-fact to direct the telephone company to transfer all telephone numbers listed for your New Again Houses Franchised Business to us or to any other party as we direct. You also agree to reimburse us for all of our costs and expenses, including without limitation administrative overhead and employee salaries, that we may incur in acting as your attorney-in-fact to perform such acts.
9. At our option, assign to us any interest which you have in the lease, sublease, right of entry, or easement for the New Again Houses Franchised Business Location and vacate the New Again Houses Franchised Business Location promptly and completely, rendering all necessary assistance to us to enable us to take prompt possession.
10. Within 15 days from the date of termination or expiration of this Agreement, arrange with us for us to take an inventory, at our cost, of all of your personal property, fixtures, equipment, inventory, and supplies and those of the New Again Houses Franchised Business. We will have the option, to be exercised within 30 days after termination or expiration of this Agreement, to purchase from you any or all of these items at fair market value, meaning depreciated book value or actual fair market value, whichever is less. If

you and we cannot agree on a fair market value within a reasonable time, we will designate an independent appraiser, whose determination will be binding. We and you will each pay 50% of the fee charged by the independent appraiser. If we elect to exercise any right and option to purchase provided in this subparagraph, we will have the right to set off all amounts due from you under this Agreement, and the cost of the appraisal, if any, against any payments for the assets. Our option under this paragraph will not affect or limit our rights under any security agreement or our subrogation rights under any guaranty or surety agreement.

11. If we elect not to assume possession of the New Again Houses Franchised Business Location, perform all deidentification of New Again Houses Franchised Business and Location and any other premises used by you in your operation of the New Again Houses Franchised Business as we consider necessary to distinguish them from their former appearance as a New Again Houses Franchised Business.
12. Abide by all of the confidentiality provisions and covenants not to compete set forth in this Agreement.

17.02 Breach and Liquidated Damages

You acknowledge that we cannot determine the amount of damages resulting from a breach of the provisions of this Article 17. In the event of your breach of the provisions of this Article 17 (in addition to any and all other remedies available to us), you will pay us an amount equal to twice the royalty fee set forth in Section 5.02 of this Agreement until you satisfactorily comply with the foregoing requirements. That payment will constitute liquidated damages and not a penalty because you and we have agreed to it as a reasonable estimate of the actual damages which we will sustain as a result of the breach. The liquidated damages will start on the 31st day after the termination or expiration of this Agreement. The liquidated damages will not constitute either a waiver of your obligation to comply with the foregoing requirements or a license to use the Franchised System.

17.03 No Prejudice

The expiration or termination of this Agreement will be without prejudice to our rights against you, and expiration or termination will neither relieve you of any of your obligations to us at the time of expiration or termination nor terminate your obligations which by their nature survive the expiration or termination of this Agreement.

18. UNAVOIDABLE DELAY OR FAILURE TO PERFORM (FORCE MAJEURE)

18.01 Unavoidable Delay or Failure to Perform (Force Majeure)

Any delay in our or your performance of any duties under this Agreement other than the payment of money, or any non-performance of such duties, that is not your or our fault (as applicable) or within your or our reasonable control – including, but not limited to, fire, floods, natural disasters, terrorist acts, inclement weather, Acts of God, energy shortage, labor disputes, war, riots, sabotage, civil commotion, any governmental act or regulation, any delays or defaults in deliveries by common carriers and/or postal services and/or overnight couriers, computer network outages, late deliveries or non-deliveries of goods or non-furnishing of services by third party vendors, strikes, and any other similar event beyond such party's control – will not constitute a breach or cause a default under this Agreement, provided that we or you (as applicable) will take all steps reasonably possible to mitigate damages caused by such failure or delay. Your obligation to pay Transaction Royalties and Advertising fees will not be suspended or relieved by any event of the type envisaged by this Section 18.01.

19. ADDITIONAL PROVISIONS

19.01 Execution

This Agreement may be executed in multiple counterparts, each of which will be considered an original and all of which together will constitute one and the same instrument. Faxed signatures will be considered as binding and conclusive as if original; however, any party executing by fax must use all commercially reasonable efforts to furnish to the other party the originally executed document(s) at the earliest opportunity. You and we agree to sign all other documents and perform all further acts necessary or desirable to carry out the purposes of this Agreement.

19.02 Construction and Interpretation

The titles and subtitles of the various articles and sections of this Agreement are inserted for convenience and will not affect the meaning or construction of any of the terms, provisions, covenants, and conditions of this Agreement. The parties acknowledge that each party and/or its legal counsel have reviewed and made revisions to this Agreement. The rule of construction requiring the resolution of any ambiguities in this Agreement against the drafting party will not apply to the construction of this Agreement or any attachments to this Agreement.

If any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision will have the meaning which renders it valid.

19.03 Business Entity References

Each reference in this Agreement to a corporation or partnership will also refer to a limited liability company, general or limited partnership, and any other entity or similar organization. Each reference to the organizational documents, shareholders, directors, officers, and stock of a corporation in this Agreement will also refer to the functional equivalents of the organizational documents, shareholders, directors, officers, and voting and/or equity rights, as applicable, in the case of a limited liability company, general partnership, limited partnership, or any other entity or similar organization (this specifically includes members and managers, general and limited partners, membership interests, and general and limited partnership interests).

19.04 Severability

Nothing contained in this Agreement may be construed as requiring the commission of any act contrary to law. If there is any conflict between any provision of this Agreement and any present or future statute, law, ordinance, or regulation applicable to this Agreement, the latter will prevail, but the affected provision of this Agreement will be limited only to the extent necessary to bring it within the requirement of the law. If any article, section, sentence, or clause of this Agreement is held to be indefinite, invalid, or otherwise unenforceable, the entire Agreement will not fail for this reason, and the balance of the Agreement will continue in full force and effect. If any court of competent jurisdiction deems any provision of this Agreement (other than for the payment of money) so unreasonable as to be unenforceable as a matter of law, the court may declare a reasonable modification of this Agreement and this Agreement will be valid and enforceable. You and we agree to be bound by and perform this Agreement as so modified.

19.05 Waiver

The failure of a party to insist in any one or more instances on the performance of any term or condition of this Agreement will not operate as a waiver of any future performance of that term or condition. Without limiting the foregoing, our acceptance of any payment specified to be paid by you under this Agreement will not be, nor constitute, a waiver of any breach of this Agreement.

19.06 Limitation of Actions

You agree to give us immediate written notice of any alleged breach or violation of this Agreement after you have constructive or actual knowledge of, believe, determine, or are of the opinion that there has been an alleged breach of this Agreement by us, including any acts of misfeasance or nonfeasance. If you do not give written notice to us of any alleged breach of this Agreement within one year from the date that you have knowledge of, believe, determine, or are of the opinion that there has been an alleged breach by

us, then our alleged breach will be considered to be condoned, approved, and waived by you and will not be considered to be a breach of this Agreement by us, and you will be permanently barred from commencing any action against us for the alleged breach or violation. You may not assert any legal claims or causes of action against us if not commenced within the earlier of (a) two years after the accrual of the claim or cause of action or (b) one year after the discovery of the facts giving rise to the claim or cause of action.

19.07 Our Withholding of Consent – Your Exclusive Remedy

If you make any claim or assertion that we have unreasonably withheld or delayed any consent or approval to a proposed act by you under the terms of this Agreement, you agree that your sole remedy for the claim will be an action or proceeding to enforce the Agreement provisions, for specific performance, or for declaratory judgment.

19.08 Entire Agreement

Neither you nor we wish to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, you and we agree that this Agreement, all Exhibits to this Agreement, and all related agreements signed at the same time as this Agreement: (a) constitute the entire agreement between the parties with reference to the subject matter of this Agreement and supersede any and all prior negotiations, understandings, representations, and agreements and (b) supersede and cancel any prior and/or contemporaneous oral or written communications (whether described as representations, inducements, promises, agreements, or any other term) between you or anyone acting on your behalf and us or anyone acting on our behalf. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits, and amendments.

19.09 Amendments

No amendment to this Agreement will become effective or binding on the parties unless agreed to in writing by all of the parties; provided, however, that changes to the Franchised System or Operations Manual shall become effective and binding upon you upon their issuance by us.

19.10 Exercise of Rights

You understand and agree that whenever we have reserved a right in this Agreement, we have the uncontrolled and unfettered right to do what we have reserved.

19.11 Business Judgment

You and we recognize, and any mediator or judge is affirmatively advised, that certain provisions of this Agreement describe our right to take (or refrain from taking) certain actions in the exercise of our business judgment based on our assessment of the overall best interests of the New Again Houses Brand and System. Where such discretion has been exercised and is supported by our business judgment, neither a mediator nor a judge may substitute his or her judgment for the judgment we have so exercised. “Business judgment” is a defined term for the purposes of this Agreement and is not intended to incorporate principles related to the application of any business judgment rule in a corporate law context.

19.12 Attorneys’ Fees and Costs of Enforcement

In the event either party succeeds in any legal action to enforce the provisions of this Agreement, the losing party will reimburse the prevailing party for its attorneys’ fees and costs related to the action, in addition to any other relief obtained by the prevailing party. The award will include an amount for that portion of the prevailing party’s administrative overhead reasonably allocable to the time devoted by the prevailing party’s in-house legal staff.

19.13 Governing Law

This Agreement; all relations between the parties; and any and all disputes between the parties, whether sounding in contract, tort, or otherwise, is to be exclusively construed under and/or governed by (as applicable) the internal laws of the State of Tennessee, without regard to choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under Tennessee law, and if your New Again Houses Franchised Business is located outside of Tennessee and the provision would be enforceable under the laws of that state, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Section 19.13 is intended to invoke the application of any franchise or business opportunity law of the State of Tennessee or any other state, which would not otherwise apply.

19.14 Venue and Jury Trial Waiver

The federal and state courts for the county in which we then have our principal executive offices will constitute the proper, sole, and exclusive venue and forum for any action arising out of or in any way related to this Agreement. Each party to this Agreement hereby consents to any of those courts' exercise of personal jurisdiction over the party in that type of action and expressly waives all objections the party otherwise might have to that exercise of personal jurisdiction.

The parties mutually agree to waive any right to a jury trial in any action relating to this Agreement or any disputes over the relationship between the parties.

19.15 Punitive Damages

You and we waive the right to receive any punitive damages, including any treble or other statutory punitive awards. This Paragraph will not prevent a party from recovering against the other party for unjust enrichment or any pre-award and/or post-award interest otherwise allowable under applicable law. We are entitled to recover costs and expenses, including attorneys' fees, incurred in enforcing any provision of this Agreement.

19.16 Survival

Any provision of this Agreement which imposes an obligation following the termination or expiration of this Agreement will survive the termination or expiration and will continue to be binding upon the parties to this Agreement. This Agreement will be binding upon and inure to the benefit of the parties, their heirs, successors, and assigns.

19.17 Guaranty

If you are a Business Entity, the following persons must sign our standard form Guaranty Agreement in the form of Exhibit E at the same time as you sign this Agreement or at such later time as they assume such status: (a) if you are a corporation or limited liability company, all shareholders or members (as applicable) owning 5% or more of your issued and outstanding stock or membership interests, as applicable; (b) if you are a partnership, all general partners owning a 5% or greater interest in you; and, (c) if you are a limited partnership, the general partner and all shareholders owning a 5% or greater interest in the general partner.

If you are in breach or default under this Agreement, we may proceed directly against each such individual and/or entity (each, a "guarantor") without first proceeding against you and without proceeding against or naming in the suit any other guarantors. Your obligations and those of each guarantor will be joint and several. Notice to or demand upon any guarantor will be considered notice to or demand upon you and all guarantors, and no notice or demand need be made to or upon all guarantors. The cessation of or release from liability of you or any guarantor will not relieve any other guarantor from liability under this Agreement, except to the extent that the breach or default has been remedied or money owed has been paid.

19.18 Holidays

If the due date for any payment of funds under this Agreement falls on a legal holiday, the due date

for the payment will extend until the next business day.

19.19 Business Entity Franchisee Requirements

If you are a Business Entity, you must comply with the following requirements (which will also apply to any Business Entity assignee of yours):

1. Furnish us with your articles of incorporation, bylaws, partnership, agreement, limited partnership agreement, limited liability company agreement, and other governing documents; list of officers, directors, shareholders, partners (limited and general), proprietors, or members (including type, number and percentage of interests held); the Confidentiality/Non-Competition Agreements required under Section 13.01; and any other documents we may reasonably request and any amendments to them.

2. Confine your activities to the operation of your New Again Houses Franchised Business, and your governing documents must provide that your activities are confined exclusively to the operation of your New Again Houses Franchised Business.

3. Maintain stop transfer instructions against the transfer on the records of any of your equity securities and not issue or have outstanding any securities on the face of which the following printed legend does not legibly and conspicuously appear:

"The transfer of this security is subject to the terms and conditions of a Franchise Agreement with New Again Franchising, Inc. dated _____. Reference is made to this Franchise Agreement and to the governing documents of this issuer. This certificate is not transferable and is not subject to sale, assignment, pledge, mortgage, encumbrance, or transfer, by operation of law or otherwise, without the prior written consent of New Again Franchising, Inc.."

5. Maintain a current list of all owners of record and all beneficial owners of any class of your equity interests and furnish this list to us on request.

6. Ensure that your organizational documents expressly restrict the assignment (as defined in Section 14.02) of any direct or indirect ownership interest in you, including your equity interests, and provide that such documents may not be modified without our prior written consent.

19.20 Relationship of Parties

You are and will be our independent contractor under this Agreement. Nothing in this Agreement may be construed to create a partnership, joint venture, agency, employment, or fiduciary relationship of any kind. Neither you nor any of your employees whose compensation you pay may in any way, directly or indirectly, expressly or by implication, be construed to be our employee for any purpose. You are not empowered to, and may not, make any express or implied agreements, warranties, guarantees, or representations or incur any debt or other obligations in our name or for our account (or for those of any of our Affiliates).

You agree to conspicuously identify yourself and your business in all dealings with third parties as an independent New Again Houses Franchised Business and to place notice of independent ownership on all forms, business cards, stationery, advertising, signs, and other materials in the manner that we specify and require from time to time, in the Operations Manual or otherwise.

19.21 Employment Decisions

You will be solely responsible for your employees and all employment related decisions, including, without limitation, decisions concerning compensation and benefits, recruitment, selection, training, discipline, termination, supervision, and work schedules of employees. We will not be liable for nor will we indemnify you for any of your employment decisions.

19.22 Third-Party Beneficiaries

All of our obligations under this Agreement are to you alone and no other party is entitled to rely

on, enforce, or obtain relief for breach of any of our obligations hereunder, either directly or by subrogation.

19.23 Notice

Except as otherwise provided in this Agreement, when this Agreement makes provision for notice or concurrence of any kind, the sending party must deliver or address the notice to the other party by certified mail, telecopy, or nationally-recognized overnight delivery service to the following address or telecopy number:

Us: 501 Alabama Street
Bristol, Tennessee 37620
(423) 389-4110

You: _____

All notices pursuant to the provisions of this Agreement will run from the earlier of (a) the date that the other party receives or refuses delivery of the notice or (b) three business days after the party places the notice in the United States mail. Each party may change the party's address by giving written notice to the other party.

19.24 Authority

Each individual executing this Agreement in a representative capacity represents and warrants that he or she has the authority to execute this Agreement in the capacity indicated.

19.25 Terrorism

In recognition of Executive Order 13224, you represent and warrant that neither you, nor any entity or individual having an ownership interest in you; nor any affiliate of yours; nor any officer, director, employee, contractor, or servant of any of the foregoing, has in the past, currently does or will in the future support terrorism; provide money or financial services to terrorists; engage in terrorism; appear on the current United States government list of organizations that support terrorism or the current list of Specially Designated Nationals published by the Department of the Treasury, Office of Foreign Assets Control; engage in or be convicted of fraud, corruption, bribery, money laundering, narcotics trafficking or other crimes; and, that all of the foregoing individuals are eligible under applicable United States Immigration laws to travel to the United States for training or any other purpose.

19.26 Your Additional Acknowledgments

You acknowledge, warrant and represent to us that:

1. No representation has been made, and neither you nor any of your Affiliates have relied on any statement made by us or our Affiliates (or any of our or their employees, directors, officers, agents, or salespersons), as to (a) the future or past income, expenses, sales volume or potential profitability, earnings, or income of your New Again Houses Franchised Business or any other franchised or company-owned New Again Houses Business; (b) our anticipated income, earnings, and growth or that of the System; or (c) your ability to procure any required license or permit that may be necessary to operate your New Again Houses Franchised Business.
2. Before executing this Agreement, you had the opportunity to contact existing New Again Houses franchisees of your choosing.
3. You have been advised to, and given the opportunity to, independently investigate, analyze, and construe the business opportunity being offered under this Agreement, the prospects for your Business, and the terms and provisions of this Agreement, using the services of legal counsel, accountants, or other advisers (if you so elect) of your own choosing. You

have either consulted with these advisors or have deliberately declined to do so. You understand and assume the business risks inherent in this enterprise.

4. You have received from us a copy of our Uniform Franchise Disclosure Document, together with a copy of all proposed agreements relating to the sale of the franchise, at least 14 days before the execution of this Agreement or at least 14 days before the payment by you to us of any consideration in connection with the sale or proposed sale of the franchise granted by this Agreement.
5. You have carefully considered the nature and extent of the restrictions upon you (including, without limitation, the covenants not to compete and the restrictions on assignment set forth in this Agreement) and your rights and remedies conferred under this Agreement. These restrictions, rights, and remedies are (a) fair and reasonable, including, but not limited to, their term and geographic scope; (b) designed to preclude competition which would be unfair to us; (c) fully required to protect our legitimate business interests; and (d) do not confer benefits upon us that are disproportionate to your detriment.
6. You affirm that all information set forth in all applications, financial statements, and submissions to us are true, complete, and accurate in all respects, and you expressly acknowledge that we are relying on the truthfulness, completeness, and accuracy of this information.

19.27 Different Franchise Offerings and Agreements

You acknowledge and agree that we may modify the offer of our franchises to other franchisees and our agreements with other franchisees in any manner and at any time, which different offers and agreements may have terms, conditions, and/or obligations that might differ from the terms, conditions, and/or obligations to which you are subject under this Agreement.

20. SUBMISSION OF AGREEMENT

20.01 Submission of Agreement

The submission of this Agreement to you does not constitute an offer. This Agreement will become effective only upon the execution of this Agreement by both us and you. Our date of execution will be considered the Effective Date of this Agreement.

THIS AGREEMENT WILL NOT BE BINDING ON US UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF OURS.

YOU ACKNOWLEDGE THAT NO REPRESENTATIONS OR PROMISES WERE MADE TO YOU OTHER THAN THOSE SET FORTH IN OUR UNIFORM FRANCHISE DISCLOSURE DOCUMENT, OR THAT IF ANY OTHER REPRESENTATIONS OR PROMISES WERE MADE TO YOU, YOU ARE NOT RELYING ON THEM.

YOU HAVE READ ALL OF THE FOREGOING AGREEMENT AND ACCEPT, UNDERSTAND, AND AGREE TO EACH AND ALL OF THE PROVISIONS, COVENANTS, AND CONDITIONS OF THE FOREGOING AGREEMENT.

THE UNDERSIGNED PARTIES HAVE HAD AN OPPORTUNITY TO READ AND REVIEW THIS DOCUMENT AND TO CONSULT LEGAL COUNSEL OF THEIR CHOOSING PRIOR TO EXECUTION. THEY UNDERSTAND AND AGREE TO THE TERMS SET OUT HEREIN FREELY, VOLUNTARILY, AND WITHOUT COERCION.

IN WITNESS WHEREOF, the parties hereto have executed this Franchise Agreement on this the ____ day of _____, _____.

New Again Franchising, Inc.

Franchisee: _____
Name of Entity or Individual

By: _____
Signature

By: _____
Signature

Its: _____
Title

Its: _____
Title

Date: _____

Date: _____

Franchisee: _____
Name of Entity or Individual

By: _____
Signature

Its: _____
Title

Date: _____

EXHIBIT A
PROPRIETARY MARKS


| Mark | USPTO Application Date | USPTO Reg. Number |
|--|-------------------------------|--------------------------|
| “New Again Houses [®] ” | July 21, 2015 | 4,776,320 |
|  The logo for New Again Houses, featuring a stylized house icon with a yellow sun rising behind it, followed by the text "new again" in blue and "houses" in black. | July 21, 2015 | 4,776,322 |

EXHIBIT B

UNIT LOCATION & PROTECTED TERRITORY

The Unit Location/Protected Territory for your New Again Houses Franchised Business shall be as follows:

Your protected territory shall consist of the area within the same zip code as your Unit Location, subject to our rights and reservations set forth in Article 3 of the Franchise Agreement.

EXHIBIT D

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

The undersigned franchisee, manager, or other trainee (“Trainee”), in consideration of the training he or she has received or will receive from New Again Franchising, Inc. and/or its subsidiaries or affiliates (collectively, “New Again Houses”) in connection with the franchise agreement executed between New Again Houses and _____ (“Franchisee”) dated _____, _____ (“Franchise Agreement”), hereby agrees as follows:

1. Confidentiality Agreement. The Trainee acknowledges that he or she has and will receive certain confidential information and knowledge concerning the business of New Again Houses, which New Again Houses wishes to protect, including (without limitation) information, knowledge, know-how, processes, formulae, materials, equipment, lists, strategies, techniques, systems, and other data relating to or comprising the New Again Houses Brand and System. The Trainee shall not reveal that confidential information to any other party, except New Again Houses or the Franchisee's independent public accountants (if those accountants also agree to maintain the confidentiality of the confidential information), the Trainee's private legal counsel (if that counsel also agrees to maintain the confidentiality of the confidential information), or as otherwise required by law. The Trainee shall not use the confidential information at any time in competition with New Again Houses, its successors, or its assigns. When the Trainee's employment with the Franchisee and/or relationship with New Again Houses terminates for any reason, the Trainee shall promptly surrender to New Again Houses all papers, documents, writings, and other property produced by the Trainee or coming into the Trainee's possession by or through the Trainee's employment with the Franchisee and/or relationship with New Again Houses and related in any way to the confidential information. All of the foregoing materials shall remain the property of New Again Houses, its successors, or its assigns.

2. Covenant Not to Compete. During the term of the Trainee's employment with the Franchisee and/or relationship with New Again Houses, and for a period of 24 months after the termination of the same for any reason, the Trainee shall not engage in (directly or indirectly as principal, as agent, as trustee, as employee, or through the agency of any corporation, partnership, association, agent, or other agencies) any business or be employed in any business that is the same or similar to a New Again Houses Business at any location within a 50-mile radius of any New Again Houses location at which Trainee worked or within a 50-mile radius of any then-existing New Again Houses location being operated by New Again Houses, its affiliates, or its franchisees.

3. Indemnification and Injunctive Relief. The Trainee shall indemnify and hold New Again Houses harmless against any losses, damages, costs, expenses, claims, or actions, including attorneys' fees and costs, proximately caused by any breach of this Agreement by the Trainee. The Trainee shall pay to New Again Houses any compensation realized by the Trainee resulting from any breach of this Agreement. New Again Houses shall have the right to injunctive and other equitable relief prohibiting the Trainee from any violation or threatened violation of this Agreement.

4. Governing Law. The internal laws of the State of Tennessee shall govern the construction of the terms and the application of the provisions of this Agreement without regard to choice of law or conflicts of law principles.

5. Entire Agreement. This Agreement constitutes the entire agreement of the parties with regard to the subject matter of this Agreement and replaces and supersedes all other written and oral agreements and statements of the parties relating to the subject matter of this Agreement.

6. Attorneys' Fees. In the event either party succeeds in any legal action to enforce the provisions of this Agreement, the losing party will reimburse the prevailing party for its attorneys' fees and costs related to the action, in addition to any other relief obtained by the prevailing party. The award will include an amount for that portion of the prevailing party's administrative overhead reasonably allocable to the time devoted by the prevailing party's in-house legal staff.

7. Waiver. The failure of a party to insist in any one or more instances on the performance of any term or condition of this Agreement will not operate as a waiver of any future performance of that term or condition. Without limiting the foregoing, our acceptance of any payment specified to be paid by you under this Agreement will not be, nor constitute, a waiver of any breach of this Agreement.

8. Severability. Nothing contained in this Agreement may be construed as requiring the commission of any act contrary to law. If there is any conflict between any provision of this Agreement and any present or future statute, law, ordinance, or regulation applicable to this Agreement, the latter will prevail, but the affected provision of this Agreement will be limited only to the extent necessary to bring it within the requirement of the law. If any article, section, sentence, or clause of this Agreement is held to be indefinite, invalid, or otherwise unenforceable, the entire Agreement will not fail for this reason, and the balance of the Agreement will continue in full force and effect. If any court of competent jurisdiction deems any provision of this Agreement (other than for the payment of money) so unreasonable as to be unenforceable as a matter of law, the court may declare a reasonable modification of this Agreement and this Agreement will be valid and enforceable. You and we agree to be bound by and perform this Agreement as so modified.

9. Venue & Jury Trial Waiver. The federal and state courts for the county in which we then have our principal executive offices will constitute the proper, sole, and exclusive venue and forum for any action arising out of or in any way related to this Agreement. Each party to this Agreement hereby consents to any of those courts' exercise of personal jurisdiction over the party in that type of action and expressly waives all objections the party otherwise might have to that exercise of personal jurisdiction. **The parties mutually agree to waive any right to a jury trial in any action relating to this Agreement or any disputes over the relationship between the parties.**

Executed and delivered this _____ day of _____, _____.

Trainee:

Signature

Printed Name

EXHIBIT D (Copy)

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

The undersigned franchisee, manager, or other trainee (“Trainee”), in consideration of the training he or she has received or will receive from New Again Franchising, Inc. and/or its subsidiaries or affiliates (collectively, “New Again Houses”) in connection with the franchise agreement executed between New Again Houses and _____ (“Franchisee”) dated _____, _____ (“Franchise Agreement”), hereby agrees as follows:

1. Confidentiality Agreement. The Trainee acknowledges that he or she has and will receive certain confidential information and knowledge concerning the business of New Again Houses, which New Again Houses wishes to protect, including (without limitation) information, knowledge, know-how, processes, formulae, materials, equipment, lists, strategies, techniques, systems, and other data relating to or comprising the New Again Houses Brand and System. The Trainee shall not reveal that confidential information to any other party, except New Again Houses or the Franchisee's independent public accountants (if those accountants also agree to maintain the confidentiality of the confidential information), the Trainee's private legal counsel (if that counsel also agrees to maintain the confidentiality of the confidential information), or as otherwise required by law. The Trainee shall not use the confidential information at any time in competition with New Again Houses, its successors, or its assigns. When the Trainee's employment with the Franchisee and/or relationship with New Again Houses terminates for any reason, the Trainee shall promptly surrender to New Again Houses all papers, documents, writings, and other property produced by the Trainee or coming into the Trainee's possession by or through the Trainee's employment with the Franchisee and/or relationship with New Again Houses and related in any way to the confidential information. All of the foregoing materials shall remain the property of New Again Houses, its successors, or its assigns.

2. Covenant Not to Compete. During the term of the Trainee's employment with the Franchisee and/or relationship with New Again Houses, and for a period of 24 months after the termination of the same for any reason, the Trainee shall not engage in (directly or indirectly as principal, as agent, as trustee, as employee, or through the agency of any corporation, partnership, association, agent, or other agencies) any business or be employed in any business that is the same or similar to a New Again Houses Business at any location within a 50-mile radius of any New Again Houses location at which Trainee worked or within a 50-mile radius of any then-existing New Again Houses location being operated by New Again Houses, its affiliates, or its franchisees.

3. Indemnification and Injunctive Relief. The Trainee shall indemnify and hold New Again Houses harmless against any losses, damages, costs, expenses, claims, or actions, including attorneys' fees and costs, proximately caused by any breach of this Agreement by the Trainee. The Trainee shall pay to New Again Houses any compensation realized by the Trainee resulting from any breach of this Agreement. New Again Houses shall have the right to injunctive and other equitable relief prohibiting the Trainee from any violation or threatened violation of this Agreement.

4. Governing Law. The internal laws of the State of Tennessee shall govern the construction of the terms and the application of the provisions of this Agreement without regard to choice of law or conflicts of law principles.

5. Entire Agreement. This Agreement constitutes the entire agreement of the parties with regard to the subject matter of this Agreement and replaces and supersedes all other written and oral agreements and statements of the parties relating to the subject matter of this Agreement.

6. Attorneys' Fees. In the event either party succeeds in any legal action to enforce the provisions of this Agreement, the losing party will reimburse the prevailing party for its attorneys' fees and costs related to the action, in addition to any other relief obtained by the prevailing party. The award will include an amount for that portion of the prevailing party's administrative overhead reasonably allocable to the time devoted by the prevailing party's in-house legal staff.

7. Waiver. The failure of a party to insist in any one or more instances on the performance of any term or condition of this Agreement will not operate as a waiver of any future performance of that term or condition. Without limiting the foregoing, our acceptance of any payment specified to be paid by you under this Agreement will not be, nor constitute, a waiver of any breach of this Agreement.

8. Severability. Nothing contained in this Agreement may be construed as requiring the commission of any act contrary to law. If there is any conflict between any provision of this Agreement and any present or future statute, law, ordinance, or regulation applicable to this Agreement, the latter will prevail, but the affected provision of this Agreement will be limited only to the extent necessary to bring it within the requirement of the law. If any article, section, sentence, or clause of this Agreement is held to be indefinite, invalid, or otherwise unenforceable, the entire Agreement will not fail for this reason, and the balance of the Agreement will continue in full force and effect. If any court of competent jurisdiction deems any provision of this Agreement (other than for the payment of money) so unreasonable as to be unenforceable as a matter of law, the court may declare a reasonable modification of this Agreement and this Agreement will be valid and enforceable. You and we agree to be bound by and perform this Agreement as so modified.

9. Venue & Jury Trial Waiver. The federal and state courts for the county in which we then have our principal executive offices will constitute the proper, sole, and exclusive venue and forum for any action arising out of or in any way related to this Agreement. Each party to this Agreement hereby consents to any of those courts' exercise of personal jurisdiction over the party in that type of action and expressly waives all objections the party otherwise might have to that exercise of personal jurisdiction. **The parties mutually agree to waive any right to a jury trial in any action relating to this Agreement or any disputes over the relationship between the parties.**

Executed and delivered this _____ day of _____, _____.

Trainee:

Signature

Printed Name

**EXHIBIT E
GUARANTY**

To induce New Again Franchising, Inc., its successors and assigns (“Franchisor”) to sign the Franchise Agreement (the “Agreement”) with the party named as the “Franchisee,” to which this Guaranty is attached, the undersigned, jointly and severally (“we, “our” or “us”), irrevocably and unconditionally (i) warrant to Franchisor that Franchisee’s representations and warranties in the Agreement are true and correct as stated, and (ii) guaranty that Franchisee’s obligations under the Agreement, including any amendments, will be punctually paid and performed.

Upon default by Franchisee and notice from Franchisor, we will immediately make each payment and perform, or cause Franchisee to perform, each unpaid or unperformed obligation of Franchisee under the Agreement. Without affecting our obligations under this Guaranty, Franchisor may without notice to us extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. We waive notice of amendment of the Agreement. We acknowledge that Article 19 of the Agreement, including Remedies and Costs, Jurisdiction and Venue, and WAIVER OF JURY TRIAL, applies to this Guaranty.

Upon the death of an individual guarantor, the estate of the guarantor will be bound by this Guaranty for obligations of Franchisee to Franchisor existing at the time of death, and the obligations of all other guarantors will continue in full force and effect.

This Guaranty may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, each of us has signed this Guaranty effective as of the date of the Agreement.

Guarantors:

Print Name:

Signature:

Print Name:

Signature:

ATTACHMENT 2

Financial Statements

NEW AGAIN FRANCHISING, INC.

FINANCIAL REPORT
AS OF DECEMBER 31, 2023



NEW AGAIN FRANCHISING, INC.

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Independent Auditor's Report

To the Shareholders
New Again Franchising, Inc.
Bristol, Tennessee

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of New Again Franchising, Inc. which comprise the balance sheets as of December 31, 2023, and 2022 and the related statements of operations, changes in shareholder equity (deficit) and cash flows for the years ended December 31, 2023, 2022 and 2021 and the related notes to the financial statements.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of New Again Franchising, Inc. as of December 31, 2023, and 2022 and the results of its operations and its cash flows for the years ended December 31, 2023, 2022, and 2021 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about New Again Franchising, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of New Again Franchising, Inc.'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 New Again Franchising, Inc.'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.

Reese CPA LLC

Ft. Collins, Colorado
April 13, 2024

NEW AGAIN FRANCHISING, INC.
BALANCE SHEETS

| | AS OF DECEMBER 31, | |
|--|---------------------------|-------------------|
| | 2023 | 2022 |
| ASSETS: | | |
| CURRENT ASSETS | | |
| Cash | \$ 66,373 | \$ 242,522 |
| Franchisee receivable, net | 118,420 | 23,626 |
| Contract acquisition costs, current | 11,600 | 5,350 |
| Prepaid expense | 2,555 | 3,823 |
| TOTAL CURRENT ASSETS | 198,948 | 275,321 |
| NON-CURRENT ASSETS | | |
| Property and equipment, net | 33,776 | 46,421 |
| Intangible assets, net | 531,075 | 434,655 |
| Contract acquisition costs, non-current | 64,997 | 36,547 |
| TOTAL ASSETS | \$ 828,796 | \$ 792,944 |
| LIABILITIES AND SHAREHOLDERS' EQUITY(DEFICIT) | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 44,524 | \$ 41,184 |
| Franchisee Deposits | 17,197 | 13,050 |
| Due to affiliates | 284,262 | 335,762 |
| Affiliate line of credit | 353,843 | 350,485 |
| Non-refundable deferred franchise fees, current | 71,300 | 48,225 |
| TOTAL CURRENT LIABILITIES | 771,126 | 788,706 |
| LONG-TERM LIABILITIES | | |
| Non-refundable deferred franchise fees, long-term | 521,642 | 367,127 |
| TOTAL LIABILITIES | 1,292,768 | 1,155,833 |
| SHAREHOLDER S' EQUITY (DEFICIT) | | |
| Common stock, \$1 par value, 1,500 shares authorized, 1,500 shares issued and outstanding | 1,500 | 1,500 |
| Retained earnings (deficit) | (273,972) | (298,889) |
| Due from stockholders | (191,500) | (65,500) |
| TOTAL SHAREHOLDER EQUITY (DEFICIT) | (463,972) | (362,889) |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT) | \$ 828,796 | \$ 792,944 |

The accompanying notes are an integral part of these financial statements.

NEW AGAIN FRANCHISING, INC.
STATEMENTS OF OPERATIONS

| | FOR THE YEARS ENDED DECEMBER 31, | | |
|-------------------------------------|---|---------------------|------------------|
| | 2023 | 2022 | 2021 |
| REVENUES | | | |
| Royalty fees | \$ 749,344 | \$ 389,479 | \$ 317,205 |
| Franchise fees | 329,159 | 296,133 | 186,959 |
| Ancillary franchise revenues | 126,147 | 57,752 | 24,653 |
| Advertising revenue | 1,478 | 8,841 | |
| TOTAL REVENUES | 1,206,128 | 752,205 | 528,817 |
| OPERATING EXPENSES | | | |
| Payroll and related costs | 520,021 | 459,249 | 206,597 |
| Advertising and marketing | 193,781 | 147,463 | 55,519 |
| Franchise expense | 151,621 | 149,676 | 79,880 |
| Franchisee marketing | 88,618 | 62,457 | 26,786 |
| General and administrative | 81,552 | 86,287 | 34,778 |
| Professional fees | 69,165 | 62,227 | 71,527 |
| Depreciation and amortization | 45,779 | 33,719 | 22,413 |
| TOTAL OPERATING EXPENSES | 1,150,537 | 1,001,078 | 497,500 |
| OPERATING INCOME (LOSS) | 55,591 | (248,873) | 31,317 |
| OTHER INCOME (EXPENSE) | | | |
| Other income | - | - | - |
| Interest expense | (30,574) | (4,795) | - |
| TOTAL OTHER INCOME (EXPENSE) | (30,574) | (4,795) | - |
| INCOME BEFORE INCOME TAX | 25,017 | (253,668) | 31,317 |
| STATE INCOME TAX (EXPENSE) | (100) | - | (1,079) |
| NET INCOME (LOSS) | \$ 24,917 | \$ (253,668) | \$ 30,238 |

The accompanying notes are an integral part of these financial statements

NEW AGAIN FRANCHISING, INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

| | <u>Common Stock</u> | <u>Retained Earnings (Deficit)</u> | <u>Total Stockholders' Equity (Deficit)</u> |
|-----------------------------------|-------------------------|--|---|
| BALANCE, DECEMBER 31, 2020 | \$ 1,000 | \$ 49,541 | \$ 50,541 |
| Sale of common stock | 500 | 0 | 500 |
| Member distributions | - | (62,000) | (62,000) |
| Net income | - | 30,238 | 30,238 |
| BALANCE, DECEMBER 31, 2021 | 1,500 | 17,779 | 19,279 |
| Member distributions | - | (63,000) | (63,000) |
| Net (loss) | - | (253,668) | (253,668) |
| BALANCE, DECEMBER 31, 2022 | 1,500 | (298,889) | (297,389) |
| Net income | - | 24,917 | 24,917 |
| BALANCE, DECEMBER 31, 2023 | <u>\$ 1,500</u> | <u>\$ (273,972)</u> | <u>\$ (272,472)</u> |

The accompanying notes are an integral part of these financial statements.

NEW AGAIN FRANCHISING, INC.
STATEMENTS OF CASH FLOWS

| | FOR THE YEARS ENDED DECEMBER 31, | | |
|---|---|--------------|-------------|
| | 2023 | 2022 | 2021 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net income (loss) | \$ 24,917 | \$ (253,668) | \$ 30,238 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Amortization | 45,779 | 33,719 | 22,413 |
| Recognition of non-refundable deferred franchise fees | (93,660) | (52,633) | (51,059) |
| Recognition of contract acquisition costs | 20,800 | 7,163 | 9,662 |
| Loss on disposal of equipment | 2,545 | - | - |
| Change in assets and liabilities | | | |
| Franchisee receivables | (94,794) | (20,352) | (137) |
| Contract acquisition costs | (55,500) | - | (42,000) |
| Prepaid expense | 1,268 | (3,823) | - |
| Notes receivable | - | - | - |
| Accounts payable | 3,340 | 22,925 | 8,591 |
| Franchisee deposits | 4,147 | 13,050 | - |
| Non-refundable deferred franchise fees | 271,250 | 242,500 | 167,500 |
| Net cash provided (used) by operating activities | 130,092 | (11,119) | 145,208 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of property and equipment | - | (2,544) | (60,471) |
| Purchases of intangible assets | (132,099) | (130,000) | (88,071) |
| Net cash (used) in investing activities | (132,099) | (132,544) | (148,542) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Advances from affiliates | (51,500) | 65,600 | 84,207 |
| Proceeds from affiliate line of credit | 157,500 | 358,000 | - |
| Payments on affiliate line of credit | (154,142) | (7,515) | - |
| Proceeds from sale of common stock | - | - | 500 |
| Advances to shareholders | (126,000) | - | (65,500) |
| Distributions to Shareholders' | - | (63,000) | (62,000) |
| Net cash provided (used) in financing activities | (174,142) | 353,085 | (42,793) |
| NET INCREASE (DECREASE) IN CASH | (176,149) | 209,422 | (46,127) |
| CASH, beginning of year | 242,522 | 33,100 | 79,227 |
| CASH, end of year | \$ 66,373 | \$ 242,522 | \$ 33,100 |
| SUPPLEMENTAL CASH FLOW INFORMATION | | | |
| Cash paid for interest | \$ 30,574 | \$ 4,795 | \$ - |
| Cash paid for income taxes | \$ - | \$ - | \$ 1,079 |

The accompanying notes are an integral part of these financial statements.

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Again Franchising, Inc. (“Company”) was incorporated in the State of Tennessee on July 9, 2018. The Company offers a unit franchise for operating a New Again Houses® business in a single location for operating a business that specializes in purchasing, remodeling, and selling residential properties using a variety of products, methods, techniques, and services.

Affiliates

Prior to 2014, the Company’s business was operated under a limited liability company named Lavinder Development, LLC. In May of 2013, Lavinder Development, LLC was converted to Lavinder Development, Inc., a Tennessee for-profit corporation.

In December of 2013, our affiliate, New Again, Inc. was incorporated as a Tennessee for-profit corporation. New Again, Inc. became the management arm of New Again Houses starting in January of 2014. At present, all real estate acquisitions for New Again Houses are done by Lavinder Development, LLC, and the overall management of the New Again Houses business is done through New Again, Inc.

New Again Construction, Inc., was incorporated in Tennessee on December 2013.

New Again IP, Inc. was incorporated in Tennessee in December 2013 and was also converted to New Again IP, LLC in December 2013. New Again IP, LLC owns the trademarks and has licensed to the Company the right to sub-license those trademarks to the Company’s franchisees.

Outlets in Operation

Changes in the number of operating outlets for the year ended December 31, 2023, 2022, and 2021:

| | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|---------------------------------|-------------|-------------|-------------|
| Outlets in operation, beginning | 38 | 26 | 16 |
| Outlets opened | 9 | 14 | 12 |
| Outlets terminated or closed | (3) | (1) | (2) |
| Outlets in operation, ending | <u>44</u> | <u>38</u> | <u>26</u> |
| Franchised outlets | 44 | 38 | 25 |
| Company owned outlets | 1 | 1 | 1 |

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A summary of significant accounting policies follows:

Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Use of Estimates

Preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2023, and 2022.

Franchisee Receivables

The Company's franchisee receivables primarily result from initial franchise fees, royalty fees, brand development contributions and training fees charged to franchisees. Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. The Company reports these receivables at net realizable value.

Management determines the allowance for doubtful accounts based on historical losses, current expectations, and economic conditions. On a continuing basis, management analyzes delinquent accounts receivable and, once these accounts receivable are determined to be uncollectible, they are written off through a charge against an existing allowance account. The allowance account is reviewed regularly and adjusted against earnings as appropriate. The Company determined that an allowance on outstanding franchisee receivables of \$0 and \$0 was necessary as of December 31, 2023, and 2022. Franchisee bad debt expense for the years ended December 31, 2023, 2022, and 2021 was \$8,160, \$0, and \$0. Franchisee amounts written off for the years ended December 31, 2023, 2022, and 2021 were \$8,160, \$0, and \$0.

Contract Acquisition Costs

Contract acquisition costs consist of commissions paid on the sale of a franchise by the Company. They are capitalized as an incremental cost of the franchise agreement and are recognized as an expense over the life of the franchise agreement under the guidance of ASC 340-40, “Other Assets and Deferred Costs - Contracts with Customers”.

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally two to five years).

Routine expenditures for repairs and maintenance are expensed as incurred and are charged to operations and major improvements are capitalized. Upon retirement, sale, or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and a gain or loss is included in operating expenses.

Property and equipment net consists of the following at December 31:

| | 2023 | 2022 |
|-------------------------------|------------------|------------------|
| Leasehold improvements | \$ 21,951 | \$ 21,951 |
| Furniture and equipment | 38,520 | 41,064 |
| | <u>60,470</u> | <u>63,015</u> |
| Less accumulated depreciation | (26,694) | (16,594) |
| | <u>\$ 33,776</u> | <u>\$ 46,241</u> |

Depreciation expense was \$10,100, \$14,684, and \$1,910 for the years December 31, 2023, 2022, and 2021.

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives (such as intellectual property) no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. The Company has established intangible assets for the cost of internally developed video media and website development. These costs are amortized using the straight-line method over a period of fifteen years. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

Intangible assets consist of the following at December 31,

| | 2023 | 2022 |
|-------------------------------|-------------------|-------------------|
| Intellectual property | \$ 454,642 | \$ 325,043 |
| Branding costs | 173,718 | 171,218 |
| | <u>628,360</u> | <u>496,261</u> |
| Less accumulated amortization | (97,285) | (61,606) |
| | <u>\$ 531,075</u> | <u>\$ 434,655</u> |

Amortization expense was \$35,679, \$19,035, and \$20,503 for the years ended December 31, 2023, 2022, and 2021. Amortization is expected to be \$35,000 for the next five years.

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Franchisee Revenue Recognition and Non-refundable Deferred Franchise Fee Revenue

The Company recognizes revenue under the guidance of ASC 606 “Contracts with Customers”. The Company’s franchising revenue consists primarily of initial franchise fees, royalties, ancillary fees for marketing, technology and training services and sales of branded apparel and promotional items.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee. The remainder of performance obligations represent a single performance obligation and are recognized over the term of the respective franchise agreement from the date the agreement is executed. Unearned initial fee revenues from contract acquisition and acceptance will be recorded as deferred revenue and recognized as revenue over the term of the contract, which is currently 10 years.

When a franchisee purchases a franchise, the Company grants the franchisee the right to operate in a designated territory using the proprietary methods, techniques, trade dress, trademarks, and logos (“the license”). The license is symbolic intellectual property. Revenues related to the territory and license are transaction royalty fees that are 2.5 % of gross sales subject to a minimum royalty as defined in the franchise agreement. The royalties are billed on the gross sales of different real estate transactions and are recognized as revenue when earned. These revenues will be used to continue the development of the Company’s brand, the franchise system and provide on-going support for the Company’s franchisees.

Ancillary Franchise Fees

Fees for management, technology, software, call center and training services are recognized as revenue when control of the related good or service has been transferred to control of the franchisee or customer. All ancillary fees are billed monthly as the service is delivered or available. Training is billed at the conclusion of the training.

National Marketing Fee

The Company has the right to collect a brand development fund fee of up to 1% of the gross sales of each franchise location. The contribution is billed weekly and is recognized as revenue when earned. Currently marketing fees charged are the actual cost of the marketing including a margin not to exceed 25% of the Company’s administrative cost incurred in the marketing activities.

Branded apparel and Promotional Items

Branded apparel and promotion items are recognized as revenue upon the payment for and delivery of the product to the customer and are reported as a part of ancillary franchise fees.

Advertising Expenses

The Company expenses advertising costs as incurred. Advertising costs expensed were \$193,781, \$147,463, and \$55,519 for the years ended December 31, 2023, 2022, and 2021.

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The shareholder of the Company has elected to be treated as a Sub Chapter S corporation for income tax purposes. Accordingly, taxable income and losses of the Company are reported on the income tax returns of the Company's shareholder and no provision for federal or state income taxes has been recorded in the accompanying financial statements.

The Company follows accounting requirements associated with uncertainty in income taxes under the provisions of Financial Accounting Standards Board ("FASB") ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than 50% likely of being realized upon settlement.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements for the years ended December 31, 2023, 2022, and 2021.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, franchise receivables and notes receivable. The Company places its temporary cash investments with financial institutions. At times throughout the year the Company may, in the ordinary course of business, maintain cash balances in excess of federally insured limits. Management does not believe the Company is exposed to any unusual risks on such deposits. The Company grants credit to franchisees. The Company's ability to collect the amounts due from franchisees is affected by fluctuations in the economy and the operations of the franchisees.

Recently Adopted Accounting Guidance

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). Management has not yet determined the effect the adoption of the other recently issued ASUs, including those not yet effective, could have on the financial position or results of operations of the Company.

NOTE 2 – CONTRACTS WITH CUSTOMERS

The Company has recognized an asset for the incremental costs and recorded a liability for unearned revenue associated with franchisee acquisition and acceptance performance obligation of the Company's franchise agreement. The account balances and activity as of December 31, 2022, and 2021 are as follows:

| | December 31, | |
|--|-------------------|-------------------|
| | 2022 | 2022 |
| Contract Acquisition Costs: | | |
| Balance Beginning of year | \$ 41,897 | \$ 49,060 |
| Deferral of franchise acquisition costs | 55,500 | - |
| Recognition of franchise acquisition costs | (20,800) | (7,163) |
| Balance at End of Year | <u>\$ 76,597</u> | <u>\$ 41,897</u> |
| Deferred Non-refundable Franchise Fees: | | |
| Balance Beginning of year | \$ 415,352 | \$ 225,485 |
| Deferral of non-refundable franchise fees | 271,250 | 242,500 |
| Recognition of non-refundable franchise fees | (93,660) | (52,633) |
| Balance at End of Year | <u>\$ 592,942</u> | <u>\$ 415,352</u> |

Estimated Recognition of Non-refundable Deferred Franchise Fees and Franchise Acquisition Costs

Estimated revenues and franchise acquisition costs to be recognized in future periods related to non-refundable deferred franchise fees as reported at December 31, 2023, is as follows:

| | Contract Acquisition Costs | Non-refundable Franchise Fees |
|--------------------------|-------------------------------|----------------------------------|
| Year ending December 31: | | |
| 2024 | \$ 11,600 | \$ 71,300 |
| 2025 | 11,600 | 71,300 |
| 2026 | 11,600 | 70,675 |
| 2027 | 11,600 | 69,800 |
| 2028 | 11,600 | 69,675 |
| Thereafter | 18,597 | 240,192 |
| | <u>\$ 76,597</u> | <u>\$ 592,942</u> |

NOTE 2 – CONTRACTS WITH CUSTOMERS (CONTINUED)

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the years ended December 31, 2023, 2022, and 2021 is as follows:

| | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|---|---------------------|-------------------|-------------------|
| Performance obligations satisfied at a point in time | \$ 1,112,468 | \$ 699,572 | \$ 477,758 |
| Performance obligations satisfied through the passage of time | <u>93,660</u> | <u>52,633</u> | <u>51,059</u> |
| Total revenues | <u>\$ 1,206,128</u> | <u>\$ 752,205</u> | <u>\$ 528,817</u> |

NOTE 3 – RELATED PARTY TRANSACTIONS

Line of Credit-Affiliate

The ownership of the Company has made available the Company, the revolving lines of credit of affiliates of the Company under common control and ownership on a pass-through basis. The Company may access the lines of credit and is subject to the terms of the lines of credit, as if the lines of credit were in the name of the Company. Under the terms of the credit agreement the Company may borrow up to \$585,000. The credit facilities mature annually. Interest is payable monthly at interest rates between 8.5% and 12.75%. The revolving line of credit is collateralized by the assets of the Company. The principal amount outstanding on the lines of credit at December 31, 2023, and 2022 was \$353,843, and 350,485. Interest paid on these revolving lines of credit was \$26,103, \$3,492, and \$0 for the years ended December 31, 2023, 2022, and 2021.

Advances From Affiliates

As of December 31, 2023, and 2022, affiliates of the Company had advanced \$284,262, and \$335,762 to the Company. The amount is due on demand, bears no interest and is not collateralized.

Advances To Shareholders

Advances to shareholders are not collateralized, noninterest bearing and due on demand. Advances due from shareholders as of December 31, 2023, and 2022, were \$191,500 and \$65,500. The advances are reported as a component of members' (deficit) in the accompany balance sheets as the advances do not have stated repayment terms and are due from shareholders of the Company.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

Contingencies

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 5 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through April 13, 2024, the date on which the financial statements were available to be issued.

ATTACHMENT 3

State Administrators and Agents for Service of Process

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

| State | State Agency | Agent for Service of Process |
|-------------|---|--|
| CALIFORNIA | Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677) | Commissioner of the Department of Financial Protection and Innovation |
| CONNECTICUT | State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230 | Banking Commissioner |
| HAWAII | Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722 | Commissioner of Securities of the State of Hawaii |
| ILLINOIS | Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465 | Illinois Attorney General |
| INDIANA | Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681 | Indiana Secretary of State 201 State House Indianapolis, IN 46204 |
| MARYLAND | Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360 | Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360 |
| MICHIGAN | Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117 | Michigan Department of Commerce, Corporations and Securities Bureau |
| MINNESOTA | Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500 | Minnesota Commissioner of Commerce |

| State | State Agency | Agent for Service of Process |
|--------------|---|--|
| NEW YORK | NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, NY 10005 (212) 416-8222 Phone | Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, NY 11231-0001 (518) 473-2492 |
| NORTH DAKOTA | North Dakota Securities Department 600 East Boulevard, 5 th Floor Bismarck, ND 58505-0510 (701) 328-4712 | North Dakota Securities Commissioner |
| OREGON | Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387 | Director of the Department of Consumer and Business Services |
| RHODE ISLAND | Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585 | Director of Rhode Island Department of Business Regulation |
| SOUTH DAKOTA | Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563 | Director of Insurance-Securities Regulation |
| VIRGINIA | State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051 | Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733 |
| WASHINGTON | Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760 | Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501 |
| WISCONSIN | Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559 | Commissioner of Securities of Wisconsin |

ATTACHMENT 4

List of Current and Former Franchisees

List of Franchisees as of December 31, 2023.

| Name | Address | Phone Number |
|---|---|----------------|
| Douglas Neil | 4939 W. Ray Rd Ste. 4-315 Chandler, AZ 85226 | (916) 884-4136 |
| Jason Semper | 1797 N. Joshua Ave. Clovis, CA 93619 | (559) 916-3562 |
| Andrew Vincent | 77 Halladay Dr. West Suffield, CT 06093 | (860) 921-7317 |
| Jason & Melissa Hoskins | 710 East Main Street Lexington, KY 40502 | (859) 965-9101 |
| Victoria Hulburt & Steven Mills | 1306 McMillian Road West Monroe, LA 71291 | (318) 737-1804 |
| Devin Rogers | 151 Pelczar Road Dracut, MA 01826 | (978) 955-9006 |
| Pankaj Saharia | 12 Jane St. Shrewsbury, MA 01545 | (774) 855-6175 |
| Joshua Stigers | 5467 Maple Ave. St. Louis, MO 63112 | (314) 390-0190 |
| Chance & Mechael Lewis | 9831 Darby Creek Ave. Concord NC 28027 | (970) 988-9056 |
| Dunbar Properties, LLC | 833 Blooming Glen Road Blooming Glen, PA 18911 | (484) 460-2300 |
| Carl Manning | 30 East Main St. New Freedom, PA 17349 | (717) 740-6332 |
| Derk Cheetwood | 1355 Sweetwater Dr. Brentwood, TN 37027 | (615) 656-7066 |
| Ken Tolbert | 2288 Gunbarrel Road, Suite 154/361 Chattanooga, TN 37421 | (615) 336-8808 |
| Ryan Decker & Shannon Smylie | 106 Mission Ct. Suite 301, 1st Floor Franklin TN 37067 | (586) 405-4987 |
| Tom Winspear | 1015 Nod Street Knoxville, TN 37932 | (865) 770-4211 |
| Stephen Haynes & Sharon Drye | 2348 West Ander Johnson Hwy, Suite 209 Morristown, TN 37814 | (423) 967-6191 |
| Corey Lavinder | 530 Rosedale Ave Nashville, TN 37211 | (423) 797-0368 |
| Kingdom Redevelopment Brothers Corp | 3501 Greens Mill Road Spring Hill, TN 37174 | (615) 716-1231 |
| Matthew Malcolm | 3715 South 1 st St. Apt. 575 Austin, TX 78704 | (737) 400-9891 |
| Gabriel Vasquez | 9001 Briar Forest Dr. Houston, TX 77024 | (713) 893-0306 |
| Eric Wilkening | 637 Blenheim Ave Apt B, | (540) 842-6459 |

| | | |
|-----------------------|--|----------------|
| | Charlottesville, VA 22902 | |
| Curtis Witherspoon | 2215 Plank Road, #330 Fredericksburg, VA 22401 | (703) 672-5427 |
| Jim & Bonnie Stewart | 1188 Hopemont Dr. Virginia Beach, VA 23454 | (757) 515-8488 |
| James Hall | 4 Rusty Court Simpsonville, SC 29681 | (864) 641-6101 |
| Ryan Lentz | 722 Carriage Hill Road Simpsonville, SC 29681 | (864)-881-3555 |
| Ryan Norman | 63 Peaslee Crossing Road Newton, NH 03858 | (978)-223-2041 |
| Austin & Mark Pate | 102 W Summit Hill Dr. Apt 201 Knoxville, TN 37902 | (423)-797-1337 |
| Alex Inanc | 1760 Horseshoe Creek Road, House 1 Davenport, FL 33837 | (407)-810-5760 |
| Brett Johnson | 11624 E. Ida Ave. Englewood, CO 80111 | (303)-564-0899 |
| Juan Camilo Varon | 8601 Zinfandel Place Raleigh, NC 27615 | (919)-341-5295 |
| John Howard | 838 Martin Ave. Bryn Mawr, PA 19010 | (610)-726-1364 |
| Joseph Putra | 4528 La Roche Ave. Carrollton, TX 75010 | (214)-432-7453 |
| Erik Spersrud | 1521 Ballad Way Westfield, IN 46074 | (317)-886-1540 |
| David Sanderson | 129 Carr Drive Spring Hill, TN 37174 | (256)-285-9733 |
| Andrea Ghotekar | 2311 Woody Road Pearland, TX 77581 | (281)-806-5547 |
| Matt Robertson | 7191 Cypress Lake Dr. Suite 3 #1022 Ft. Myers, FL 33907 | (239)-291-9429 |
| Alex DeLaRosa | 508 Nowell Loop Deland, FL 32724 | (386)-241-0511 |
| Erica Vasquez | 2473 Lakeside Drive Aurora, Illinois 60504 | (630) 965-6287 |
| Will Ballance | Birmingham, AL East | (205) 873-0741 |
| Robert Ware | Dover, DE | (302) 363-1900 |
| Dale Rykse | Northville, MI | (734) 323-6185 |
| Katrina Stratton | Anderson County, SC | (864) 567-3990 |
| Ron Schinharl | Toledo, OH | (419) 466-7177 |
| Jessica Hollingsworth | Jackson, MS | (601) 768-1129 |
| Marco Pena | Houston NE, TX | (281) 545-0148 |
| Chad Matt | Lafayette West, LA | (337) 399-0776 |
| Franklin Witter | Raleigh SE, NC | (919) 522-5347 |
| Mike Heist | Monmouth County, NJ | (732) 301-2854 |
| John Adams | Hot Springs, AR | (501) 781-1123 |
| Sarah Calderone | Pasco County, FL | (603) 842-0742 |

List of Franchisees who have signed a Franchise Agreement but have not yet opened as of December 31, 2023.

| Name | Location | Phone Number |
|-------------|---|---------------------|
| Larry Rife | 278 SE Cedarwood Drive, Grimes, IA 50111. | (515) 991-1711 |

List of Former Franchisees

| Name | Location | Phone Number |
|-----------------------------|----------------------|---------------------|
| Jon Kim | Prospect Heights, IL | (269) 249-4800 |
| David Norman & Tom Robinson | Atlanta, GA | (678) 490-8292 |

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

ATTACHMENT 5

Table of Contents of Operations Manual



Operations Manual Table of Contents (170 pages)

- Section 1 Pre-Opening (2-16, 15 pages)**
- Section 2 Building A Local Team and Network (17 - 57, 41 pages)**
- Section 3 Modular Business Plan (58 - 59, 3 pages)**
- Section 4 Lead Generation (60 - 66, 7 pages)**
- Section 5 Lead Gathering (67 - 96, 30 pages)**
- Section 6 Lead Calls and Contacts (87 - 96, 10 pages)**
- Section 7 Deal Analysis (97 - 107, 21 pages)**
- Section 8 Executing Construction (108 - 126, 18 pages)**
- Section 9 Managing Capital (127 - 138, 11 pages)**
- Section 10 Sales (139 - 144, 6 pages)**
- Section 11 Other Support Systems (145 - 146, 2 pages)**
- Section 12 Glossary (147 -149, 3 pages)**
- Section 13 Appendix (150 - 152, 3 pages)**

ATTACHMENT 6

State Specific Addenda

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department Of Financial Protection and Innovation, prior to 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 OFFERING CIRCULAR.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

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

2. The following is added to Item 5 of the Disclosure Document:

The Department of Financial Protection and Innovation requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business.

3. The following paragraph is added to the end of Item 6 of the Disclosure Document:

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

4. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, 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 contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Sullivan County, TN, with the costs being borne equally by Franchisor and Franchisee. 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 a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of Tennessee. This provision may not be enforceable under California law.

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

In the State of Illinois only, this Disclosure Document is amended as follows:

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 of venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration 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.

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

Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to Franchisee, and Franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

Illinois law shall apply to and govern the Franchise Agreement.

Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

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

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

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

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

[Signatures on following page]

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

NEW AGAIN FRANCHISING, INC.

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

**VIRGINIA ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT**

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

The following Risk Factors are added to the “Special Risks to Consider About *This Franchise*” page:

3. THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED OPERATING HISTORY. THIS FRANCHISE IS LIKELY TO BE A RISKER INVESTMENT THAN A FRANCHISE IN A SYSTEM WITH A LONGER OPERATING HISTORY.

4. THE FRANCHISOR’S FINANCIAL CONDITION, AS REFLECTED IN ITS FINANCIAL STATEMENTS (SEE ITEM 21), CALLS INTO QUESTION THE FRANCHISOR’S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU.

The following is added to Item 5:

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

The following statements are added to Item 17(h):

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

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

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

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

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

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

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

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The franchisor will defer collection of the initial franchise fee until the franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchisee is open for business.

[Signatures on following page]

The undersigned does hereby acknowledge receipt of this addendum.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

NEW AGAIN FRANCHISING, INC.

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

ATTACHMENT 7

State Effective Dates

STATE EFFECTIVE DATES - 2024

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 |
|--------------|-----------------------|
| Illinois | Pending |
| Indiana | Pending |
| Virginia | 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.

ATTACHMENT 8

Franchisee Acknowledgement Statement

ATTACHMENT 8

NEW AGAIN HOUSES ACKNOWLEDGEMENT STATEMENT

Acknowledgement of the truthfulness of the statements below are an inducement for the Franchisor to enter into a Franchise Agreement (or Multi-Unit Development Agreement). Notify Franchisor immediately, prior to acknowledgment, if any statement below is incomplete or incorrect.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee (or developer) 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.

1. Franchisee (or Developer) has conducted an independent investigation of all aspects relating to the financial, operational, and other aspects of the business of operating the Franchised Business. Franchisee (or Developer) further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee (or Developer) by Franchisor and Franchisee (or Developer) and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee (or Developer) may experience as a franchisee (or developer) under this Agreement.

Initial

2. Franchisee (or Developer) has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee (or Developer) and its efforts as an independent business operation.

Initial

3. Franchisee (or Developer) agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement (or Multi-Unit Development Agreement) and that it/she/he understands all the terms and conditions of the Franchise Agreement (or Multi-Unit Development Agreement). Franchisee (or Developer) further acknowledges that the Franchise Agreement (or Multi-Unit Development Agreement) contains all oral and written agreements, representations, and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

Initial

4. Franchisee (or Developer) has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement (or Multi-Unit Development Agreement) that are contrary to the terms of the Franchise Agreement (or Multi-Unit Development Agreement) or the documents incorporated herein. Franchisee (or Developer) acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement (or Multi-Unit Development Agreement). Franchisee (or Developer) represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement (or Multi-Unit Development Agreement).

Initial

5. Franchisor expressly disclaims the making of, and Franchisee (or Developer) acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement (or Multi-Unit Development Agreement).

Initial

6. Franchisee (or Developer) acknowledges that Franchisor's approval or acceptance of Franchisee's (or Developer's) Business location does not constitute a warranty, recommendation, or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

Initial

7. Franchisee (or Developer) acknowledges that it has received the New Again Franchising, Inc., Franchise Disclosure Document with a complete copy of the Franchise Agreement (and Multi-Unit Development Agreement) and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement (or Multi-Unit Development Agreement) was executed. Franchisee (or Developer) further acknowledges that Franchisee (or Developer) has read such Franchise Disclosure Document and understands its contents.

Initial

8. Franchisee (or Developer) acknowledges that it has had ample opportunity to consult with its own attorneys, accountants, and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee (or Developer) with respect to the Franchise Agreement (or Multi-Unit Development Agreement) or the relationship thereby created.

Initial

9. Franchisee (or Developer), together with Franchisee's (or Developer's) advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement (or Multi-Unit Development Agreement).

Initial

10. Franchisee (or Developer) is aware of the fact that other present or future franchisees (or developers) of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's (or Developer's) Territory by others who may have purchased such products from Franchisor.

Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT (OR MULTI-UNIT DEVELOPMENT AGREEMENT), FRANCHISEE (OR DEVELOPER) AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S (OR DEVELOPER'S) AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE NEW AGAIN FRANCHISING, INC., AND ANY OF THE ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT (OR MULTI-UNIT DEVELOPMENT AGREEMENT), INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE (OR DEVELOPER).

Initial

FRANCHISEE:

PRINCIPAL:

By: _____

(Print Name, Title)

(Print Name)

Date: _____

Date: _____

PRINCIPAL:

(Print Name)

Date: _____

ATTACHMENT 9

Receipts

ATTACHMENT 9

RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT OF New Again Franchising, Inc.

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If New Again Franchising, Inc., offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If New Again Franchising, Inc., does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Attachment 1.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

| | |
|---|--|
| Matt Lavinder 501 Alabama Street Bristol, Tennessee 37620 423-389-4110 | |
|---|--|

Issuance Date: April 30, 2024

I received a Disclosure Document dated April 30, 2024, that included the following Exhibits:

- Attachment 1: List of State Franchise Administrators and Agents for Service of Process
- Attachment 2: Financial Statements of New Again Franchising, Inc.
- Attachment 3: State Administrators and Agents for Service of Process
- Attachment 4: List of Current and Former Franchisees
- Attachment 5: Table of Contents of Operations Manual
- Attachment 6: State Addenda
- Attachment 7: State Effective Dates
- Attachment 8: Franchisee Acknowledgement Statement
- Attachment 9: Receipts

Date Received: _____
(If other than date signed)

DATE: _____

Print Name: _____

Print Address: _____

City, State: _____

(Signature of recipient)

Please return signed receipt to New Again Franchising, Inc.
501 Alabama Street
Bristol, Tennessee 37620

ATTACHMENT 9

RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT OF New Again Franchising, Inc.

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Date Received: _____
(If other than date signed)

DATE: _____

Print Name: _____

Print Address: _____

City, State: _____

Signature of recipient

KEEP FOR YOUR RECORDS