

## FRANCHISE DISCLOSURE DOCUMENT

COUNTRY VISIONS, INC.  
(a California corporation)  
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Fairfield, California 94534  
(707) 451-6890

Email: [franchiseinfo@apricotlanefranchise.com](mailto:franchiseinfo@apricotlanefranchise.com)

Website: [www.ApricotLaneBoutique.com](http://www.ApricotLaneBoutique.com), [www.ApricotLaneFranchise.com](http://www.ApricotLaneFranchise.com)



The name of the franchisor is Country Visions, Inc. (“COUNTRY VISIONS”). The franchise is for a retail specialty store selling, fashion apparel and accessories, bath and body products, gifts, wall decor and other merchandise. Your store will operate under the mark “APRICOT LANE.”

The total investment necessary to begin operation of your first APRICOT LANE store is \$146,000 to \$341,300 for a start-up store. This includes \$43,500 to \$48,300 that must be paid to the franchisor or its affiliate. The total investment necessary to begin operation of your second and each subsequent APRICOT LANE store is \$126,500 to \$321,800 for a start-up store. This includes \$24,000 to \$28,800 that must be paid to the franchisor or its 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 Terry Odneal at Country Visions, Inc., 1339 Oliver Road, Suite A, Fairfield, California 94534, (707) 451-6890.

The terms of your contract will govern your franchise relationship. Don’t rely on the disclosure document alone to understand your contract. Read your entire 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](http://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: March 12, 2023**

## How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	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 Exhibits C and E..
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Apricot Lane business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be an Apricot Lane franchisee?</b>	Item 20 or Exhibits C and E list current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

### Some States Require Registration

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

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 arbitration or litigation only in California. Out-of-state arbitration and litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate and litigate with the franchisor in California than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for your financial obligations under the franchise agreement even if your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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.

**THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED  
BY THE MICHIGAN FRANCHISE INVESTMENT LAW**

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to:

State of Michigan Consumer Protection Division  
Attn: Franchise  
670 G. Mennen Williams Building  
525 West Ottawa  
Lansing, Michigan 48909  
517-335-7567

**Note:** Despite paragraph (F) above, we intend, and we and you agree, to enforce fully the arbitration provisions of our Franchise Agreement. We believe that paragraph (F) is unconstitutional and cannot preclude us from enforcing these arbitration provisions.

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

To simplify the language in this Disclosure Document, we will use certain shorthand terms to identify parties. The terms “COUNTRY VISIONS”, “we”, “us”, or “our” means COUNTRY VISIONS, INC., the franchisor. “You” means the person (or owners), individually and collectively, who buy the franchise, or if you are a corporation or partnership, it means the owners who are responsible, under their guarantee, for performance by the franchisee of all its obligations. We do business under the name “APRICOT LANE”. All of our franchises operate under the name “APRICOT LANE”. Our agents for service of process are listed in Exhibit D to this Disclosure Document.

On January 2, 1996, the franchisor was incorporated as COUNTRY VISIONS, Inc., a California corporation. Since August 2022, our principal business address is 1339 Oliver Road, Suite A, Fairfield, California 94534. Before August 2022, our principal business address was 3333 Vaca Valley Parkway, Suite 700, Vacaville, California 95688. We have no predecessors or parent companies.

COUNTRY VISIONS offers franchises for the establishment, development and operation of retail facilities called APRICOT LANE Stores (the “Stores”) that sell fashion apparel and accessories, bath and body products, decor, gifts, candles, and jewelry.

Franchisees use our formats, procedures, methods and techniques collectively called the “System” which we may change, improve and further develop in our discretion. The System includes various manuals, collectively referred to herein as the “Confidential Operations Manual”. Franchises operate under the mark “APRICOT LANE” and other trademarks, service marks, logos and commercial symbols authorized by COUNTRY VISIONS, (collectively the “Marks”). The business of operating the Store is sometimes called the “Franchised Business” in this Disclosure Document.

Franchises are offered under the terms of our Franchise Agreement (the “Franchise Agreement”) a copy of which is attached to this Disclosure Document as Exhibit B. The Stores operate within a specific area (the “Territory”) from a location approved by COUNTRY VISIONS and specified in the Franchise Agreement. The Stores are usually located in lifestyle strip centers, value retail centers, regional malls, neighborhood centers and other locations.

Certain franchisees may qualify to participate in the franchisor-approved e-commerce platform program (the “E-Commerce Platform Program”). Through the E-Commerce Platform Program, qualifying franchisees may sell certain fashion apparel, accessories and other merchandise to customers through the franchisor-approved e-commerce distribution channel. Qualifying franchisees will be those who are not in default under their franchise agreement(s) with us, meet our then-current criteria for participation, and submit all application and any other materials that we request, including a signed Amendment for E-Commerce Platform, the current form of which is attached to this Disclosure Document as Exhibit B-1.

COUNTRY VISIONS has never operated a business of the type being franchised. Some of the persons identified in Item 2 operated businesses selling home accessories and gift items from August 1991 until April 1995, including COUNTRY CLUTTER stores and similar stores under different names. COUNTRY VISIONS has offered franchises for the Stores since its formation in January 1996. All of the franchises were offered and operated under the name COUNTRY CLUTTER until August 2004, when COUNTRY VISIONS adopted APRICOT LANE as an additional brand to be used for certain demographic segments and markets. From 1998 to 2007, COUNTRY VISIONS offered to qualified franchisees adjunct seasonal Christmas stores under the names CHRISTMAS CLUTTER and SANTA’S CLAUSET. COUNTRY VISIONS no longer offers any stores other than APRICOT LANE Stores.



Customers for the APRICOT LANE Stores are the general public including those shopping for fashion apparel and accessories, gifts, and impulse buyers. We believe that the market for the products and services provided by the Franchised Business is established. As is the case with retail in general, this business tends to be seasonal with the busiest period in the fourth calendar quarter. The Franchised Business will compete with other specialty retail businesses, including fashion boutiques, gift shops, and other businesses such as catalog and on-line sellers that offer products similar to those carried in the Franchised Business.

COUNTRY VISIONS' management believes that there are no regulations specific to the operation of the Franchised Business. However, you will need to comply with all federal, state and local laws applicable generally to the Franchised Business.

## **ITEM 2 BUSINESS EXPERIENCE**

### Chief Executive Officer: Patrick Stewart

Mr. Stewart has been Chief Executive Officer of COUNTRY VISIONS since November 1, 2017. Prior to that, he was President of COUNTRY VISIONS from August 2017 through October 31, 2017.

### Vice President of Technology & Business Administration, and Board Member: Scott Jacobs

Mr. Jacobs has been our Vice President of Technology and Business Administration since February 2021, and a Board Member since 1996. Mr. Jacobs was previously Vice President of Marketing from August 2017 until February 2021.

### Founder and Board Member: Kenneth M. Petersen

Mr. Petersen is our Founder and has been a Board Member since January 1996.

### Vice President, Franchise Development: Terry W. Odneal

Mr. Odneal joined COUNTRY VISIONS as Vice President of Franchise Development in May 1996.

### President of Retail: Christopher Lanning

Mr. Lanning joined COUNTRY VISIONS as President of Retail in August 2018. Mr. Lanning served as the COO of Crawford Hoving in Dublin, Ohio from April 2017 to April 2018.

### Franchise Development Specialist: Judy Lanning

Ms. Lanning joined COUNTRY VISIONS as a Franchise Sales Specialist in August 2020. Ms. Lanning previously served as a Stylist with Macy's in Columbus, Ohio from September 2019 to March 2020. Before that, she was a stay-at-home parent and school volunteer.

### Senior Manager of Training/Learning and Organizational Development: Jennifer Wiles

Ms. Wiles joined COUNTRY VISIONS as a Manager - Franchisee Training and Development in June 2021, and in 2022 was promoted to Senior Manager of Training. Ms. Wiles previously served as Manager - Talent Management for Bath & Body Works in Columbus, Ohio from January 2019 to September 2020. From April 2012 to January 2019, she served as HR – Learning and Development for Victoria's Secret in Columbus, Ohio.

**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**

The standard initial franchise fee is \$39,500. We may provide a \$5,000 reduction on the initial franchise fee to veterans of U.S. Armed Forces who meet our criteria. Currently, to qualify for the discount, the veteran must own at least 50.0% of the franchise. “Veteran” means a person who receives an honorable discharge, as evidenced by a U.S. Department of Defense Form 214 (DD-214). The franchise fee for a second and each additional franchise purchased is \$20,000. Otherwise, the initial franchise fee and any subsequent fees paid for additional stores are uniform for all franchisees. During fiscal year ending December 31, 2021, we collected franchise fees ranging from \$15,000 to \$39,500.

If at the time you sign the Franchise Agreement no specific location has been determined for your Franchised Business, you will also sign Exhibit A to the Franchise Agreement, giving you an “open license” to establish the Franchised Business at a mutually agreed upon site in the future. In that case, you will pay us the initial franchise fee in two installments including a nonrefundable deposit of \$5,000 on signing the Franchise Agreement and the balance upon the execution of the Landlord’s letter of intent for a site approved by COUNTRY VISIONS (see Item 11 of this Disclosure Document for details about site selection and approval). Otherwise, the franchise fee is paid in full on signing the Franchise Agreement. The franchise fee is fully earned and non-refundable upon payment, except as expressly provided below in this Item 5.

If we determine, in our sole discretion, that you or your designated manager are unable to satisfactorily complete the training program at our headquarters, we shall have the right to terminate the Franchise Agreement, and return the initial franchise fee less expenses incurred by COUNTRY VISIONS in providing training to you and other expenses incurred by COUNTRY VISIONS, not to exceed \$5,000 or as stated in other provisions of the Franchise Agreement to the contrary. To obtain the refund you must execute a full release of claims against COUNTRY VISIONS and our affiliates and return to us all confidential or proprietary information you have received from us.

You and COUNTRY VISIONS jointly determine when our representative will arrive to assist you with your store opening. If your Franchised Business is not ready when this representative arrives, we have the right to recall this person until we are satisfied that your Franchised Business is ready. If this happens, you must pay for the costs of sending this person back to your Franchised Business to help you open. This includes the costs involved in changing airline tickets if necessary. As an alternative to recalling the representative, we have the right to have this representative remain on site, and in this instance, you agree to pay for added lodging and living costs for each day they are prevented from completing their tasks.

We assess a plan review fee of \$1,500 if you use an architect other than our recommended architect to draw up the plans for your Store. This fee would be paid before opening the Franchised Business upon advising us of your decision to use another architect. This fee is uniform for all franchisees in these circumstances, fully earned on receipt and not refundable for any reason.

We may assess a Grand Opening Marketing Fee of \$1,500 if we choose to use a Advertising or Promotions Agency or Marketing Consultant other than COUNTRY VISIONS in house agency to develop a local Grand Opening Marketing Plan, including local market research.

We also typically provide visual merchandiser/store opener services for you at a cost, but may appoint a designated provider. Typical fees range from \$350 to \$550 per day plus expenses. If there is a schedule conflict, we would schedule and send one store opener representative for the training of staff and opening support for a period of 6 to 8 days as part of our visual merchandiser services. COUNTRY VISIONS will pay the store opener a daily fee and you will reimburse COUNTRY VISIONS for expenses, per diem food charges. These fees typically range between \$2,500 to \$4,500.

Finally, we also assess a fee for your initial store marketing and POP package that you will purchase directly from our marketing department. We estimate that this fee will range from \$1,500 to \$1,800. This package contains all of the initial in-store display signage and holders, promotional/consumer loyalty cards, supplies, business cards and the initial materials needed for the gift card program.

The fees described in this Item are uniform as to all franchisees who receive this offer.

**ITEM 6  
OTHER FEES**

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks*
Royalty Payments	5.5% of Gross Revenues <sup>(2)</sup>	Payable semi-monthly by the 20th and the 5th of each month.	Based on Gross Revenues for the preceding period of the 1st through the 15th for payments on the 20th, and the 16th through the last day of the month for payments on the 5th.
Option fee	\$15,000	Payable on signing the Location Option Agreement	Payable if you purchase an option (See Item 12)
Advertising and Development Fund <sup>(3)</sup>	1% of your Gross Revenues	Payable to the Advertising and Development Fund in same manner as Royalty Fee listed above.	You also have to spend at least 2% of gross revenues on local advertising. See Item 11 for a detailed discussion about the Advertising and Development Fund.
Marketing and Advertising Coverage Area (“MACA”) Payments	Your share of the advertising expense for your MACA not to exceed \$4,000 a year	Payable directly to the supplier or to COUNTRY VISIONS as invoiced	The MACA is described in Item 11 of this Disclosure Document. It is not a formal advertising cooperative and has no standing membership, governing body or voting rights.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks*
Outside Service Fee	\$1,000	As incurred	Payable only if you choose to use an Advertising or Promotions Agency other than COUNTRY VISIONS
Late Fees	\$5 per day for each day the Royalty or other payment or reports are late	On demand	You must submit all payments and reports on time to avoid this fee, including semi-monthly statements of gross revenues which are due with your Royalty payments
Finance Charge	Lower of 18% or highest legal rate for open account business credit accrued from due date	On demand after due dates of late payment	Imposing the finance charge does not excuse your late payment or commit us to extend credit to you
Transfer Fee	\$30,000	Prior to transfer of the franchise or a controlling interest in it	Not applicable to assignment of your interest to a corporation majority-owned by you
Field Visits	Cover our travel and expenses only.	As incurred if provided at your request	After the initial store opening visit, we will provide additional visits at your request and expense (See Item 11)
Relocation	Reasonable costs we incur	As incurred	Due only if you ask to relocate the Franchised Business
Audit	Cost of an inspection or audit	As incurred	Due only if you fail to report or understate by 2% or more
Insurance	Premiums for required insurance and our costs and expenses	On demand	Due only if you fail to carry required insurance and we, at our option, obtain insurance on your behalf
Indemnification	Cost of defending and indemnifying COUNTRY VISIONS if claims are made against us because of your franchised operations	As incurred	Includes generally all costs of defense and any losses we incur or damages assessed against us as a result of these claims

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks*
Liquidated Damages	Varies based on unexpired term of your franchise agreement. Maximum is amount equal to prior 36 months of Royalty payments.	Upon your premature termination or discontinuance of operation as our franchisee.	Only payable if you terminate or discontinue operation before the term expires as provided in Section 20.L of the Franchise Agreement

(1) Except as noted above, all fees are imposed and collected by and payable to us. Except as noted above, all fees are nonrefundable and are currently uniformly imposed.

(2) You must pay a Royalty on a semi-monthly basis of 5.5% of Gross Revenues. “Gross Revenues” means and includes all revenue and income of any nature earned or derived in connection with the operation of the Franchised Business or the use of the Marks and the System, including but not limited to revenue from the sale at retail (through any distribution channel) or at wholesale of merchandise and services to your customers whether received in the form of cash, check, redemption of a gift card or gift certificate, services in kind, from barter and/or exchange, on credit (whether or not payment is received) or otherwise. There will be deducted from Gross Revenues the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if such taxes are separately stated when the customer is charged and if such taxes are paid to the appropriate taxing authority. The amount of any documented refunds, charge backs, credits and allowances given in good faith to customers by you will also be deducted from Gross Revenues. For purposes of calculating Gross Revenues, amounts received in payment for gift cards will not be recognized as Gross Revenue upon the sale of the gift cards, but upon the redemption of the gift cards in the amount redeemed. All barter and/or exchange transactions pursuant to which you furnish services and/or products in exchange for goods or services to be provided to you by a vendor, supplier or customer will, for the purpose of determining Gross Revenues, be valued at the full retail value of the goods and/or services so provided to you.

(3) During corporate training, you must execute all documents necessary to pay by electronic funds transfer (“EFT”) all amounts due under your Franchise Agreement with us (including, the Royalty and Fund contributions). You must maintain sufficient funds in the appropriate accounts for the withdrawals. If you have not provided a statement of Gross Revenues within the time period required under your Franchise Agreement with us, we may process an EFT and debit your designated bank account based on information we obtain or the most recent statement of Gross Revenues you have provided. If we determine the Gross Revenues have been understated or amounts due to us have been underpaid, we may debit your designated bank account for the overdue amount, plus interest. We will credit any overpayment to your designated bank account promptly following a determination that a credit is due. Should your bank not honor any EFT for any reason, you are responsible for and must pay to us immediately on demand the payment and any service charge. We reserve the right to require you to pay any Royalty fee, Fund contribution, or other amount due to us by means other than EFT (e.g., by check) whenever we deem appropriate, and you must comply with our payment instructions.

**ITEM 7  
ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT FOR A START-UP FRANCHISE**

<b>Column 1 Type of expenditure</b>	<b>Column 2 Amount (Estimated Cost)</b>	<b>Column 3 Method of payment</b>	<b>Column 4 When due</b>	<b>Column 5 To whom payment is to be made</b>
Initial Franchise Fee <sup>1</sup>	\$39,500 (first store)  \$20,000 (subsequent stores)	Lump Sum	See Item 5 & Note 1	COUNTRY VISIONS
Real Estate/1 <sup>st</sup> month rent <sup>2</sup>	\$0 - \$10,000	As Arranged	As Arranged	Lessor
Deposits (Lessor, Utilities, Providers) <sup>3</sup>	\$0 - \$5,000	As Arranged	As Arranged	Lessor & Utility Companies
Store Designer/Architect <sup>4</sup>	\$3,500 - \$8,500	Lump Sum	Plan Completion	Approved Suppliers
Plan Review Fee <sup>5</sup>	\$0 - \$1,500	Lump Sum	On submittal of Plans	COUNTRY VISIONS
Construction/Leasehold Improvements <sup>6</sup>	\$0 - \$100,000	As Arranged	As Arranged	General Contractor
Center Construction Fees & Demolition <sup>7</sup>	\$0 - \$2,500	As Arranged	As Arranged	Lessor, General Contractor
Cash Wrap <sup>8</sup>	\$500 - \$5,000	As Arranged	As Arranged	Approved Suppliers
Flooring & Installation <sup>9</sup>	\$1,000 - \$10,000	As Arranged	As Arranged	Approved Suppliers
Display Fixture Package, Bags and Boxes	\$4,000 - \$15,000	As Arranged	As Arranged	Approved Suppliers
Computer & Software	\$9,000 - \$12,000	As Arranged	As Arranged	Approved Suppliers (See Item 11)
Initial Inventory <sup>10</sup>	\$35,000 - \$45,000	As Arranged	As Arranged	Approved Suppliers & Vendors
Insurance Deposit <sup>11</sup>	\$0 - \$1,000	As Arranged	As Arranged	Insurance Company
Exterior Signs	\$10,000 – 12,000	As Arranged	As Arranged	Approved Suppliers
Expenses While Training <sup>12</sup>	\$2,500 - \$5,000	As Arranged	As Arranged	Transportation Lines Hotels & Restaurants
Grand Opening, Pre- and Post- Opening Marketing	\$10,000 - \$12,000	As Arranged	As Arranged	Approved Suppliers
Grand Opening Marketing Fee <sup>13</sup>	\$0 - \$1,500	As Arranged	As Arranged	COUNTRY VISIONS
On-Site Store Opening and Visual Merchandising <sup>14</sup>	\$2,500 - \$4,500	As Arranged	On Invoice	COUNTRY VISIONS
Initial Store Marketing & POP Package <sup>15</sup>	\$1,500 - \$1,800	As Arranged	On Invoice	COUNTRY VISIONS

<b>Column 1 Type of expenditure</b>	<b>Column 2 Amount (Estimated Cost)</b>	<b>Column 3 Method of payment</b>	<b>Column 4 When due</b>	<b>Column 5 To whom payment is to be made</b>
Office Equipment, Furniture & Supplies	\$1,000 - \$2,500	As Arranged	As Arranged	Approved Suppliers
Lease Negotiations and Lease Legal <sup>16</sup>	\$5,000	As Arranged	As Arranged	Leasing Broker
In Store Music/Video System	\$500 - \$1,500	As Arranged	As Arranged	Approved Suppliers
Professional Fees	\$500 - \$1,000	As Arranged	As Arranged	Attorneys, CPAs, lenders, other professionals
Additional Funds 3 months	\$20,000 - \$40,000	As Incurred	As Incurred	Employees, Suppliers & Vendors
<b>TOTAL ESTIMATED INITIAL INVESTMENT</b>	\$146,000 – \$341,300 (first store) \$126,500 – \$321,800 (subsequent stores)			

Except for the initial franchise fee (see Item 5) none of these expenditures is refundable.

### **Explanatory Notes**

1. Item 5 of this Disclosure Document describes the initial franchise fee. If you qualify for the U.S. Military veterans discount we currently offer, we may discount the initial franchise fee by \$5,000.

2. You must rent premises for the operation of the Franchised Business. The typical Store requires approximately 1,200 to 2,000 square feet. The typical facility will be located in a, tourist center, entertainment complex, a regional mall, downtown street-side or a power/community center. This estimate contemplates rent for 1 month. The rental expense may vary greatly based on geographic location, size of the facility, local rental rates and other factors, and may be considerably higher in or near large metropolitan areas. The estimated amount of real estate/rent includes common area maintenance, taxes, insurance and center advertising.

3. The lessor and utility companies may require you to make a deposit before occupying the premises and before installing telephone, gas, electricity and related utility services.

4. You are responsible for obtaining finished store design drawings and services. COUNTRY VISIONS has approved store designers and/or architects it works with and can arrange to provide finished drawings. Cost of drawings varies depending on several factors, including physical condition of the property, landlord requirements and/or local government building codes.

5. The Plan Review Fee applies only if you choose to use an architect other than COUNTRY VISIONS' approved architect/store designer which covers the additional required time necessary to get the new architect up to speed on store design requirements.

6. The cost of construction and leasehold improvements depends upon the size and condition of the premises, the nature and extent of leasehold improvements required, the local cost of contract work, lease or landlord requirements concerning the use of union or non-union construction workers, the nature

and extent of leasehold improvements required, and the location of the Franchised Business. The low end of the estimate is for remodeling retail space that has some suitable leasehold improvements in place and the high end is for unimproved retail space. Regional mall locations typically entail higher leasehold improvement costs than other locations. The range of figures above does not include the cost of construction plans designed specifically for the Franchised Business. This range takes into account negotiated landlord tenant construction allowance based on our experience to date. However, the landlord allowance can vary significantly between developers and landlords. Construction allowances can range from \$0 to \$100,000.

7. Some centers or malls may have special fees related to construction, such as those for installation of temporary barricades and providing a construction dumpster. Costs for demolition and restoration of space to “plain vanilla shell” are more likely to be assessed with a regional mall, but it is possible in other circumstances. During your lease negotiations, you should determine if the lessor intends to impose any such charges.

8. The cash wrap is a custom-made unit designed specifically for APRICOT LANE Stores.

9. Typical flooring is a luxury vinyl plank flooring. In some cases the existing flooring in a location may be approved.

10. Before beginning business operations, COUNTRY VISIONS may assist you in inventory buy events at a location we designate during the training program. COUNTRY VISIONS also may work with you to place the initial inventory order with vendors on your behalf for your location. You agree to accept and pay for the merchandise. Customary terms are Credit Card, C.O.D. or open account terms.

11. You must procure and maintain throughout the term of the Franchise Agreement insurance of the types and amounts prescribed by COUNTRY VISIONS as stated in Item 8 of this Disclosure Document. The cost of insurance will vary based on policy limits, type of policies procured, geographic location, and other related factors. The figures listed anticipate a 6-month premium for the required insurance coverage, including worker’s compensation.

12. We describe training in Item 11. COUNTRY VISIONS will provide you and up to 1 of your employees with an initial training and familiarization course. You will need to arrange transportation and pay the expenses for meals and lodging for any persons attending the training program. The amount expended will depend on a number of factors, including the distance traveled and the type of accommodation you choose. The above estimate assumes travel, food and lodging expenses for 2 persons at our headquarters for 3 to 5 days. This amount also includes round trip airfare from your location to Los Angeles for a 2 to 3 day field trip and tour of the Los Angeles fashion district.

13. The Grand Opening Marketing Fee applies only if we choose to use a Advertising or Promotions Agency or Marketing Consultant other than COUNTRY VISIONS in house agency to develop a local Grand Opening Marketing Plan, including local market research.

14. You will contract directly with a visual merchandiser selected and scheduled by COUNTRY VISIONS from its approved supplier list. Typical fees range from \$350 to \$550 per day plus expenses. COUNTRY VISIONS will also select, schedule and send one store opener representative for the training of staff and opening support for a period of 2 to 3 days. COUNTRY VISIONS will pay the store opener a daily fee and you will reimburse COUNTRY VISIONS for expenses, per diem food charges.

15. This package contains all of the initial in-store display signage and holders, promotional/consumer loyalty cards, thank you post cards and birthday post cards, supplies, store



stationery, business cards and the initial materials needed for the gift card program. The package is provided directly by our marketing department.

16. We recommend using the services of a national real estate brokerage company to handle real estate site selection. They are paid commission by the landlord and are responsible for their own expense. We also recommend the services of an attorney who charges a fixed fee of \$5,000 for lease comments and negotiations with a landlord's attorney. If you use someone other than our recommended consultants for your site selection and lease negotiations, we cannot estimate the cost and it may differ from what is shown in this table.

17. This amount is for operating expenses during the first 3 months of operation (other than those separately identified in the table), such as employee's salaries, rent, royalty, advertising and other normal operating expenses during the 3 months after opening the Franchised Business, but does not include owner's salary. You might need additional working capital during the first 3 months you operate the Franchised Business, particularly if you open during a slower season for the business. In addition, you must have available sufficient cash to restock inventory. COUNTRY VISIONS has based this estimate on the experience of its officers who previously operated APRICOT LANE Stores. The amount you will need may vary considerably from the projections outlined above, depending on many factors, including geographical area, the size of your store, your business acumen and how closely you follow our System. Receipts generated during the busiest period, typically Christmas, may need to be saved to cover costs during the slower periods. This information is derived from actual data collected from Franchisees that have opened Franchised Businesses during the last calendar year regarding their opening expenses.

## **ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

You must purchase an initial inventory that we collectively agree upon from various required and recommended vendors.

### Computers and Programs

You must purchase computer hardware and software designated by COUNTRY VISIONS. COUNTRY VISIONS or an affiliate may be, but are not currently, approved suppliers or designated suppliers of other products to be utilized at or sold from the Franchised Business. If we develop any proprietary items, private-label or exclusive merchandise for the APRICOT LANE Marks, we can require you to carry it and we may be the designated supplier or may designate another supplier.

You will set up, maintain and utilize an Internet service provider for the purposes of receiving electronic communications and point-of-sale, inventory management and other systems information from us, from other franchisees and your customers.

### Gift Card Program

You must participate in our gift card program, currently administered by Ceridian-Stored Value Solutions. These gift cards operate like gift certificates and are redeemable at any participating Store. All new Franchised Businesses must participate in the program. You will purchase from Ceridian-Stores Value Solutions a gift card unit, initial supply of gift cards and set up for \$700, which is included in Item 7 under Initial Store Marketing and Point of Purchase expense. You will need to purchase additional "blank" cards and other supplies from Ceridian-Stored Value Solutions at its then current pricing. The customer selects the amount to put on the gift card from \$10 to \$500 and this remains in your account and is debited as the card is redeemed along with applicable transaction fees. Inter-store redemptions are reconciled monthly. All amounts due from your Franchised Business for transactions under this program are debited from your

designated bank account by Ceridian-Stored Value Solutions. We cannot promise or represent that this program with Ceridian-Stored Value Solutions will continue in the future, and the terms and conditions of the program if it continues may be subject to change. We reserve the right to change administrators of the gift card program or to modify or discontinue the gift card program.

### Merchandise

You must carry the merchandise of those vendors that we have determined consistently account for a significant amount of sales by the Stores. The products of these vendors help to shape the total image of the Stores. We reserve the right to issue specifications about the amount and variety of such merchandise you are required to carry. You will also contract directly with a visual merchandiser selected and scheduled by COUNTRY VISIONS from its approved supplier list. Typical fees range from \$350 to \$550 per day plus expenses.

If COUNTRY VISIONS or anyone we authorize develops private-label or exclusive merchandise, whether or not under the Marks, you must carry it and keep a representative selection of the products at all times.

We may establish and modify in our sole discretion standards and specifications regarding the merchandise that may be carried and the services that may be provided from the Franchised Business, including approved vendors and the type, brand, amount and variety of merchandise to be carried. You must abide by all such standards and specifications. We can in our sole discretion require you to discontinue offering for sale any merchandise or services not specifically approved by COUNTRY VISIONS or the merchandise of any vendor specifically approved by COUNTRY VISIONS. Our standards and specifications and modifications, including approved vendors, may be part of the Confidential Operations Manual or provided in any other format as we determine. A list of required and recommended vendors is currently provided to you as part of the initial merchandise plan. We may also issue standards and specifications for products, materials and supplies used in the Franchised Business, including approved vendors, types and brands of products, materials and supplies. All products, materials and supplies used in the Franchised Business must meet these standards and specifications. We may limit the number of approved suppliers with whom you may deal, designate sources that you must use and/or refuse any of your requests to approve a supplier or merchandise for any reason, including that we have already designated an exclusive source (which might be us or our affiliate) for a particular merchandise, goods or services or if we believe that doing so is in the best interests of the COUNTRY VISIONS system.

You must purchase certain specified products and services from us (or our affiliates), including software, web marketing, the gift card program, store merchandise, visual merchandise, supplies, and certain construction and improvement activities from our approved suppliers. COUNTRY VISIONS does not permit you to contract with suppliers outside of our approved suppliers.

If there are no specifications or standards addressing the particular merchandise, product or materials you wish to offer or use, you must nevertheless ensure that all merchandise, products and materials sold or used in the Franchised Business are of a high quality and consistent with our image. We may in our sole discretion require you to discontinue offering or using any merchandise, product or materials that in our opinion are inconsistent with this requirement. We do not currently maintain any procedure for you to obtain our approval of any item that is not covered by our specifications and standards or which is not on our list of approved merchandise or suppliers.

### Insurance

All of your insurance policies must meet our standards and specifications stated in the Confidential Operations Manual. Currently we have designated InterWest Insurance Services as our preferred provider.

After obtaining a quote for required insurance from InterWest Insurance Services you may solicit quotes from other insurance companies as well. InterWest will then be given the right to match any other quotes and you are required to use InterWest Insurance Services if it provides competitive prices to you. We do not collect any rebate for insurance sold to you by InterWest Service. You must maintain insurance protecting you and COUNTRY VISIONS, their officers, directors, partners and employees against any loss, liability, personal injury, death or property damage or other expense connected with the Franchised Business, specifying COUNTRY VISIONS as an additional insured. These policies must be written by an insurance company licensed in the State in which the Franchisee operates and having at least an “A” rating classification as indicated in Best’s Key rating guide in accordance with standards and specifications stated in the Confidential Operations Manual or otherwise. At a minimum, you must carry: (i) comprehensive general liability insurance, including broad form contractual liability, broad form property damage, personal injury, completed operations, products liability and fire damage coverage in the amount of \$1,000,000, combined single limit per occurrence, \$2,000,000 general aggregate, or any greater amount required by the lessor; (ii) automobile liability coverage of owned, non-owned and hired vehicles, with coverage in amounts not less than \$1,000,000, combined single coverage; (iii) an “umbrella” policy providing excess coverage in amounts not less than \$1,000,000 which must be in excess of general liability, auto and employers liability; (iv) worker’s compensation insurance in amounts required by applicable law; (v) personal property insurance coverage in the amount of \$75,000 or greater if you open with a higher inventory level; (vi) business interruption insurance in an amount which is the greater of the actual loss sustained or \$50,000; (vii) stop gap coverage where applicable; (viii) stretch endorsements for crime, employee dishonesty and accounts receivable; and (ix) any other insurance required by State or locality in which the Franchised Business is located. Minimum insurance limits may be modified, as conditions require, by written notice to you. COUNTRY VISIONS may immediately procure insurance coverage and charge the same, plus a reasonable fee, to you should you fail to procure and maintain the required insurance.

#### Advertising

Before using them, you must send us, for our approval, samples of all advertising, promotional and marketing materials for the Store that we have not prepared or previously approved. You must also implement a grand opening marketing and advertising program according to our requirements.

#### Construction

You are responsible for developing the Store at your expense. It is your responsibility to prepare all required construction and remodeling plans and specifications in accordance with applicable law. You must submit all construction and remodeling plans and specifications to us for any approval before beginning build-out. Our review is limited to ensuring your compliance with design requirements. Our review is not designed to assess compliance with laws or regulations as such compliance is your responsibility.

#### Lease

You must send us for approval any lease or sublease for the Store before you sign it. The lease must contain the terms and provisions that are reasonably acceptable to us (See Item 11). You may not relocate the Store without our approval (See Items 6 and 12). Your lease must provide for certain rights of COUNTRY VISIONS. We may require you to sign a Lease Addendum attached to the Franchise Agreement as Exhibit E. It provides that we can take over the lease under certain circumstances.

### Purchasing Arrangements

COUNTRY VISIONS has the right to derive revenue from your required purchases. However, we are currently not an approved vendor for any items or services purchased by our franchisees, except as described in Item 5.

In 2022 COUNTRY VISIONS received \$0 of revenue from all sales made to franchisees, representing less than 1% of our total revenue from all sources of \$4,049,819 according to our 2022 audited financial statements.

We did not receive any rebates from vendors on account of franchisee purchases in 2022, but we have the right to do so in the future. We may require you to implement system modifications including new or modified Marks, computer systems, inventory items, merchandising techniques and equipment. We cannot require you to spend more than 2% of your average annual Gross Revenues or \$15,000 during the initial term of the franchise, whichever is less, for System modifications. You also must maintain and repair the premises (e.g., fixtures, decor, signs, equipment, including replacement of worn and obsolete items) of the Franchised Business. We cannot require you to spend on maintenance and repair in any calendar year more than 1% of gross revenue or \$5,000, whichever is less.

We estimate that the cost of all required purchases and leases (i.e., those which must be from our approved and designated sources or in accordance with our specifications) is between 40% and 50% of the cost to establish the Franchised Business and between 10% and 20% of the cost to maintain and operate the Franchised Business.

COUNTRY VISIONS negotiates purchase arrangements for your benefit with suppliers, including merchandise vendors, the recommended architect, general contractor and leasing consultant. We have arranged for volume discounts from some suppliers. There are no purchasing cooperatives applicable to the Franchised Business.

Owners or officers of COUNTRY VISIONS may have minority ownership interests in a variety of publicly traded companies. Some of these publicly traded companies or their affiliates could be approved or designated suppliers to APRICOT LANE franchisees. Other than this type of minority ownership, no officer or owner of COUNTRY VISIONS has any ownership interest in any of your suppliers.

There are no purchasing or distribution cooperatives. We do not provide material benefits to you based on your purchase of particular products or services or the use of particular suppliers.

None of our officers currently own an interest in any supplier.

### **ITEM 9 FRANCHISEE'S OBLIGATIONS**

**This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document. Section references are to the Franchise Agreement unless otherwise noted.**

	<b>Your Obligations</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
a.	Site Selection and Acquisition/Lease	Section 4 in Franchise Agreement, Exhibit A to Franchise Agreement	Items 5, 6, 12

	<b>Your Obligations</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
b.	Pre-Opening Purchases/Leases	Sections 5, 6.D, 14.H, 14.M in Franchise Agreement	Items 6, 8
c.	Site Development and Other Pre-Opening Requirements	Sections 4 and 5 in Franchise Agreement	Items 6, 7, 8
d.	Initial and ongoing Training	Section 6 in Franchise Agreement	Item 7
e.	Opening	Sections 5.E and 14.B in Franchise Agreement	None
f.	Fees	Sections 1.C, 1.D, 4.E, 4.F.1, 5.B, 6.A, 6.B, 6.D, 6.E, 6.F, 11.A, 11.B, 11.C, 11.F, 11.G, 12, 13.D, 13.E, 15.D, 16.A, 19.G, 19.L, 20.C, 21.C.6 in Franchise Agreement	Items 5 and 6
g.	Compliance with Standards and Policies/Operating Manual	Sections 8 and 14 in Franchise Agreement	Item 8
h.	Trademarks and Proprietary Information	Sections 7 and 9 in Franchise Agreement	Items 13 and 14
i.	Restrictions on Products/Services Offered	Sections 14.D and 14.E in Franchise Agreement	Item 16
j.	Warranty and Customer Service Requirements	Section 14.P in Franchise Agreement	None
k.	Territorial Development And Sales Quotas	None	Item 12
l.	Ongoing Product/Service Purchases	Sections 14.D, 14.E, 14.I in Franchise Agreement	Item 8
m.	Maintenance, Appearance and Remodeling Requirements	Section 10 in Franchise Agreement	Items 6 and 8
n.	Insurance	Section 16 in Franchise Agreement	Items 6 and 7
o.	Advertising	Section 11 in Franchise Agreement	Items 6 and 7
p.	Indemnification	Sections 4.E and 21.C in Franchise Agreement	Item 6
q.	Owner's Participation Management/Staffing	Sections 6.B, 14.J in Franchise Agreement	Item 15

	<b>Your Obligations</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
r.	Records/Reports	Sections 12.B and 13 in Franchise Agreement	Item 6
s.	Inspections/Audits	Sections 7.E and 13.D in Franchise Agreement	Item 6
t.	Transfer	Section 20 in Franchise Agreement	Items 6 and 17
u.	Renewal	Sections 3.B and 3.C in Franchise Agreement	Item 17
v.	Post-Termination Obligations	Sections 17.B and 19 in Franchise Agreement	Item 17
w.	Non-Competition Covenant	Section 17 in Franchise Agreement	Item 17
x.	Dispute Resolution	Section 22 in Franchise Agreement	Item 17
y.	Relocation	Sections 2.C, 3.B, 4.F in Franchise Agreement	Item 12

## **ITEM 10 FINANCING**

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

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

**Except as listed below, COUNTRY VISIONS is not required to provide you with any assistance.**

Before you open the Store, COUNTRY VISIONS will:

1. Recommend a leasing consultant or specialist and real estate broker to you, at your option, to assist with site selection, lease negotiations and negotiations to secure a landlord approved letter of intent (LOI). Site selection services at then-current rates or at fees agreed to by the parties in writing (Section 4.A of the Franchise Agreement);
2. Review any site for the Store and give you written notice of approval or disapproval within 30 business days after receiving your written proposal for the site (Section 4.A of the Franchise Agreement);
3. Make available to you assistance with the construction bidding process and selection of a licensed general contractor (Section 5.D.3 of the Franchise Agreement);

4. Make available to you, at your option, professional architectural services at then-current rates (Section 5.B.1 of the Franchise Agreement);
5. Make available to you, at your option, a pre-approved general contractor at a fee agreed to by the parties in writing (Section 5.D.1 and 2 of the Franchise Agreement);
6. Review all final plans and specifications for the premises (Section 5.C of the Franchise Agreement);
7. Provide a training and familiarization course regarding the operation of the Franchised Business for you and 1 employee who will act as your Operating Manager or Assistant Manager as further described below in this Item 11. As part of the training program, we may accompany you to an inventory buy event at the location we designate (Section 6.A of the Franchise Agreement);
8. Loan you a copy of our Confidential Operations Manual in a format chosen by COUNTRY VISIONS, which will detail the procedures for the operation of a Franchised Business, and which shall remain the sole property of COUNTRY VISIONS (Section 8 of the Franchise Agreement);
9. Provide you with a list of established sources for equipment, merchandise and products necessary for the operation of the Franchised Business, which includes approved vendors and merchandise. (Section 15.B (1) of the Franchise Agreement);
10. Send one of our representatives to the Franchised Business, at our expense, before or during the beginning of operations. The length of time this representative stays is strictly within COUNTRY VISIONS' discretion, but is generally from 3 to 5 days. (Section 6.E of the Franchise Agreement);
11. Assist you with the implementation of required grand opening marketing and advertising for the Franchised Business (Section 11.A of the Franchise Agreement).

During the operation of the Franchised Business, COUNTRY VISIONS shall:

1. Review and approve relocation as necessary (Section 4.F of the Franchise Agreement);
2. Provide training for new or additional managers (Section 6.B of the Franchise Agreement);
3. Provide continuing or additional training (Section 6.E of the Franchise Agreement);
4. Provide you with the authority to use the Marks (Sections 1.A, and 7 of the Franchise Agreement);
5. Let you use the Confidential Operations Manual and Confidential Information (Sections 8 and 9) (Attached as Exhibit G is a copy of the Table of Contents of COUNTRY VISIONS' Confidential Operations Manual. The Confidential Operations Manual, which includes 5-volumes of manuals, contains 1,081 pages in total.);
6. Provide System modifications (Section 10.B.2 of the Franchise Agreement);
7. Provide consulting for grand opening marketing and advertising (Section 11.A of the Franchise Agreement);
8. At our option, maintain and administer the national advertising and development fund (Section 11.B of the Franchise Agreement);

9. Review and approve promotional materials (Section 11.D of the Franchise Agreement);
10. Coordinate product distribution and purchasing from local, regional, national and international suppliers (Section 15.B.2 of the Franchise Agreement);
11. Monitor quality standards and products throughout the network of franchised businesses (Section 15.B.3 of the Franchise Agreement);
12. Negotiate discounts and special buys on products, equipment and supplies required for the operation of the Franchised Business as we deem necessary and advisable in our sole discretion (Section 15.B.4 of the Franchise Agreement);
13. Conduct on-going research and development of products, procedures and techniques to be introduced into the System (Section 15.B.5 of the Franchise Agreement);
14. Review and approve all advertising and promotional materials to be used in the operation of the Franchised Business (Section 15.C of the Franchise Agreement);
15. Advise you of our observations concerning the operation of the Franchised Business based on reports submitted to us by you or by inspections conducted by COUNTRY VISIONS of the Franchised Business (Section 15.D.1 of the Franchise Agreement).

#### Advertising

You must spend a minimum of \$10,000 on pre-opening marketing and advertising. We may, in our reasonable judgment, require changes to the proposed budget and media placement for grand opening marketing and advertising and media placement, which you must implement. This marketing requirement is separate from any grand opening expenditure requirement provided in the lease for the premises.

COUNTRY VISIONS has established a Marketing, Advertising and Development Fund (the "Fund") to produce and develop marketing and advertising for the System. You contribute 1% of your Gross Revenues to the Fund. If we have any company-owned or affiliated Stores operating under the Marks, they will also contribute this amount from Gross Revenues to the Fund. We will direct and approve all marketing and advertising programs with sole discretion over the creative concepts, materials and media used in such programs and the placement and allocation of such programs. COUNTRY VISIONS does not ensure that any particular franchisee will benefit directly or proportionately from the placement of and advertising. The fees paid to the Fund are used to meet all costs of creating, producing, maintaining, administering, directing, approving and conducting advertising, marketing and promotional activities and materials, including, without limitation the cost of preparing and producing mass media, magazine, online and newspaper, digital advertising and campaigns; the cost of direct mail and outdoor billboard advertising; the cost of public relations activities and advertising agencies; the cost of developing and maintaining an Internet Website; the cost of personnel or other departmental costs for marketing and creative services and/or advertising that FRANCHISOR internally administers or prepares; point of purchased and promotional materials and supplies, digital art, marketing and dissemination support mechanisms and the employment of outside agencies. All sums paid by you to the Fund will be maintained in a separate account from the other funds of COUNTRY VISIONS and will not be used to defray any of our general operating expenses. However, the Fund may reimburse us and our affiliates for the reasonable salaries and benefits of personnel who manage and administer the Fund or otherwise provide assistance or services to the Fund, the Fund's administrative costs, travel expenses while they are on Fund business, meeting costs, overhead relating to the Fund business and other expenses that we may incur in administering or directing the Fund and its programs including conducting market research, preparing marketing and advertising materials, and collecting and accounting for assessment for the Fund. We may incorporate the Fund or operate it through



a separate entity whenever we deem it appropriate. The successor entity will have all of the rights and duties of COUNTRY VISIONS' with respect to the Fund. The Fund is not a trust and we do not owe you fiduciary obligations because of our maintenance, direction or administration of the Fund or any other reason. The Fund may spend in any fiscal year more or less than the total Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus, for future use. We will use all interest earned on Fund contributions to pay costs before using the Fund's other assets.

In most cases, COUNTRY VISIONS provides the advertising materials it develops to you and you utilize them at your discretion.

COUNTRY VISIONS will prepare an annual accounting of the operation of the Fund and this report will be made available to you upon request. There is no requirement for COUNTRY VISIONS to audit the Fund or provide you with an audited report. If COUNTRY VISIONS elects to have such an audit performed, the cost of doing so can be charged against the Fund.

During our most recent fiscal year ended December 31, 2022 the Fund was allocated as follows: 100% on production and creation of advertising materials, including maintaining, administering, directing, creating, preparing and approving advertising and promotions, market research, and collecting and accounting for assessments for the Fund, including salaries and overhead expenses and the cost of activities reasonably related to these functions, 0% on media placement, and 0% on our administrative expenses. If all advertising fees are not spent in the fiscal year in which they accrue, COUNTRY VISIONS will rollover any outstanding balances to the subsequent year's Fund.

The Fund is not used for any advertising that is principally a solicitation for the sale of franchises. As of the date of this Disclosure Document there is no active advertising council.

COUNTRY VISIONS may in its sole discretion, designate a local or regional Marketing and Advertising Coverage Area ("MACA") containing at least 3 franchised Stores for purposes of targeted cooperative advertising efforts. An MACA is not a cooperative organization as such, but is a case-by-case grouping of the Stores for sharing the expenses of specific advertising and promotion efforts. MACAs thus do not operate from governing documents, do not maintain advertising funds and do not provide accountings of their expenditures. When an MACA is established which includes your Franchised Business, we will provide you with a list of the businesses included in the MACA and written guidelines for the timing and placement of the advertising and promotions, and the manner of payment for the expenses related to them. The MACA is defined as the area covered by the particular advertising medium to be used for the advertising or promotion (e.g., broadcast area of local television or radio, distribution area of regional publication). The content of the advertising and promotion to conduct, the media to be used and the make-up of the MACA is determined by COUNTRY VISIONS, usually as a result of reviewing suggestions or requests of one or more franchisee. You will not be required to spend more than \$4,000 on ACA advertising and promotion annually. MACA expenditures are in addition to all other advertising expenditures required under the Franchise Agreement. We have the power to establish, change, merge or dissolve any MACAs at any time.

COUNTRY VISIONS has no company-owned outlets and therefore does not participate in any MACA.

You must spend a minimum of 2% of gross sales annually, excluding grand opening marketing and advertising, on local marketing, advertising and promotion. This is in addition to sums required by your lease for center advertising that may also include center grand opening, the 1% payment to the Advertising and Development Fund, and MACA advertising payments.

You may use your own advertising that is submitted to and approved by COUNTRY VISIONS before use. We retain the exclusive right to establish and maintain sites on the Internet under any domain name containing the words “APRICOT LANE” or any of the Marks or any variation of them and you may not establish any such site on the Internet without our written consent, which may be withdrawn at any time. You need our written approval of any web page or Internet advertising you propose to maintain or use, including the use of linking and framing between your web page and any other web sites.

#### System Websites (or Digital Presence) and Electronic Marketing and Advertising

We or one or more of our designees may establish a website or series of websites or digital presence for the Stores and/or the sale of any goods or services under the Marks to advertise, market and promote the Stores and the products and services they offer, the Franchised Businesses, and/or for any other purposes that we determine are appropriate for Stores (collectively, the “System Website”). If we include information about the Franchised Business on the System Website, you must give us the information and materials that we periodically request concerning the Franchised Business and otherwise will participate in the System Website in the manner that we periodically specify. By posting or submitting to us information or materials for the System Website, you represent to us that the information and materials are accurate and not misleading and do not infringe any third party’s rights.

We will own all intellectual property and other rights in the System Website and all information it contains, including the domain names or URL (or any electronic addresses) for the System Website, the log of “hits” by visitors, and any personal or business data that visitors (including you and your personnel) supply. We may use the Marketing Fund’s assets to develop, maintain and update the System Website and digital presence. We may implement and periodically modify system standards relating to the System Website(s) or digital presence and, at our option, may discontinue or alter the System Website(s) or digital presence, or any services offered through the System Website, at any time.

All advertising, marketing and promotional materials that you develop for the Franchised Business must contain notices of the URL of the System Website in the manner that we periodically designate. You may not develop, maintain or authorize any other website, other online or digital presence or other electronic medium that mentions or describes the Franchised Business or displays any of the Marks without our prior written approval. Neither you, nor any of your owners, signatories, guarantors or individuals who attended training or signed a confidentiality agreement, may conduct commerce or directly or indirectly offer or sell any products or services using any website, another electronic means or medium, or otherwise over the Internet or in any other manner without express permission from us in writing. Any social media that you engage in must be in accordance with our standards that we specify from time to time.

We have the right to maintain websites other than the System Website and to offer and sell products and services under the Marks from the System Website, another website or otherwise over the Internet without payment or obligation of any kind to you.

#### Computer Systems

You must use computer hardware and software meeting our specifications that is compatible with our system, including a software program for point of sale which tracks and collects all pertinent data of inventory, vendors, customers, sales transactions and inventory orders. The system includes an Apple Mac microprocessor and compatible software applications and accessories including monitor, keyboard, mouse, printer, modem, receipt printer, bar code scanner, bar code label printer, Microsoft Office, and point of sale and inventory management software. You will also use this computer system to access the COUNTRY VISIONS intranet and receive information from COUNTRY VISIONS, such as updates to the Confidential Operations Manual. The estimated cost to acquire this system is from \$9,000 to \$12,000.

Third party companies distribute the hardware and software for our required computer system. COUNTRY VISIONS has not approved any other hardware or software programs; however, we will review and consider any equivalent hardware components or software programs.

In all cases, you will need a computer for various functions. Using our specified computer system means your system will be compatible with ours and that you will have full access to the ongoing support we provide, much of which is made available through electronic means.

You are responsible for maintenance and repair of your computer system. You are not required to spend more than 1% of your annual gross revenue or more than \$5,000 per year, whichever is less on maintenance and repair costs for your Franchised Business, including the computer system. Many vendors offer ongoing maintenance, repairs, upgrades or updates under warranties and maintenance contracts. For the point of sale and inventory management software program you must pay \$145 monthly subscription fee (for an annual cost of \$1,740) and upgrade as specified by COUNTRY VISIONS.. Maximum upgrades are twice a year at a total cost of \$500 per year.

You must maintain, repair and modify the computer system at your own expense as described in Item 8 of this Disclosure Document and subject to the limits on expenditures described in that Item.

If you use our specified computer system, we will have independent remote access to your system and the information stored in it. COUNTRY VISIONS owns and controls the COUNTRY VISIONS intranet and will have independent access to all communications made via that intranet.

#### Site Selection and Opening

Typically, COUNTRY VISIONS uses a national real estate broker to identify sites for the APRICOT LANE Stores through contacts with shopping mall developers or operators. However in some cases franchisees find their own sites. Regardless of any site selection or leasing assistance that COUNTRY VISIONS may provide, you are ultimately responsible for finding and securing a suitable site and negotiating your lease. You must decide whether to accept a particular site or leasing terms. You should conduct your own evaluation of the suitability of the site and consult with an attorney for legal advice on the lease terms. You must provide to us a copy of all communications between you and your landlord and any leasing specialist you use.

Before acquiring any site for the premises of the Franchised Business, whether by lease or purchase, you must submit a written description of the proposed site to COUNTRY VISIONS, including a letter of intent describing the terms and conditions in detail, together with evidence that is satisfactory to us that your prospects for obtaining the proposed site are favorable. COUNTRY VISIONS will approve or disapprove your site selection within 30 days after receiving your written proposal.

The methods we use in approving the location for the proposed site may include the following factors among others: (1) type of mall; (2) location; (3) market size; (4) lease for the premises; (5) identity of other tenants at the site; and (6) strength and track record of the developer.

Sometimes the location for the APRICOT LANE Store is identified and approved before the Franchise Agreement is signed. Otherwise, you will sign Exhibit A to the Franchise Agreement, Open License Addendum, which indicates that no specific site has been identified and that a site must be located within a certain number of calendar months, or extensions by mutual agreement, as indicated in the Open License Addendum. If a site is not located within the time agreed including any extensions granted, we will retain your \$5,000 deposit and the Franchise Agreement will be terminated.

The typical length of time between signing of the Franchise Agreement and the opening of your Franchised Business is approximately 6 months if your location is identified at the time you sign the Franchise Agreement. For an Open License, the time can be 18 months or more. Factors affecting the timing of your opening may include the time it takes you to select site for a new store and negotiate your lease, construct or remodel your store, arrange financing, complete required training, complete leasehold improvements and decor and furnishing modifications, comply with local ordinances or community requirements, and obtain delivery of your equipment, inventory and signs. The Store may not be opened for business without the final approval by us of the Store’s compliance with the System. We are to be given access to the premises while work is in progress for review purposes. You are responsible for obtaining all final permits and certificates, including a certificate of occupancy. The Store may not be opened until all requisite government permits have been issued. During the COVID-19 pandemic, governmental orders in some jurisdictions caused delays in some new Store openings of approximately 30 days on average. COUNTRY VISIONS extended all applicable opening deadlines for affected franchisees.

You must begin operation of a start-up Store within 6 months from signing the Franchise Agreement or 12 months from securing a site if you are under Open License, unless otherwise agreed upon in writing by COUNTRY VISIONS. If you do not commence operation as required, COUNTRY VISIONS may terminate the Franchise Agreement.

**Training**

Our training program consists of 3 phases. The first phase consists of Orientation and Phase I On Boarding, which must be completed by all new franchisees at home before the second phase of training. The COUNTRY VISIONS program includes written material, video learning, and live virtual learning facilitated by us and covers many aspects of ownership, leadership, store operations and computer operations. You must purchase your computer for the Franchised Business before starting this home study program because you will need it to learn and practice all computer operations covered by the program. Written and interactive tests are sent to COUNTRY VISIONS throughout the program.

We will schedule the second phase of training when you satisfactorily complete the first phase. The second phase includes (i) 1 to 3 days of training held at a designated training Boutique, and (ii) a 2 to 3 day inventory buy at a designated market (e.g. Dallas Market), tradeshow and/or event we may designate to purchase opening inventory for your Franchised Business. We schedule the second phase of training on an as-needed basis. As part of second phase, we hold the COUNTRY VISIONS in-store experience at a location or virtually, we designate. It provides opportunity to observe, on-the-job instruction, practical application in selling skills, working with the customers and staff and interactive computer training. Specifically, we review daily store operations, employee relations, customer service standards and sales techniques, advertising and marketing, inventory management, merchandising and display, ordering and receiving product, store pre-opening guidelines, company reporting and procedures.

The third phase consists of training certification, to ensure understanding. We summarize our training program as follows, with classroom training representing phase 2:

<b>TRAINING PROGRAM</b>			
<b>Orientation/OnBoarding</b>	<b>Hours of Virtual, Webinars, &amp; Online Training (Phase 1)</b>	<b>Hours of Virtual, Webinars and OnLine Training* (Phase 2)</b>	<b>Location</b>
Overview	2	0	Phase 1 – Virtual, Webinars & OnLine

<b>TRAINING PROGRAM</b>			
<b>Orientation/OnBoarding</b>	<b>Hours of Virtual, Webinars, &amp; Online Training (Phase 1)</b>	<b>Hours of Virtual, Webinars and OnLine Training* (Phase 2)</b>	<b>Location</b>
Leadership & Customer Experience	6	2	Phase 1 – Virtual, Webinars & OnLine
Sales Equation	8	2	Phase 1 – Virtual, Webinars & OnLine
Business Basics	4	2	Phase 1 – Virtual, Webinars & OnLine
Product/Buying	40	21**	Phase 2 Virtual, Webinars & Fashion District
Presentation/Marketing & Visual Merchandising	40	8	Phase 2 – Virtual, Webinar, OnLine & in Store
People/Staff/Hiring	25	8	Phase 2 – Virtual, Webinar, Online & in store
Productivity/Operations, Policy & Procedure	6	12	Phase 2 – Virtual, Webinar, OnLine & in store
Certification	4		Phase 3 – Virtual, Webinars & OnLine
<b>Total Hours</b>	<b>135</b>	<b>55</b>	

\*Jennifer Wiles is our senior manager of Learning & Organizational Development responsible for facilitating new franchisee orientation, onboarding, and our ongoing training for the system. Ms. Wiles has been with us since June 2021, and she has more than 20 years’ experience in retail.

\*\* The inventory purchase at a Fashion Market, tradeshow and/or event we may designate totals approximately 15 hours.

During the COVID-19 pandemic, in-person components of the training program for some new franchisees were delayed by approximately 30 days due to governmental orders.

The training program is designed to begin before opening and must be completed at least 2 weeks before the Franchised Business Opening. Once your store is open, we will provide continued post-opening training for at least 6 months and follow-ups for at least a year. All franchisees and their designated employees must successfully complete all phases of training to COUNTRY VISIONS’ satisfaction. Training materials include a 4 volume Confidential Operations Manuals. The first 2 provided to our franchisees are the Pre-opening manual and the Point of Sale Computer Reference. The Confidential Operations Manual is located on the Apricot Lane Resources site online.

We do not charge any fees for the initial training programs, but you must pay our then current fees for any additional or supplemental training we provide (See Item 6). You must also pay your personnel’s travel, living and other expenses and compensation incurred while attending any training programs.

You must complete all phases of training to COUNTRY VISIONS' satisfaction.

If you designate new or additional managers after the initial training program, at your request COUNTRY VISIONS shall provide training to these managers to the extent that we can reasonably accommodate them in our regularly scheduled training course at the then-current rates published by COUNTRY VISIONS in the Confidential Operations Manual. Prior to the start of this training, your managers must sign a confidentiality agreement. COUNTRY VISIONS is under no obligation to provide this training to your managers. You are responsible for all expenses incurred by you or your employees in attending any additional training including travel costs, room and board expenses and employees' salaries.

COUNTRY VISIONS may provide and may require previously-trained and experienced franchisees and/or their managers or employees attend and successfully complete continuing education training programs or seminars to be conducted virtually or at another location as COUNTRY VISIONS may determine. We will not charge you tuition for any mandatory additional training, but you will bear all costs of attendance at these programs. You will not be required to attend more than 2 of these programs in any calendar year and they shall not collectively exceed 6 business days in duration during any calendar year. We reserve the right to charge tuition for optional training programs you attend.

You and/or your manager may attend our national conventions, conferences, seminars and training at such times and locations as determined by COUNTRY VISIONS. We reserve the right to charge a per attendee conference fee to help defray the costs of organizing and hosting the conventions, conferences, seminars or training including the cost of group functions, entertainment, speakers' fees and the like. Attendance at these conventions, conferences, seminars and training counts toward your continuing training requirements as outlined above.

## **ITEM 12 TERRITORY**

You have the right to operate the APRICOT LANE Store at a specific location within the Territory described in the Franchise Agreement. If no specific location is identified when the Franchise Agreement is signed, you have the right to establish your business in the future at a mutually agreed upon site under the Open License Addendum described in Item 11.

While there is no minimum size for a Territory, we typically will define a Territory as follows:

1. If your Store is inside an enclosed mall, the Territory is limited to the mall property.
2. For Stores that are part of a larger facility, the Territory is limited to the shopping center, entertainment complex, tourist attraction (e.g., amusement park, museum, etc.) or other facility in which the site is located.
3. For Stores at stand-alone locations, the Territory is typically defined as a 1-2 mile radius from the Store, but will depend on the market.

The Territory is only protected to the extent that neither COUNTRY VISIONS nor any affiliate will locate either a company-owned or franchised APRICOT LANE within your Territory during the term of the Franchise Agreement.

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. We (and our affiliates) retain the right during the term of the Franchise Agreement to engage in any and all activities

that we (and our affiliates) desire, any time or place, and whether or not these activities compete with the Franchised Business, including the right to:

- (1) sell and authorize other parties to sell merchandise, including merchandise bearing the Marks or any similar or related names or marks, to independent retail outlets, at wholesale, at retail to the general population and by means of catalogs, mail order, home parties, Internet and/or television buying networks and/or clubs, whether within or outside of the Territory;
- (2) establish and operate and authorize other parties to establish and operate Stores, the physical premises of which are located outside of the Territory, on any terms and conditions we deem appropriate;
- (3) develop, acquire, establish, operate and franchise any retail or other businesses operating under marks other than the Marks at any location, including within the Territory; and
- (4) engage in all other activities that the Franchise Agreement does not expressly prohibit.

The Territory is not exclusive. You may face competition from other franchisees, from franchisor owned outlets or from other channels of distribution or competitive brands franchisor controls.

You may operate the Franchised Business only at the location specified in the Franchise Agreement unless we agree otherwise. If applicable, you may operate any temporary, seasonal, kiosk, cart or other adjunct operation only from a location approved by COUNTRY VISIONS. You also may not sell APRICOT LANE Store merchandise through any other distribution channel without our prior written approval.

You may relocate your Franchised Business at your sole expense within your Territory, but only with our prior written consent. COUNTRY VISIONS shall have the right to charge you for any costs incurred by us, and a reasonable fee for our services, in any relocation of the Franchised Business. If your lease expires or terminates and you are not at fault, or the site is destroyed, condemned or in any manner made unusable, if you are unwilling or unable to relocate the Franchised Business, COUNTRY VISIONS is not required to refund any fees or costs paid to COUNTRY VISIONS.

If you relocate the Franchised Business, you will conform the new store location to COUNTRY VISIONS' then-current standards for store design; close the old location at the same time you open the new location; and remove and obliterate any visible signs, graphics and advertising materials displaying any of our names, Marks and slogans. These changes must be completed within 7 business days of the opening of the new location.

Continuation of your Territory is not dependent on the achievement of a certain sales volume, market penetration or other contingency.

COUNTRY VISIONS does not have to permit you to open any additional Stores in your Territory or elsewhere. If you are approved for an additional Store, you will sign the Franchise Agreement then in use for new franchisees and pay the franchise fee for additional stores described in Item 5 of this Disclosure Document.

You may request an option, effective for a 12-month period, to develop an additional Store at a location that you have identified. If we in our sole discretion grant this option, you will sign the Location Option Agreement attached to the Franchise Agreement as Exhibit B and pay us an option fee of \$15,000 upon signing. The option may be exercised only in that 12-month period by signing the then-current form of Franchise Agreement for the additional store, which must be preceded by securing the location for that


store. The franchise fee for the additional Store is \$20,000 and is due when you exercise the option, provided that \$5,000 of the option fee is credited without interest toward this franchise fee for the additional store. If you do not exercise your option on time and in the manner prescribed, the option expires and the option fee is retained in full by COUNTRY VISIONS for holding the location off the market. The option fee is not refundable under any circumstances.

COUNTRY VISIONS may terminate the option if you default on the terms of your first location’s Franchise Agreement or site lease. The option will automatically terminate if your Franchise Agreement for your first location is terminated for any reason. You may not exercise the option if you are not in full compliance with your Franchise Agreement for your first store and or have a history of defaults on any agreement that is relevant to your first store’s franchise. Before signing the Franchise Agreement for the additional Store, you must also provide proof, in the form of a pre-approved financing package, of your financial capability to develop the store. The Location Option Agreement is not assignable by you under any circumstances.

You must sell merchandise only from the premises of the Franchised Business unless we specifically and in writing authorize another location, such as a kiosk, or unless we specifically and in writing authorize another distribution channel. You may not solicit or accept orders outside of your Territory or engage in sales through any other channels of distribution inside or outside of your Territory, such as mail order, electronic commerce, catalogs or booths at craft fairs without our prior express written consent. However, as described in Item 1, qualifying franchisees may participate in our e-commerce platform programs. We and our affiliates can use alternative channels of distribution to solicit and accept orders within your Territory of products or services under the Marks or any other trademarks without paying you any compensation.

**ITEM 13  
TRADEMARKS**

As of the date of this disclosure document, the following Marks for use with the System have been registered on the Principal Register in the United States Patent and Trademark Office for the relevant uses:

MARK	REGISTRATION NUMBER	REGISTRATION DATE
	3,011,274	November 1, 2005

All required affidavits and renewals necessary to maintain the above registered marks have been filed and accepted.

There are no currently effective material determinations of the Patent Office, Trademark Trial and Appeal Board, the trademark administrator of any state or any court, pending infringement, opposition, or cancellation proceedings or any pending material litigation involving the principal marks.

There are no agreements currently in effect that limit our right to use the principal marks. We are not aware of any other users of the mark APRICOT LANE or similar marks. There are no prior superior rights or infringing uses of the Marks actually known to COUNTRY VISIONS.



Should COUNTRY VISIONS change or modify the System, including the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new computer systems, new inventory items, new merchandising techniques, new equipment or new techniques, you will be required to accept, use and display these changes in the System as if they were part of the Franchise Agreement at the time you signed it. You will make expenditures as are reasonably required by these changes in the System, including changes in the Marks; however, your expenditures for these and other System modifications are limited as noted in Item 8 of this Disclosure Document. You shall not change, modify or alter the System in any way, except as directed by COUNTRY VISIONS.

You must promptly notify COUNTRY VISIONS of any infringement of or challenge to your use of the Marks. You must also notify us of any action, claim or demand against you relating to the Marks within 10 days after you receive notice of it. Upon receiving notice from you, COUNTRY VISIONS will take the action we think is appropriate and has the right to control exclusively any litigation, USPTO proceeding or any other administrative proceeding arising from any infringement, challenge or claim or otherwise relating to the Marks. If we initiate an action, we will bear all expenses of the proceedings. If we undertake any defense or prosecution of any litigation relating to the Marks or parts of the System, you agree to cooperate with COUNTRY VISIONS, sign any and all documents and take all actions as may be desirable or necessary in the opinion of our counsel to assist us. However, we are not obligated under any agreement to protect or defend your use of the Marks or to indemnify you for damages if you are a party to any administrative or judicial proceeding involving the Marks.

You may use the Marks only as permitted by the Franchise Agreement and in accordance with our guidelines. Any goodwill established by your use of the Marks belongs to COUNTRY VISIONS. You may not contest the validity or ownership of the Marks or assist another in contesting the Marks at any time during or following the term of the franchise.

You may not use any Mark as part of your corporate name, or in any modified form or in the sale of any unauthorized product or service, or in any manner not authorized in writing by COUNTRY VISIONS. You shall give notices of trademark and service mark registrations as specified by COUNTRY VISIONS and obtain fictitious or assumed name registrations required under applicable law.

#### **ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

We own no patents material to the franchise. We have unregistered copyrights in our Confidential Operations Manual, promotional materials, training materials and other works used in the offer, sale and operation of franchises.

There are no current determinations of the Patent and Trademark Office, the Copyright Office or any court regarding any copyright of COUNTRY VISIONS. There are no agreements that limit our use of the copyrights. We do not know of any infringing uses that could materially affect your use of any copyrighted material supplied by COUNTRY VISIONS.

COUNTRY VISIONS has no obligation under the Franchise Agreement or otherwise to protect any or all rights that you have or may acquire to use a patent, patent application or copyright which COUNTRY VISIONS may have or may obtain. The Franchise Agreement does not require you to notify us of any infringement claims. We need not take any affirmative action to protect the copyrighted works, although we have the right to control any litigation relating to the copyrighted works. We need not participate in your defense nor indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a copyrighted work or if the proceeding is resolved unfavorably to you.

As a franchisee, you will receive information that is proprietary, confidential and a trade secret of COUNTRY VISIONS. You agree to maintain the absolute confidentiality of all such information during and after the term of the franchise and will not use any of this information in any other business or in any manner not specifically authorized or approved in writing by COUNTRY VISIONS.

You also agree to disclose the confidential information and trade secrets to your employees only to the extent necessary in order to operate the Franchised Business. Any and all information, knowledge and know-how, including drawings, materials, equipment, retail business systems techniques and procedures for the display products, customer lists, any and all data and other information relating to customers and/or potential customers, vendor lists, merchandise lists, and other data and other information which COUNTRY VISIONS designates as confidential is considered confidential, except information which you can prove lawfully came to your attention before disclosure by COUNTRY VISIONS or which had become publicly available, through publication or communication by others.

All of your employees having access to the confidential information of COUNTRY VISIONS must sign confidentiality agreements in a form acceptable to COUNTRY VISIONS.

As a condition of using our Intranet, you must accept and abide by the Terms of Use, including the security and protection of proprietary and confidential information accessed or downloaded through the Intranet.

You must at all times insure that your copy of the Confidential Operations Manual in whatever media it is stored, is available at the Franchised Business premises in a current and up-to-date manner. At all times that the Confidential Operations Manual is not in use by authorized personnel, you must maintain the Confidential Operations Manual in a secure area and manner at the premises of the Franchised Business, and will not allow any unauthorized persons access to that area or to any computer system or other electronic device through which the Confidential Operations Manual can be accessed. All information regarding customers of franchisees is considered “confidential information” of COUNTRY VISIONS.

All ideas, concepts, techniques or materials relating to an Apricot Lane Store (collectively, “Innovations”), whether or not protectable intellectual property and whether created by or for you or your owners, employees or contractors, must be promptly disclosed to COUNTRY VISIONS and is COUNTRY VISIONS’ sole and exclusive property, part of the System, and works made-for-hire for COUNTRY VISIONS. To the extent any Innovation does not qualify as a work made-for-hire for COUNTRY VISIONS, you assign ownership of that Innovation, and all related rights to that Innovation, to COUNTRY VISIONS and agrees to sign whatever assignment or other documents COUNTRY VISIONS requests to evidence COUNTRY VISIONS’ ownership or to help COUNTRY VISIONS obtain intellectual property rights in the Innovation. COUNTRY VISIONS and its affiliates have no obligation to make any payments to you or any other person with respect to any Innovations. You may not use any Innovation in operating your Store or otherwise without our prior approval.

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

The Franchised Business must at all times be under your on-premises management and supervision except where delegation of this duty to a manager is permitted as described below. You shall, at all times, faithfully, honestly and diligently perform your obligations and shall not engage in any business or other activities that will conflict with your obligations under the Franchise Agreement.

You must devote full time and best efforts to the management and operation of the Franchised Business except as set forth below. If the franchisee is not an individual, an owner in franchisee if a

corporation or limited liability company, or a general partner if franchisee is a partnership, shall devote full time and best efforts, to the management and operation of the Franchised Business. You may delegate the day-to-day, on-premises supervision to a manager who has attended and successfully completed our initial training program (or other training specifically designated by COUNTRY VISIONS). Your managers must sign confidentiality agreements agreeing not to disclose our Confidential Information. You must give us a copy of the signed confidentiality agreements within 30 days after the manager signs it. You remain ultimately responsible for the operation of the Franchised Business and for supervising this manager.

All owners in the franchisee if franchisee is not an individual must sign a Guaranty and Assumption of Obligations attached as Exhibit D to the Franchise Agreement personally guarantying and agreeing to be bound by the obligations under the Franchise Agreement to the same extent as the franchisee. If the franchisee entity and owner(s) of the franchisee entity do not satisfy the financial or management qualifications to become a franchisee based on their qualifications, we may require the spouse(s) of the owner(s) to sign the Guaranty and Subordination Agreement in order to satisfy our qualifications. If a franchisee is an individual or group of individuals and he/she/they do not satisfy the financial or management qualifications to become a franchisee based on his/her/their qualifications, we may require the spouse(s) of the individual(s) to sign the Guaranty and Subordination Agreement in order to satisfy our qualifications.

COUNTRY VISIONS may require you and all of your personnel performing managerial or supervisory functions and all personnel receiving special training from COUNTRY VISIONS, to sign confidential information agreements as required by COUNTRY VISIONS.

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

COUNTRY VISIONS' requirements for approved products and suppliers are fully described in Item 8 of this Disclosure Document.

COUNTRY VISIONS has the right to add to or otherwise modify the required purchases and vendor lists at its discretion. You must maintain an inventory reasonably adequate to meet the needs of your customers. COUNTRY VISIONS has the right to require you to carry a minimum dollar amount of merchandise.

You may not use the Store for providing services or selling merchandise other than that approved by COUNTRY VISIONS, and only in the manner specified by COUNTRY VISIONS. You may not operate the Store inside someone else's business premises without our prior written consent.

You may not install or maintain on the premises of the Franchised Business any revenue sharing devices or equipment without COUNTRY VISIONS' written approval.

You may not sell any merchandise at wholesale or in job lots (except to other franchisees operating under the System) without prior written approval of COUNTRY VISIONS.

Except as noted above in this Item, you are not limited in the customers to whom you may sell merchandise.

#### **ITEM 17**

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

**THE FRANCHISE RELATIONSHIP**

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

<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
a. Length of the franchise term	Section 3.A in the Franchise Agreement	Term is 10 years beginning on the first day of the lease term for the premises.
b. Renewal or extension of the term	Section 3.B in Franchise Agreement	If you are in good standing, you can renew for 2 additional successive terms of 5 years each.
c. Requirements for franchisee to renew or extend	Sections 3.B, 3.C in Franchise Agreement	You will be required to sign a new form of Franchise Agreement, which may include materially different terms and conditions than your original contract. Additionally, you must: have complied with all provisions of Franchise Agreement during the term; secure extension of lease or substitute location; bring facilities into compliance with new specifications; give written renewal notice to us; pay all amounts owed; meet then-current qualifications and attend refresher training; sign release. We can refuse to renew if you have had material disputes, or consistent negative interactions with COUNTRY VISIONS.
d. Termination by franchisee	None in the Franchise Agreement	You may terminate the Franchise Agreement on any grounds available by law.
e. Termination by franchisor without cause	None in the Franchise Agreement	
f. Termination by franchisor with cause	Section 18.A in the Franchise Agreement	COUNTRY VISIONS can terminate only for cause.
g. "Cause" defined – curable defaults	Section 18.B in Franchise Agreement	You have 10 business days to cure non-payment of fees. You have 30 days to cure for failure to comply with other provisions of Franchise Agreement, specifications, standard or operating procedure where immediate termination provisions do not apply (see “h” below).

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
h. "Cause" defined – non-curable defaults	Section 18.A in Franchise Agreement	Failure to satisfactorily complete training program; failure to secure a site or open for business on time; material misrepresentation in applying for franchise; conviction or no contest plea to certain crimes; breach of requirements regarding confidential information; abandonment or unauthorized transfer of franchise; failure to timely transfer interest on death or permanent incapacity; intentional underreporting of Gross Revenues; bankruptcy or insolvency; seizure or foreclosure of assets of Franchised Business; misuse of any Mark; upon 2 or more material defaults in any 12 months; public health or safety hazard; failure to stay open during set hours; repeated defaults in any 12 month period; repudiation of obligations; termination of lease.
i. Franchisee's obligations on termination/non-renewal	Section 19 in Franchise Agreement	Assign lease to us on demand; cease using Marks; cancel or assign assumed name registrations, de-identify premises if lease not assigned; pay all amounts due; return all copies of proprietary information; allow COUNTRY VISIONS to purge its confidential information from your computer; assign telephone numbers; comply with covenants not to compete. (Also see "r" below.); pay liquidated damages
j. Assignment of contract by franchisor	Section 20.A in Franchise Agreement	COUNTRY VISIONS' may assign to anyone who is financially responsible and assumes COUNTRY VISIONS' obligations.
k. "Transfer" by franchisee – defined	Section 20.B in Franchise Agreement	Includes transfer of Franchise Agreement or assets or ownership change in Franchisee.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
l. Franchisor approval of transfer by franchisee	Section 20.B in Franchise Agreement	Transfers to third parties must meet conditions listed in “m” below. Ownership by or transfer to entity which is wholly-owned by same individual(s) approved by us as the franchisee is permitted if: the owners guarantee and agree to be bound by Franchise Agreement; the entity is not engaged in any other business; you provide specified information about the entity and its ownership to us; ownership in the entity is subject to same transfer restrictions as are applicable to Franchisee; restrictive stock legend required.
m. Conditions for franchisor approval of transfer	Section 20.C in Franchise Agreement	All transferees must meet our standards. If transfer will change control of the Franchised Business: we must have declined right of first refusal; and the transferee must assume your obligations, satisfactorily complete training, sign then-current form of Franchise Agreement and you must not be in default at time of transfer, pay all amounts owed us, pay transfer fee, sign general release of claims against us, sign noncompetition agreement in favor of us and transferee. We must approve material terms of transfer.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 20.F in Franchise Agreement	You must notify us 45 days before a proposed transfer. We or our nominee have 10 days after your written notice containing all required information to match the terms offered.
o. Franchisor's option to purchase franchisee's business	N/A	
p. Death or disability of franchisee	Section 20.D in Franchise Agreement	Franchise (or interest) must be transferred to a new owner subject to our approval within 6 months after death or permanent incapacity of Franchisee or owner of controlling interest.
q. Non-competition covenants during the term of the franchise	Section 17.A in Franchise Agreement	No diversions to competitors; no ownership or involvement in competing business without prior written approval of COUNTRY VISIONS. (Subject to state law.)

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
r. Non-competition covenants after the franchise is terminated or expires	Section 17.B in Franchise Agreement	For 2 years after expiration or termination for any reason, you may not own or be involved in competing business within your former Territory or within 10 miles of any other Store. (Subject to state law.)
s. Modification of the agreement	Sections 23.E in Franchise Agreement	Franchise Agreement may not be amended except in writing and agreed to by both parties.
t. Integration/merger clause	Section 23.E in Franchise Agreement	Only terms of Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	22.A	All disputes subject to arbitration in Solano, County, California, subject to state law.
v. Choice of forum	Section 22.C in Franchise Agreement	Subject to arbitration requirement, litigation must be in California. (Subject to state law)  Federal, state, and local courts located in the county or judicial district in which COUNTRY VISIONS maintains its principal offices at the time of litigation (currently, Fairfield, California)
w. Choice of law	Section 22.B	Except for Federal Arbitration Act and other federal law, the laws of the state in which in which the Apricot Lane franchised business is operating under the Franchise Agreement.

**ITEM 18  
PUBLIC FIGURES**

COUNTRY VISIONS does not use any public figure to promote its franchise.

**ITEM 19  
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.



**Gross Revenues of Apricot Lane Stores**  
**Operating for the Full 12-Month Period Ending December 31, 2022**

Type of Location	Number of Stores	Range of Gross Revenues		Average Gross Revenues	Median Gross Revenues	# and % At or Above Average	# and % Below Average
		High	Low				
All Stores	67	\$3,189,518	\$117,630	\$519,580	\$452,655	26 or 39%	41 or 61%
Top 10	10	\$3,189,518	\$693,483	\$1,120,116	\$777,610	2 or 20%	8 or 80%
Top 20	20	\$3,189,518	\$574,773	\$874,409	\$684,942	4 or 20%	16 or 80%
Bottom 20	20	\$327,658	\$117,630	\$251,674	\$265,6678	12 or 60%	8 or 40%
Bottom 10	10	\$264,212	\$117,630	\$206,059	\$204,531	5 or 50%	5 or 50%

**Notes:**

1. This table of gross revenues of Apricot Lane Stores above consists of the relevant set of reported gross revenues of the 67 franchised Stores that were open and operating during the entire 12-month period shown. We had 108 franchised Apricot Lane Stores open as of the end of the period shown. The 41 franchised Stores excluded from the table were: (a) Stores that first opened for business during that period; (b) Stores that had only limited open days/hours during that period; (c) Stores that relocated during that period; and (d) Stores that ceased operations during that period
2. The row for All Stores consists of all franchised Stores described in Note 1. The row for Top 10 consists of the 10 franchised Stores with the highest reported annual gross revenues. The row for Top 20 consists of the 20 franchised Stores with the highest reported annual gross revenues. The row for Bottom 20 consists of the 20 franchised Stores with the lowest reported annual gross revenues. The row for Bottom 10 consists of the 10 franchised Stores with the lowest reported annual gross revenues.
3. The gross revenues shown were derived from unaudited financial reports submitted by franchisees for the purpose of computing royalties and using a gross revenues definition identical to the one in Item 6.
4. Stores reflected in this table have been open for a period ranging from 1 year to more than 10 years. A new COUNTRY VISIONS Store is likely to experience a start-up period before achieving stabilized revenues.
5. Some of the Stores reflected in this table are located in areas where COUNTRY VISIONS Stores have established a market presence. If you open your Store in a new market, your Store will not benefit from any established trade identity in the local market derived from the presence and marketing activities of other COUNTRY VISIONS Stores in the local market.

**General**

We expect that new franchised COUNTRY VISIONS Stores will offer the same or similar products and services, and have similar characteristics, as the Stores included in these financial performance representations.

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

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

The financial performance representation figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenues or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Franchised Business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.

Other than the preceding financial performance representation, Country Visions, Inc. does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Terry Odneal, our Vice President of Franchise Development, at 1339 Oliver Road, Suite A, Fairfield, California 94534, (707) 451-6890, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

**Table 1  
System-wide Outlet Summary  
For the Fiscal Years of 2020, 2021 and 2022**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2020	73	70	-3
	2021	70	82	+12
	2022	82	108	+26
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
<b>Total Outlets</b>	<b>2020</b>	<b>73</b>	<b>70</b>	<b>-3</b>
	<b>2021</b>	<b>70</b>	<b>82</b>	<b>+12</b>
	<b>2022</b>	<b>82</b>	<b>108</b>	<b>+26</b>

**Table No. 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For the Fiscal Years of 2020, 2021 and 2022**

State	Year	Number of Transfers
IL	2020	1
	2021	1
	2022	0
KS	2020	1
	2021	0
	2022	0
LA	2020	0
	2021	0
	2022	1
TX	2020	1
	2021	1
	2022	2
VA	2020	0
	2021	1
	2022	1
VT	2020	1
	2021	0
	2022	0
WI	2020	0
	2021	2
	2022	0

State	Year	Number of Transfers
	2019	4
Total	2020	4
	2021	5
	2022	4

**Table No. 3**  
**Status of Franchised Outlets**  
**For the Fiscal Years of 2020, 2021 and 2022**

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations For Other Reasons	Outlets at End of Year
AL	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
AK	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
AZ	2020	0	1	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	1	0	0	0	1	2
CA	2020	4	0	0	0	0	1	3
	2021	3	1	0	0	0	0	4
	2022	4	2	0	0	0	0	6
CO	2020	2	1	0	0	0	0	3
	2021	3	2	0	0	0	0	5
	2022	5	1	0	0	0	0	6

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations For Other Reasons	Outlets at End of Year
CT	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
DE	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
FL	2020	5	0	0	0	0	0	5
	2021	5	1	0	1	0	0	5
	2022	5	0	0	1	0	0	4
GA	2020	1	1	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	1	2
IA	2020	2	0	0	0	0	2	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
ID	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
IL	2020	7	0	0	0	0	1	6
	2021	6	1	0	0	0	0	7
	2022	7	0	0	0	0	1	6
IN	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations For Other Reasons	Outlets at End of Year
	2022	0	1	0	0	0	0	1
KS	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
KY	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
LA	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
MA	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
MD	2020	0	1	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	1	0	0	0	0	3
MI	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
MN	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7
MO	2020	1	0	0	0	0	1	0

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations For Other Reasons	Outlets at End of Year
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
MT	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
NC	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	3	0	0	0	1	4
ND	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	1	0	0	1
NE	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	1	0	0	0
NH	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
NV	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	2	0	0	0	1	2
NJ	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations For Other Reasons	Outlets at End of Year
NY	2020	2	0	0	0	0	1	1
	2021	1	1	0	0	0	0	2
	2022	2	1	0	0	0	0	3
OH	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	2	2
	2022	2	0	0	0	0	0	2
PA	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
SC	2020	3	0	0	0	0	1	2
	2021	2	0	0	0	0	1	1
	2022	1	2	0	0	0	0	3
SD	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
TN	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
TX	2020	9	0	0	0	0	1	8
	2021	8	5	0	0	0	0	13
	2022	13	9	0	0	0	0	22
VT	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1



State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations For Other Reasons	Outlets at End of Year
	2022	1	0	0	0	0	0	1
VA	2020	1	1	0	0	0	0	2
	2021	2	1	0	0	0	1	2
	2022	2	0	0	0	0	0	2
WA	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
WI	2020	4	0	0	0	0	1	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	1	2
WV	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
WY	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
<b>TOTAL</b>	<b>2020</b>	<b>73</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>70</b>
	<b>2021</b>	<b>70</b>	<b>17</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>4</b>	<b>82</b>
	<b>2022</b>	<b>82</b>	<b>35</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>6</b>	<b>108</b>

Note 1: 10 Franchised stores ceased operations in 2020. Of those 10, 1 was owned by a multi-unit franchisee who continues to operate another location. 5 franchised stores ceased operations in 2021. Of those 5, 2 were owned by multi-unit franchisees who continue to operate another location. 9 Franchised stores ceased operations in 2022. Of the 9, 1 was owned by a multi-unit franchisee who continued to operate in another location, 3 were at the end of their terms and the franchisees decided not to renew, and 3 retired their businesses.

**Table No. 4**

**Status of Company-Owned Outlets  
For the Fiscal Years of 2020, 2021 and 2022**

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
All States	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
<b>TOTAL</b>	<b>2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table No. 5  
Projected New Franchised Outlets As of December 31, 2022**

State	Franchise Agreements Signed But Outlet Not Opened as of December 31, 2022	Projected New Franchised Outlets in the Next Fiscal Year (2023)	Projected New Company-Owned Outlet In the Next Fiscal Year
AK	1	1	0
AL	3	1	0
AR	0	1	0
AZ	3	3	0
CA	0	2	0
CO	1	1	0
FL	6	4	0
GA	3	3	0
ID	0	1	0
IL	0	1	0
IN	0	1	0

State	Franchise Agreements Signed But Outlet Not Opened as of December 31, 2022	Projected New Franchised Outlets in the Next Fiscal Year (2023)	Projected New Company-Owned Outlet In the Next Fiscal Year
KS	0	1	0
LA	0	1	0
MA	0	1	0
MD	0	2	0
MI	0	1	0
MN	0	1	0
NE	1	1	0
NC	1	1	0
NY	0	1	0
OH	0	3	0
PA	0	1	0
SC	1	2	0
TN	1	2	0
TX	2	5	0
VA	1	2	0
WV	0	1	0
WY	0	1	0
<b>TOTALS</b>	<b>24</b>	<b>46</b>	<b>0</b>

NOTES:

1. All numbers above are as of December 31 for each year.

A list of our franchisees as of December 31, 2022, is attached to the Disclosure Document as Exhibit C. A list of the franchisees that ceased operations during the year ended December 31, 2022 or who have failed to communicate with the franchisor during the 10 week period prior to the filing of the application date is attached as Exhibit E.

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

In the last three fiscal years, no franchisees have signed confidentiality clauses that would restrict their ability to speak openly about their experience with the APRICOT LANE franchise system.

### **ITEM 21 FINANCIAL STATEMENTS**

Attached hereto as Exhibit A are COUNTRY VISIONS' audited financial statements for the fiscal years ending December 31, 2022, December 31, 2021 and December 31, 2019. COUNTRY VISIONS' fiscal year end is December 31.

### **ITEM 22 CONTRACTS**

The agreements used in connection with the franchise offer are attached to this Disclosure Document: Franchise Agreement (Exhibit B), Amendment for E-Commerce Platform (Exhibit B-1), State Addenda (Exhibit F), and Sample General Release (Exhibit H).

A written Franchisee Statements Regarding Franchise Sales Process is attached as Exhibit F to the Franchise Agreement (which is FDD Exhibit B). We do not require you to verbally respond to any questionnaires or similar statements before entering into the Franchise Agreement.

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 any reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

### **ITEM 23 RECEIPTS**

Our and your copies of the Disclosure Document Receipt are located at the last 2 pages of this disclosure document.

**EXHIBIT A TO THE  
COUNTRY VISIONS, INC.  
DISCLOSURE DOCUMENT**

**FINANCIAL STATEMENTS**



**COUNTRY VISIONS, INC.**

**FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**Scinto Group, LLP**

Certified Public Accountants/Business Consultants

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders  
Country Visions, Inc.  
Fairfield, CA

### Opinion

We have audited the accompanying financial statements of Country Visions, Inc. (the Company), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

*Scinto Group*

Scinto Group, LLP  
Grass Valley, CA  
March 2, 2023

**COUNTRY VISIONS, INC.**  
**Balance Sheet**  
**December 31, 2022 and 2021**

ASSETS	2022	2021
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 226,988	\$ 854,631
Marketable securities	451,980	-
Franchise fees receivable	571,500	640,500
Franchise royalties and advertising receivable less allowance for doubtful accounts	124,840	190,437
Reimbursable franchise costs and other receivables less allowance for doubtful accounts	19,405	20,342
Income tax receivable	-	46,582
Prepaid expenses	30,607	21,702
Current portion of notes receivable	-	-
Total Current Assets	1,425,320	1,774,194
Furniture and equipment, net	17,779	24,554
<b>Other Non-current Assets:</b>		
Security deposit	2,603	5,316
Right-of-use lease asset	28,794	-
Notes Receivable, less current portion	985,265	985,265
Total Other Non-current Assets	1,016,662	990,581
Total Assets	\$ 2,459,761	\$ 2,789,329
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 60,460	\$ 45,439
Accrued payroll	161,586	65,227
Accrued interest	37,992	-
Gift card liability	59,100	52,050
Income tax payable	14,297	1,000
Deferred franchise fees	1,170,500	1,229,500
Current portion of long-term debt	9,401	-
Current portion of lease liability	20,070	6,091
Total Current Liabilities	1,533,406	1,399,307
<b>Long-term Liabilities:</b>		
Long-term debt, net of current portion	486,029	493,909
Lease liability, net of current portion	8,724	-
Total Long-term Liabilities	494,753	493,909
Total Liabilities	2,028,159	1,893,216
<b>Stockholders' Equity:</b>		
Common stock 10,000 shares authorized, 6,000 shares issued and outstanding; stated value	24,563	24,563
Paid in capital	90,000	90,000
Retained earnings	317,039	781,550
Total Stockholders' Equity	431,602	896,113
Total Liabilities & Stockholders' Equity	\$ 2,459,761	\$ 2,789,329

See accompanying notes and independent auditors' report.

**COUNTRY VISIONS, INC.**  
**Statement of Income**  
**For the Year Ended December 31, 2022 and 2021**

	2022	2021
Revenues		
Royalties	\$ 2,250,957	\$ 2,142,800
Franchise fees	1,373,000	702,500
Advertising fees	414,612	374,370
Sponsorship	11,250	7,250
Forgiveness of debt	-	269,460
Graphic design	-	1,146
Total Revenues	4,049,819	3,497,526
Operating expenses		
General and administrative	2,644,293	2,116,992
Franchise advertising	671,411	562,635
Depreciation	11,156	6,878
Selling	-	826
Total Operating Expenses	3,326,860	2,687,331
Income (Loss) from Operations	722,959	810,195
Other Income/(Expense)		
Other income	2,397	37,003
Other expense	-	(313)
Interest expense	(50,481)	-
Total Other Income/(Expense)	(48,084)	36,690
Income (Loss) before provisions for income taxes	674,875	846,885
Income Tax Expense		
Provision for income taxes	98,386	72,268
Net Income (Loss)	\$ 576,489	\$ 774,617

See accompanying notes and independent auditors' report.



**COUNTRY VISIONS, INC.**  
**Statement of Changes in Stockholders' Equity**  
**For the Year Ended December 31, 2022 and 2021**

	Common Stock	Paid in Capital	Retained Earnings	Total
Balances, December 31, 2020	\$ 24,563	\$ 90,000	\$ 374,930	\$ 489,493
Distributions	-	-	(367,997)	(367,997)
Net Loss	-	-	774,617	774,617
Balances, December 31, 2021	\$ 24,563	\$ 90,000	\$ 781,550	\$ 896,113
Distributions	-	-	(1,041,000)	(1,041,000)
Net Income	-	-	576,489	576,489
Balances, December 31, 2022	<u>\$ 24,563</u>	<u>\$ 90,000</u>	<u>\$ 317,039</u>	<u>\$ 431,602</u>

See accompanying notes and independent auditors' report.

**COUNTRY VISIONS, INC.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2022 and 2021**

	2022	2021
Cash flows from operating activities:		
Net income (loss)	\$ 576,489	\$ 774,617
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	11,156	6,878
Loss on disposal of fixed assets	-	1,064
Realized (gain) loss on investment securities	(1,980)	-
(Increase) decrease in:		
Royalty and advertising fees receivable	134,597	(351,017)
Reimbursable franchise costs and other receivable	937	12,683
Prepaid expenses	(8,905)	4,324
Security deposit	2,713	-
Right-of-use lease asset	(28,794)	-
Income tax receivable	46,582	(46,582)
Increase (decrease) in:		
Accounts payable and accrued liabilities	156,422	(20,754)
Income tax payable	13,297	(596)
Lease liability	28,794	-
Deferred franchise fee	(59,000)	662,000
Net cash provided provided by operating activities	872,308	1,042,617
Cash flows from investing activities		
Purchase of furniture and equipment	(4,381)	(27,736)
Purchase of marketable securities	(450,000)	-
Principal payments received on notes receivable	-	31,350
Net cash provided provided by (used by) investing activities	(454,381)	3,614
Cash flows from financing activities:		
Principal payment on shareholder loans	(4,570)	(413,957)
Stockholder distributions	(1,041,000)	(367,997)
Net cash provided (used by) provided by financing activities	(1,045,570)	(781,954)
Net change in cash	(627,643)	264,277
Cash, beginning of period	854,631	590,354
Cash, ending of period	226,988	\$ 854,631
Supporting disclosures:		
Interest paid	\$ 12,489	\$ 60,833
Income taxes paid	\$ 85,088	\$ 117,800

See accompanying notes and independent auditors' report.

**COUNTRY VISIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Business Activity

Country Visions, Inc. markets franchises for Apricot Lane Boutique, a fashion and accessory boutique. Franchises generally have an initial ten-year term, with two additional five-year terms at the option of the franchisee. At December 31, 2022 there were 108 franchised stores operating in the United States.

Basis of Accounting

The financial statements are prepared on the accrual method of accounting in accordance with Generally Accepted Accounting Principles in the United States of America (U.S. GAAP).

Revenue Recognition

Revenues from franchise fees are recognized when all services specified by the franchise agreement have been performed, generally when the franchisee's store opens. These services generally include site selection, lease negotiation, marketing, training of the franchisee, training of their employees, and store opening assistance. The initial franchise fee for 2022 and 2021 is \$39,500, and the franchise fee for additional stores is \$15,000.

Income Taxes

The Company has elected to be taxed as an S corporation for federal income tax and California franchise tax purposes. As a result, the Company does not pay federal corporate tax on its income; instead, the stockholders pay tax on their respective shares of such income. California has adopted similar provisions, except that there is a 1.5% franchise tax assessed on California taxable income and a minimum tax of \$800. Additionally, the Company elected to pay the pass-through entity elective tax in 2022, which is a payment of 9.3% of the Company's qualified California taxable income. For income tax reporting purposes, the Company reports income on the cash basis of accounting.

Management believes that all of the positions taken by the Company in its federal and state income tax returns are more likely than not to be sustained upon examination. The Company's tax returns are subject to examinations by the Internal Revenue Service and the state authorities, generally for three years and four years, respectively after they are filed.

Cash and Cash Equivalents

The Company considers all short-term investments that are convertible into a known amount of cash, and with an original maturity date of three months or less, to be cash equivalents.

**COUNTRY VISIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**December 31, 2022 and 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk are comprised of cash. The company has cash on deposit with federally insured banks. At times, such deposit balances may be in excess of the maximum amount insured by the Federal Deposit Insurance Corporation. As of December 31, 2022 and 2021, cash balances exceeded federally insured limits by approximately \$0 and \$604,631, respectively.

Royalties and Advertising Fees Receivable

Royalty and advertising fees are recognized as revenue when the underlying revenues are earned by the franchisee. Royalty and advertising fees range from 3.00% to 5.50% and .50% to 1.00% of the franchisee net revenues, respectively, depending on the number of open stores the franchisee has in operation.

Allowance for Doubtful Accounts

The Company's accounts receivable are generated in the ordinary course of business from franchise agreements. The Company provides for estimated losses on accounts receivable based on prior bad debt experience and a review of existing customer receivables. Uncollectible receivables are charged off when deemed uncollectible by management. Recoveries from previously charged off accounts are recorded when received. Interest was not charged on past due receivables.

In addition, the Company has two outstanding notes receivable that are currently in default. Management believes that there is sufficient collateral available should the notes continue in default, but that the notes are fully collectible. There is currently a reserve for doubtful accounts established against these notes to account for the time-value of money covering an expected delayed payment sequence. These notes have also been classified as long-term in nature due to the unlikelihood of immediate collection of the entire balance.

Furniture and Equipment

For financial reporting purposes, depreciation of property and equipment is recorded on the straight-line method. Depreciation for the years ended December 31, 2022 and 2021 amounted to \$11,156 and \$6,878 respectively. Depreciation is recorded in amounts sufficient to charge the cost of depreciable assets to operations over their estimated service lives of five to ten years.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



**COUNTRY VISIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**December 31, 2022 and 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Fair Value of Financial Instruments

The carrying value of the Company's financial instruments including cash, marketable securities, accounts receivable, accounts payable and accrued liabilities approximate fair values due to the short-term nature of these instruments. The carrying amounts of long-term debt approximate fair value because the applicable interest rates approximate current market rates.

Fair value is defined as the price that could be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is used to prioritize the quality and reliability of the information used to determine fair values. Categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is defined into the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The determination of what constitutes observable inputs requires management's judgement. Management considers observable inputs to be market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, provided by multiple, independent sources that are actively involved in the relevant market. The categorization of an instrument within the fair value hierarchy is based on the pricing transparency of the instrument and does not necessarily correspond to management's perceived risk of that instrument. As of December 31, 2022 and 2021 all financial instruments are Level 1.

Leases

The Company has implemented Accounting Standards Update (ASU) 2016-02, *Leases* and the subsequent amendments to the ASU (collectively, "ASC 842"), using the cumulative-effect adjustment transition method. This change has been made to all leases at the date of the initial application and therefore the financial statements were prepared in accordance with ASC 842. Due to the nature of the Company's leases, there was no adjustment to the Company's opening equity balance for 2022 related to the implementation of ASC 842. Refer to footnote 8 for additional lease disclosures.

**COUNTRY VISIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**December 31, 2022 and 2021**

**NOTE 2 – MARKETABLE SECURITIES**

Marketable securities as of December 31, 2022 consist mostly of cash investments and are summarized as follows:

<u>Description</u>	<u>2021</u>	<u>Purchases</u>	<u>Sales</u>	<u>Realized</u> <u>Gain (Loss)</u>	<u>2022</u>
Mutual Funds	\$ -	\$ 450,000	\$ -	\$ 1,980	\$ 451,980
Total	\$ -	\$ 450,000	\$ -	\$ 1,980	\$ 451,980

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts Receivable consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Franchise Fees Receivable	\$ 571,500	\$ 640,500
Royalty & Advertising Fees Receivable	169,844	258,898
Reimbursable Franchise Cost Receivable	19,405	20,342
	760,749	919,740
Allowance for Doubtful Accounts	(45,004)	(68,461)
Accounts Receivable, Net	\$ 715,745	\$ 851,279

**NOTE 4 - FURNITURE AND EQUIPMENT**

Furniture and equipment consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Furniture and equipment	\$ 55,155	\$ 50,774
Less: Accumulated depreciation	(37,376)	(26,220)
Total	\$ 17,779	\$ 24,554

**NOTE 5 - FRANCHISE FEES RECEIVABLE AND DEFERRED FRANCHISE FEES**

Franchise fees totaling \$571,500 and \$640,500 were receivable at December 31, 2022 and 2021 respectively. Franchise fees received as income from new store openings in 2022 and 2021 were \$1,373,000 and \$702,500 respectively. In accordance with the Company's accounting policy described in Note 1, recognition of such fees as revenue is deferred until the store opens. As a result, the Company had deferred revenue at December 31, 2022 and 2021 of \$1,170,500 and \$1,229,500 respectively.

**COUNTRY VISIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**December 31, 2022 and 2021**

**NOTE 6 – NOTES RECEIVABLE**

Notes Receivable consists of the following at December 31:

	2022	2021
Note receivable, due in three installments, secured by certain real estate located in Louisiana, matured January 15, 2019 bearing interest at 9%. This note is in default.	\$ 369,842	\$ 369,842
Note receivable, due in twenty-three monthly installments beginning in March, 2018, and matured in February, 2020, secured by certain real estate located in Louisiana, bearing interest at 9%. This note is in default.	737,692	737,692
	1,107,534	1,107,534
Less: Allowance for doubtful accounts	(122,269)	(122,269)
Less: Current portion	-	-
Notes Receivable, net	\$ 985,265	\$ 985,265

**NOTE 7 - NOTES PAYABLE**

The company had the following outstanding notes payable at December 31, 2021:

Small Business Administration economic injury disaster loan, payable at \$2,437 per month, including interest at 3.75%. Unpaid balance due April, 2051. Payment on this note began on June 1, 2022. Secured by UCC on all Company assets.	\$ 495,430
Less Current Portion of Notes Payable	(9,401)
Long-term Portion of Notes Payable	\$ 486,029

Annual minimum principal note payments are as follows:

Year ended December 31,	Total
2023	\$ 9,401
2024	9,760
2025	10,132
2026	10,519
2027	10,920
Thereafter	444,698
Total	\$ 495,430

**COUNTRY VISIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**December 31, 2022 and 2021**

**NOTE 7 - NOTES PAYABLE - CONTINUED**

The Company received a Paycheck Protection Program (PPP) Loan for \$269,460 on January 25, 2021. The total PPP loan of \$269,460 was forgiven on July 27, 2021 and is recognized as income on the statement of income.

**NOTE 8 - LEASE OBLIGATION**

The Company leases office space under an operating lease agreement. Rent expense of \$32,033 and \$25,508 was charged to operating expense for the years ended December 31, 2022 and 2021 respectively. The operating lease began on July 24, 2022 and terminates on May 31, 2024. The terms of the lease agreement include a monthly base rent expense of \$1,771 for the year ended December 31, 2022. In accordance with ASC 842 as discussed in Note 1, a right-of-use lease asset and lease liability have been recorded in the amount of \$18,971, based on a discount rate of 6%. Future minimum rental payments are as follows:

Year ended December 31,	Total
2023	\$ 21,252
2024	8,855
2025 and Thereafter	<u>-</u>
Total	30,107
Less imputed interest	<u>(1,313)</u>
Net present value of future lease payments	<u>28,794</u>

**NOTE 9 - RETIREMENT SAVINGS PLAN**

The Company has a 401(k) Profit Sharing Plan covering its regular full-time employees who meet specific eligibility requirements outlined in the Plan summary. Employees contribute to the plan at their discretion, not to exceed the maximum amounts stated in the Plan summary or by Federal law. Employee contributions are fully vested at the time the contributions are made. The Company made no employer contributions for the years ending December 31, 2022 and 2021.

**NOTE 10 - CONTINGENCIES**

In December of 2018, The Company resolved a legal proceeding that was incidental to the operation of the business. This proceeding was settled at the time and resulted in two loans being established to the Company. See Note 5.

**NOTE 11 - SUBSEQUENT EVENTS**

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through March 2, 2023, the date the financial statements were available to be issued and management has determined that no events have occurred that should be disclosed.

**COUNTRY VISIONS, INC.**

**FINANCIAL STATEMENTS**

December 31, 2021 and 2020

**Scinto Group, LLP**

Certified Public Accountants/Business Consultants

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders  
Country Visions, Inc.  
Vacaville, CA

### Opinion

We have audited the accompanying financial statements of Country Visions, Inc. (the Company), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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



Scinto Group, LLP  
Grass Valley, CA  
February 16, 2022



**COUNTRY VISIONS, INC.**  
**Balance Sheet**  
**December 31, 2021 and 2020**

ASSETS	2021	2020
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 854,631	\$ 590,354
Franchise fees receivable	640,500	324,500
Franchise royalties and advertising receivable		
less allowance for doubtful accounts	190,437	155,420
Reimbursable franchise costs and other receivables		
less allowance for doubtful accounts	20,342	33,025
Income tax receivable	46,582	-
Prepaid expenses	21,702	26,026
Current portion of notes receivable	-	-
Total Current Assets	1,774,194	1,129,325
Furniture and equipment, net	24,554	4,760
<b>Other Non-current Assets:</b>		
Security deposit	5,316	5,316
Notes Receivable, less current portion	985,265	1,016,615
Total Other Non-current Assets	990,581	1,021,931
Total Assets	\$ 2,789,329	\$ 2,156,016
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 45,439	\$ 60,927
Accrued payroll	65,227	71,762
Gift card liability	52,050	50,781
Income tax payable	1,000	1,596
Deferred franchise fees	1,229,500	567,500
Current portion of long-term debt	6,091	6,091
Total Current Liabilities	1,399,307	758,657
<b>Long-term Liabilities:</b>		
Long-term debt, net of current portion	493,909	493,909
Distributions payable to stockholders	-	413,957
Total Long-term Liabilities	493,909	907,866
Total Liabilities	1,893,216	1,666,523
<b>Stockholders' Equity:</b>		
Common stock 10,000 shares authorized, 6,000 shares issued and outstanding, stated value	24,563	24,563
Paid in capital	90,000	90,000
Retained earnings	781,550	374,930
Total Stockholders' Equity	896,113	489,493
Total Liabilities & Stockholders' Equity	\$ 2,789,329	\$ 2,156,016

See accompanying notes and independent auditors' report.

**COUNTRY VISIONS, INC.**  
**Statement of Operations**  
**For the Year Ended December 31, 2021 and 2020**

	2021	2020
Revenues		
Royalties	\$ 2,142,800	\$ 1,308,536
Franchise fees	702,500	310,500
Advertising fees	374,370	235,484
Forgiveness of debt	269,460	279,459
Sponsorship	7,250	4,750
Graphic design	1,146	11,842
Total Revenues	3,497,526	2,150,571
Operating expenses		
General and administrative	2,116,992	2,083,555
Franchise advertising	562,635	178,370
Depreciation	6,878	4,177
Selling	826	8,724
Total Operating Expenses	2,687,331	2,274,826
Income (Loss) from Operations	810,195	(124,255)
Other Income/(Expense)		
Other income	37,003	42,719
Other expense	(313)	(108)
Interest expense	-	(7,794)
Total Other Income/(Expense)	36,690	34,817
Income (Loss) before provisions for income taxes	846,885	(89,438)
Income Tax Expense (Benefit)		
Provision for income taxes	72,268	4,374
Net Income (Loss)	\$ 774,617	\$ (93,812)

See accompanying notes and independent auditors' report.

**COUNTRY VISIONS, INC.**  
**Statement of Changes in Stockholders' Equity**  
**For the Year Ended December 31, 2021 and 2020**

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	Common Stock	Paid in Capital	Retained Earnings	Total
Balances, December 31, 2019	\$ 24,563	\$ 90,000	\$ 510,742	\$ 625,305
Distributions	-	-	(42,000)	(42,000)
Net Loss	-	-	(93,812)	(93,812)
Balances, December 31, 2020	\$ 24,563	\$ 90,000	\$ 374,930	\$ 489,493
Distributions	-	-	(367,997)	(367,997)
Net Income	-	-	774,617	774,617
Balances, December 31, 2021	<u>\$ 24,563</u>	<u>\$ 90,000</u>	<u>\$ 781,550</u>	<u>\$ 896,113</u>

See accompanying notes and independent auditors' report.

**COUNTRY VISIONS, INC.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2021 and 2020**

	2021	2020
Cash flows from operating activities:		
Net income (loss)	\$ 774,617	\$ (93,812)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,878	4,177
Loss on disposal of fixed assets	1,064	1,407
Expenses incurred, paid by shareholders	-	145,000
(Increase) decrease in:		
Royalty and advertising fees receivable	(351,017)	(187,565)
Reimbursable franchise costs and other receivable	12,683	8,941
Prepaid expenses	4,324	4,507
Income tax receivable	(46,582)	369
Increase (decrease) in:		
Accounts payable and accrued liabilities	(20,754)	(117,572)
Bank overdraft	-	(17,318)
Income tax payable	(596)	977
Deferred franchise fee	662,000	301,000
Net cash provided provided by operating activities	1,042,617	50,111
Cash flows from investing activities		
Purchase of furniture and equipment	(27,736)	(1,565)
Principal payments received on notes receivable	31,350	83,808
Net cash provided provided by investing activities	3,614	82,243
Cash flows from financing activities:		
Proceeds from long-term debt	-	500,000
Principal payment on shareholder loans	(413,957)	-
Stockholder distributions	(367,997)	(42,000)
Net cash provided (used by) provided by financing activities	(781,954)	458,000
Net change in cash	264,277	590,354
Cash, beginning of period	590,354	0
Cash, ending of period	854,631	\$ 590,354
Supporting disclosures:		
Interest paid	\$ 60,833	\$ 507
Income taxes paid	\$ 117,800	\$ 1,420

See accompanying notes and independent auditors' report.

COUNTRY VISIONS, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021 and 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Business Activity

Country Visions, Inc. markets franchises for Apricot Lane Boutique, a fashion and accessory boutique. Franchises generally have an initial ten-year term, with two additional five-year terms at the option of the franchisee. At December 31, 2021 there were 82 franchised stores operating in the United States.

Basis of Accounting

The financial statements are prepared on the accrual method of accounting in accordance with Generally Accepted Accounting Principles in the United States of America (U.S. GAAP).

Revenue Recognition

Revenues from franchise fees are recognized when all services specified by the franchise agreement have been performed, generally when the franchisee's store opens. These services generally include site selection, lease negotiation, marketing, training of the franchisee, training of their employees, and store opening assistance. The initial franchise fee for 2021 and 2020 is \$39,500, and the franchise fee for additional stores is \$15,000.

The Company has implemented Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* or any of the subsequent amendments to the ASU (collectively, "ASC 606"), using the cumulative effect method. This change has been made to all contracts at the date of the initial application and therefore the financial statements were prepared in accordance with ASC 606. Due to the nature of the Company's operations, there was no adjustment to the Company's opening equity balance for 2021 related to the implementation of ASC 606.

Income Taxes

The Company has elected to be taxed as an S corporation for federal income tax and California franchise tax purposes. As a result, the Company does not pay federal corporate tax on its income; instead, the stockholders pay tax on their respective shares of such income. California has adopted similar provisions, except that there is a 1.5% franchise tax assessed on California taxable income and a minimum tax of \$800. Additionally, the Company elected to pay the pass-through entity elective tax in 2021, which is a payment of 9.3% of the Company's qualified California taxable income. For income tax reporting purposes, the Company reports income on the cash basis of accounting.

Management believes that all of the positions taken by the Company in its federal and state income taxes are more likely than not to be sustained upon examination. The Company's tax returns are subject to examinations by the Internal Revenue Service and the state authorities, generally for three years and four years, respectively after they are filed.

Cash and Cash Equivalents

The Company considers all short-term investments that are convertible into a known amount of cash, and with an original maturity date of three months or less, to be cash equivalents.

**COUNTRY VISIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**December 31, 2021 and 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk are comprised of cash. The company has cash on deposit with federally insured banks. At times, such deposit balances may be in excess of the maximum amount insured by the Federal Deposit Insurance Corporation. As of December 31, 2021 and 2020, cash balances exceeded federally insured limits by approximately \$604,631 and \$340,354, respectively.

Royalties and Advertising Fees Receivable

Royalty and advertising fees are recognized as revenue when the underlying revenues are earned by the franchisee. Royalty and advertising fees range from 3.00% to 5.50% and .50% to 1.00% of the franchisee net revenues, respectively, depending on the number of open stores the franchisee has in operation.

Allowance for Doubtful Accounts

The Company's accounts receivable are generated in the ordinary course of business from franchise agreements. The Company provides for estimated losses on accounts receivable based on prior bad debt experience and a review of existing customer receivables. Uncollectible receivables are charged off when deemed uncollectible by management. Recoveries from previously charged off accounts are recorded when received. Interest was not charged on past due receivables.

In addition, the Company has two outstanding notes receivable that are currently in default. Management believes that there is sufficient collateral available should the notes continue in default, but that the notes are fully collectible. There is currently a reserve for doubtful accounts established against these notes to account for the time-value of money covering an expected delayed payment sequence. These notes have also been classified as long-term in nature due to the unlikelihood of immediate collection of the entire balance.

Furniture and Equipment

For financial reporting purposes, depreciation of property and equipment is recorded on the straight-line method. Depreciation for the years ended December 31, 2021 and 2020 amounted to \$6,878 and \$4,177 respectively. Depreciation is recorded in amounts sufficient to charge the cost of depreciable assets to operations over their estimated service lives of five to ten years.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



**COUNTRY VISIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**December 31, 2021 and 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Fair Value of Financial Instruments

The carrying value of the Company's financial instruments including cash, accounts receivable, accounts payable and accrued liabilities approximate fair values due to the short-term nature of these instruments. The carrying amounts of long-term debt approximate fair value because the applicable interest rates approximate current market rates.

Fair value is defined as the price that could be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is used to prioritize the quality and reliability of the information used to determine fair values. Categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is defined into the following three categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

The determination of what constitutes observable inputs requires management's judgement. Management considers observable inputs to be market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, provided by multiple, independent sources that are actively involved in the relevant market. The categorization of an instrument within the fair value hierarchy is based on the pricing transparency of the instrument and does not necessarily correspond to management's perceived risk of that instrument. As of December 31, 2021 and 2020 all financial instruments are Level 1.

**NOTE 2 – ACCOUNTS RECEIVABLE**

Accounts Receivable consists of the following at December 31:

	2021	2020
Franchise Fees Receivable	\$ 640,500	\$ 324,500
Royalty & Advertising Fees Receivable	258,898	223,881
Reimbursable Franchise Cost Receivable	20,342	33,025
	919,740	581,406
Allowance for Doubtful Accounts	(68,461)	(68,461)
Accounts Receivable, Net	\$ 851,279	\$ 512,945

**COUNTRY VISIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**December 31, 2021 and 2020**

**NOTE 3 - FURNITURE AND EQUIPMENT**

Furniture and equipment consists of the following at December 31:

	2021	2020
Furniture and equipment	\$ 50,774	\$ 29,533
Less: Accumulated depreciation	(26,220)	(24,773)
Total	\$ 24,554	\$ 4,760

**NOTE 4 - DEFERRED FRANCHISE FEES**

Franchise fees totaling \$640,500 and \$324,500 were receivable at December 31, 2021 and 2020 respectively. Franchise fees received as income from new store openings in 2021 and 2020 were \$702,500 and \$310,500 respectively. In accordance with the Company's accounting policy described in Note 1, recognition of such fees as revenue is deferred until the store opens. As a result, the Company had deferred revenue at December 31, 2021 and 2020 of \$1,229,500 and \$567,500 respectively.

**NOTE 5 - NOTES RECEIVABLE**

Notes Receivable consists of the following at December 31:

	2021	2020
Note receivable, due in three installments, secured by certain real estate located in Louisiana, maturing January 15, 2019 bearing interest at 9%. This note is in default.	\$ 369,842	\$ 401,192
Note receivable, due in twenty-three monthly installments beginning in March, 2018, and maturing with one balloon payment in February, 2020, secured by certain real estate located in Louisiana, bearing interest at 9%. This note is in default.	737,692	737,692
	1,107,534	1,138,884
Less: Allowance for doubtful accounts	(122,269)	(122,269)
Less: Current portion	-	-
Notes Receivable, net	\$ 985,265	\$ 1,016,615



**COUNTRY VISIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**December 31, 2021 and 2020**

**NOTE 6 - NOTES PAYABLE**

The company had the following outstanding notes payable at December 31, 2021:

Small Business Administration disaster loan, payable at \$2,437 per month, including interest at 3.75%. Unpaid balance due April, 2051. Payment on this note is currently deferred until May 6, 2021. Secured by UCC on all Company assets.	\$ 500,000
Less Current Portion of Notes Payable	(6,091)
Long-term Portion of Notes Payable	<u>\$ 493,909</u>

Annual minimum principal note payments are as follows:

Year ended December 31,	<u>Total</u>
2022	\$ 6,091
2023	9,426
2024	9,786
2025	10,159
2026	10,547
Thereafter	<u>453,991</u>
Total	<u>\$ 500,000</u>

The Company received a Paycheck Protection Program (PPP) Loan for \$269,460 on January 25, 2021. The total PPP loan of \$269,460 was forgiven on July 27, 2021 and is recognized as income on the statement of operations.

**NOTE 7 - LEASE OBLIGATION**

The Company leases office space under an operating lease agreement. Rent expense of \$25,208 and \$68,942 was charged to operating expense for the years ended December 31, 2021 and 2020 respectively. The operating lease is on a month-to-month term. The terms of the lease agreement includes a monthly base rent expense of \$2,490 and \$6,472 for the years ended December 31, 2021 and 2020 respectively.

**NOTE 8 - RETIREMENT SAVINGS PLAN**

The Company has a 401(k) Profit Sharing Plan covering its regular full-time employees who meet specific eligibility requirements outlined in the Plan summary. Employees contribute to the plan at their discretion, not to exceed the maximum amounts stated in the Plan summary or by Federal law. Employee contributions are fully vested at the time the contributions are made. The Company made no employer contributions for the years ending December 31, 2021 and 2020.

**COUNTRY VISIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**December 31, 2021 and 2020**

**NOTE 9 - CONTINGENCIES**

In December of 2018, The Company resolved a legal proceeding that was incidental to the operation of the business. This proceeding was settled at the time and resulted in two loans being established to the Company. See Note 5.

**NOTE 10 - SUBSEQUENT EVENTS**

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through February 16, 2022, the date the financial statements were available to be issued and management has determined that no events have occurred that should be disclosed.





























**EXHIBIT B TO THE  
COUNTRY VISIONS, INC.  
DISCLOSURE DOCUMENT  
  
FRANCHISE AGREEMENT**



**COUNTRY VISIONS, INC.  
FRANCHISE AGREEMENT**

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**COUNTRY VISIONS, INC.  
FRANCHISE AGREEMENT**

This Franchise Agreement (this “Agreement”), made this \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_ (the “Effective Date”), by and between COUNTRY VISIONS, INC., a California corporation, formed and operating under the laws of the State of California, and having its principal place of business at 1339 Oliver Road, Suite A, Fairfield, California 94534 (“FRANCHISOR”), and \_\_\_\_\_ (“FRANCHISEE”).

**WITNESSETH:**

WHEREAS, FRANCHISOR, over a period of time and as the result of the expenditure of time, expertise, effort and money, has developed and owns a valuable and proprietary system, for the establishment, development and operation of specialty retail stores identified by the service mark “APRICOT LANE” (“Specialty Stores”) that sell fashion apparel and accessories, home decor, gifts, candles, and jewelry, which System may be changed from time to time; and

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive interior layout, decor and color scheme; exclusively designed signage, decorations, furnishings, fixtures and materials; the Confidential Operations Manual; the exclusive product lines, as defined herein, (if any); the Software Package, as defined herein; display, merchandising and marketing of products; retail business operating methods; and methods and techniques for inventory and cost controls, record keeping and reporting, personnel management and training, purchasing, marketing, sales promotion and advertising, all of which may be changed, improved and further developed by FRANCHISOR from time to time (the “System”); and

WHEREAS, FRANCHISOR is the owner of the trade names and service marks “APRICOT LANE” and associated logos and commercial symbols, and such other trade names, trademarks and service marks as are now designated (and may hereinafter be designated in writing by FRANCHISOR) as an integral part of the System (the “Mark(s)”); and

WHEREAS, FRANCHISOR continues to develop, use and control such Marks for the benefit and use of FRANCHISOR and its franchisees in order to identify for the public the source of the products and services marketed thereunder and to represent the System’s high standards of operations, quality, products, appearance and service; and

WHEREAS, FRANCHISOR grants to certain qualified persons franchises to own and operate Specialty Stores utilizing the System providing products and services authorized and approved by FRANCHISOR and identified by the “APRICOT LANE” mark as determined by Franchisor; and

WHEREAS, FRANCHISEE desires to obtain a franchise to establish and operate a Specialty Store (“the Franchised Business”) and to receive the training and other assistance provided by FRANCHISOR in connection therewith; and

WHEREAS, FRANCHISEE understands and acknowledges the importance of FRANCHISOR’s high and uniform standards of quality and service and the necessity of operating the Franchised Business in conformity with FRANCHISOR’s standards and specifications; and

WHEREAS, FRANCHISOR expressly disclaims the making of and FRANCHISEE acknowledges that it has not received nor relied upon any warranty or guaranty, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement. FRANCHISEE acknowledges that it has read this Agreement and FRANCHISOR’s Franchise Disclosure Document, and all exhibits thereto upon which it has exclusively relied, and that it has no knowledge of any representations by FRANCHISOR, or its officers, directors, shareholders, employees or agents that are contrary to the statements made in FRANCHISOR’s Franchise Disclosure Document or to the terms herein. **Initial** \_\_\_\_\_

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party hereby agree as follows:

**SECTION 1: GRANT, LOCATION AND INITIAL FRANCHISE FEE**

**A. Grant**

FRANCHISOR hereby grants to FRANCHISEE, upon the terms and conditions herein contained, the right, franchise and privilege (the “franchise”) to use the Mark “APRICOT LANE” as provided hereinafter (the “Designated Mark”) and such other Marks as FRANCHISOR may authorize from time to time in the operation of a Specialty Store at a single approved location as provided in Section 1.B below. If a location for the Specialty Stores has not been selected and approved on signing this Agreement, the Designated Mark will be inserted in this Section 1.A no later than when a location is selected and approved as provided under the “Open License” terms and in Section 1.B below. The grant is limited to the right to operate a Specialty Store under the Designated Mark at the location designated in Section 1.B for retail over-the-counter sales to consumers of approved merchandise and services as hereinafter provided and any sales by the Franchised Business through any other means such as at wholesale, by mail order, through catalogs, electronic commerce, any other distribution channel, or at fairs or trade shows is prohibited without the express prior written consent of FRANCHISOR. If FRANCHISOR approves such sales, FRANCHISEE’s sales shall comply with all conditions set forth in such consent.

**B. Location**

The Franchised Business will be located within the Territory described in Section 2.A of this Agreement. The location for the Franchised Business (the “Premises”) shall be:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

provided that if no specific location has been identified, then FRANCHISEE has an “Open License,” which means that FRANCHISEE has a right to establish a Specialty Store in the future at a site mutually agreed upon in a designated geographic area under the terms and conditions



provided for in **Exhibit A** to this Agreement. Once an agreed location is secured for operation of the Specialty Store, it will be set forth above. FRANCHISEE acknowledges that the franchise awarded by this Agreement is only for the operation of a Franchised Business under the Designated Mark at the location set forth above and at no other location whatsoever. FRANCHISOR and FRANCHISEE expressly agree that if the specific location and Designated Mark for the Franchised Business are not determined at the time this Agreement is signed, that circumstance alone does not and shall not constitute a failure to specify essential terms of this Agreement or cause this Agreement to be unenforceable. FRANCHISEE hereby undertakes the obligations to secure premises for the Specialty Store approved by FRANCHISOR and to open and operate the Franchised Business under the System at that location as provided in this Agreement.

### **C. Initial Franchise Fee**

In consideration of the franchise granted herein, FRANCHISEE shall pay to FRANCHISOR an initial franchise fee of \_\_\_\_\_ . This initial franchise fee shall be paid in full on execution of this Agreement unless FRANCHISEE has an Open License.

If FRANCHISEE has an Open License, the initial franchise fee shall be paid in two installments. The first installment of Five Thousand Dollars (\$5,000) is due and payable on execution of this Agreement and the balance is due and payable in full upon request for a lease by FRANCHISEE after the negotiation of a letter of intent for the location of the Franchised Business with the lessor. Failure to pay the balance of the initial franchise fee when due shall be grounds for termination of this Agreement.

The initial franchise fee and any portion thereof shall be deemed fully earned when due and payable as provided above and shall not be refundable under any circumstances except as expressly provided in Section 6.C of this Agreement.

### **D. Initial Franchise Fee for a Second or Additional Franchise Purchased**

The franchise fee for a second franchise purchased by an existing franchisee is Twenty Thousand Dollars (\$20,000), payable on the same terms and conditions as provided in Section 1.C above. FRANCHISEE will sign the Franchise Agreement currently in use for that second location and the “Second or Additional Store Fee” provided for in that second store Franchise Agreement will apply towards any third store location purchased.

### **E. FRANCHISOR’s Right to Vary Standards**

FRANCHISEE acknowledges that because complete and detailed uniformity under many varying conditions may not be possible or practical, FRANCHISOR specifically reserves the right and privilege, in its sole discretion and as it may deem appropriate or necessary, to vary standards for any franchisee(s) or particular circumstance. FRANCHISOR is not required to disclose or grant to FRANCHISEE a like or similar variation hereunder.

## **SECTION 2: TERRITORY**

### **A. Territory**

The area (the “Territory”) for the Franchised Business shall be:

- 1) If the Premises is inside an enclosed mall, the Territory is limited to the mall property.
- 2) For all other locations, the Territory is limited to the geographical area described in **Exhibit C**.

### **B. Rights Granted in Territory**

FRANCHISOR will not locate a company-owned or company-affiliated or franchised Apricot Lane within that Territory during the term of this Agreement. FRANCHISOR reserves the right to engage in any business at any location that is not expressly prohibited by the foregoing provision, including without limitation the right to operate or license others to operate any type of retail store under other names or marks and the right to conduct business through channels of distribution other than retail stores identified by the Marks at any location.

### **C. Relocation within Territory**

FRANCHISEE acknowledges that it has no right by virtue of the grant of a Territory, or otherwise, to relocate the Franchised Business within the Territory or to open one or more additional Specialty Stores in the Territory without FRANCHISOR’s prior express written consent.

### **D. Opening Additional Franchises by FRANCHISEE**

FRANCHISOR has no obligation to allow FRANCHISEE to open any additional Specialty Stores whether FRANCHISEE proposes to open them in its Territory or elsewhere. If FRANCHISOR consents to FRANCHISEE opening any additional Specialty Stores, either inside or outside of the Territory, FRANCHISEE agrees to sign the most current form of Franchise Agreement used by Franchisor and pay the initial franchise fee for additional stores thereafter called for in that additional store’s Franchise Agreement.

### **E. Temporary, Seasonal, Kiosk, Cart Extensions of Franchised Business or Sale Through Other Distribution Channels**

FRANCHISEE may not operate temporary, seasonal, kiosk, cart, and other types of extensions to the Franchised Business, nor may FRANCHISEE sell Specialty Store merchandise through any other distribution channel, without receiving prior written approval of FRANCHISOR. Prior written approval may include the execution of special legal agreements and/or the compliance with FRANCHISOR’s standards and specifications governing the location, setup, operation and management of any such business extension. Unless otherwise provided, the operation of any such extension would be subject to the terms and conditions of this Agreement,

including but not limited to provisions for the payment of royalties, operating standards and use of the Marks.

#### **F. Use of Premises by FRANCHISEE**

FRANCHISEE may use the Premises only for providing the services and selling the merchandise FRANCHISOR has approved and only in the manner FRANCHISOR specifies. No business, other than the Franchised Business, may be located or operated in the Premises. FRANCHISEE cannot operate the Franchised Business at or from any location other than the Premises without the express prior written consent of FRANCHISOR.

#### **G. Reservation of Rights**

Except as provided in Sections 1.A and 2.B, FRANCHISEE's rights under this Agreement are non-exclusive and FRANCHISOR (and its affiliates) retain the right during the term of this Agreement to engage in any and all activities that FRANCHISOR (and its affiliates) desire, any time or place, and whether or not these activities compete with the Franchised Business, including the right to:

- (1) sell and authorize other parties to sell merchandise, including merchandise bearing the Marks or any similar or related names or marks, to independent retail outlets, at wholesale, at retail to the general population and by means of catalogs, mail order, home parties, Internet, e-commerce and/or television buying networks and/or clubs, whether within or outside of the Territory;
- (2) establish and operate and authorize other parties to establish and operate Specialty Stores, the physical premises of which are located outside of the Territory, on any terms and conditions FRANCHISOR deems appropriate;
- (3) develop, acquire, establish, operate and franchise any retail or other businesses operating under marks other than the Marks at any location, including within the Territory; and
- (4) engage in all other activities that this Agreement does not expressly prohibit.

### **SECTION 3: TERM AND RENEWAL**

#### **A. Term**

This Agreement becomes effective upon the date it is signed by FRANCHISOR. The term of this Agreement shall expire ten (10) years from the date of commencement of the initial term of the lease for the Premises, unless sooner terminated as provided herein.

#### **B. Renewal**

FRANCHISEE shall have the right to renew this franchise for two (2) additional successive terms of five (5) years each, provided that all of the following conditions exist or have been fulfilled, it being understood that failing to fulfill any one of these conditions either by the

expiration of this Agreement or by the deadline imposed below, if earlier, is grounds for denying renewal of the franchise:

1. FRANCHISEE has, during the entire term of this Agreement, and any subsequent renewals, complied with all provisions of the applicable franchise agreement and all other agreements with FRANCHISOR and/or its affiliates;

2. FRANCHISEE has given notice of renewal to FRANCHISOR at least nine (9) months, but no sooner than twelve (12) months prior to expiration of initial term of this Agreement;

3. FRANCHISEE maintains possession of the Premises by timely exercising any renewal option in the manner and by the date required under the lease, or if there is no renewal option under the lease, by entering into a new lease with the lessor for the Premises that shall include the lease clauses required under Section 4.C of this Agreement. If there is no renewal option and FRANCHISEE cannot through reasonable efforts secure the right to maintain possession of the Premises under a new lease, or if FRANCHISOR notifies FRANCHISEE no later than twelve (12) months before expiration of the term that in its judgment the Franchised Business should be relocated, FRANCHISEE must secure substitute premises approved by FRANCHISOR, in its sole discretion, under a lease that includes the lease clauses required under Section 4.C of this Agreement. It is fully understood by FRANCHISEE that FRANCHISEE is solely responsible for timely commencing and sustaining efforts needed to either maintain possession of the Premises or to secure substitute premises before expiration of the term and that FRANCHISEE must keep FRANCHISOR fully and timely informed of all such matters;

4. FRANCHISEE, at the time of giving its notice of renewal of the franchise, also presents evidence satisfactory to FRANCHISOR that FRANCHISEE has exercised the renewal option under the lease for the Premises or has otherwise secured the right to remain in possession of the Premises for the duration of any renewal term; or if at the time for giving such notice, FRANCHISEE has no renewal option or cannot yet exercise it under the terms of the lease or has otherwise not secured the right to remain in possession of the Premises during the renewal term, FRANCHISEE provides full disclosure to FRANCHISOR concerning FRANCHISEE's plans regarding maintaining possession of the Premises or securing substitute Premises and provides copies to FRANCHISOR of all communications and notices given to or received from landlords in relation to the above, as well as any and all communications with any other parties regarding the Premises and/or the lease, and continues to keep the FRANCHISOR timely apprised of the status of the lease and/or Premises.

5. Before expiration of the term, FRANCHISEE has secured the right to remain in possession of the Premises during the renewal term or has secured substitute Premises as provided above for the renewal term and has brought the Franchised Business and the Premises into full compliance with the specifications and standards then applicable for new or renewing Specialty Stores and has furnished, stocked and equipped the existing or substitute Premises so as to bring the Franchised Business into full compliance with the then-current specifications and standards within ninety (90) days from the expiration date of this Agreement;

6. FRANCHISEE pays all amounts owed to FRANCHISOR and its affiliates prior to expiration of the term;

7. FRANCHISEE is not in default under this Agreement or any other agreement between FRANCHISOR and FRANCHISEE or between any affiliate, if any, of FRANCHISOR, at the time FRANCHISEE gives that notice and also at the time the renewal is to take effect, it being understood that the giving of a notice to renew or FRANCHISOR's acceptance thereof will not impair FRANCHISOR's rights to terminate this Agreement as otherwise provided herein;

8. FRANCHISEE executes FRANCHISOR's then-current form of Franchise Agreement (with appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal franchise), which agreement shall become effective on commencement of the renewal term and supersede in all respects this Agreement, and the terms of which may differ from the terms of this Agreement, including, without limitation, a different percentage Royalty, advertising contribution or other fees; provided, however, FRANCHISEE shall not be required to pay the then-current initial franchise fee or its equivalent. The form of Franchise Agreement that will be used for the renewal term will be given to FRANCHISEE at least ninety (90) days before the renewal term is to begin. If FRANCHISOR is not offering new franchises at the time of renewal request, FRANCHISOR reserves the right to choose the form of franchise agreement that will be required for the renewal period. FRANCHISEE agrees to sign the Franchise Agreement offered by FRANCHISOR at least sixty (60) days before the current franchise term expires. If the Agreement is not signed by that deadline, the franchise will automatically expire at the end of the term;

9. FRANCHISEE has complied with FRANCHISOR's then-current qualification and training requirements before the expiration of the term. As a condition of approving the renewal of the expiring franchise term, FRANCHISOR may require FRANCHISEE to attend a training course that it specifies to ensure that FRANCHISEE is up to date on all store operations, training procedures and policies. There will be no additional charge for this training, however FRANCHISEE will be responsible for all expenses related to travel, lodging and other living costs while attending the training course;

10. At least sixty (60) days before the expiration of the term, FRANCHISEE has executed and delivered to FRANCHISOR a general release, in the then-current form prescribed by FRANCHISOR, of any and all claims against FRANCHISOR, and its respective officers, directors, agents, shareholders and employees;

11. FRANCHISEE understands that the provisions of the franchise agreement signed at renewal will be modified to show the length of the renewal term, the existence of any remaining renewal terms, and any other terms or limitations that may take effect;

12. If FRANCHISEE has a history of material disputes or consistently negative interactions with FRANCHISOR, then FRANCHISOR may in its sole discretion refuse to renew the franchise.

### **C. Non-renewal**

FRANCHISOR may refuse renewal if any of the conditions necessary to renewal under Section 3.B above are not satisfied. FRANCHISOR shall give FRANCHISEE written notice of its election not to renew the franchise three (3) months prior to the expiration of the initial term of this Agreement or any renewal term or at any time thereafter when it appears any of these

conditions have not been or will not be satisfied. Such notice shall specify the reasons for non-renewal.

## SECTION 4: LEASE FOR THE PREMISES

### A. Site Selection and Approval

FRANCHISEE will be responsible for purchasing or leasing suitable Premises. If a specific location is designated in Section 1.B above, FRANCHISEE is solely responsible for securing suitable Premises at said location for the Franchised Business, which must be approved by FRANCHISOR. If FRANCHISEE has an Open License under the terms of **Exhibit A**, FRANCHISEE must select and secure a suitable location and Premises at such location for the Franchised Business, which must be approved by FRANCHISOR, in accordance with the terms of **Exhibit A**. Prior to the acquisition by lease or purchase of the Premises, FRANCHISEE shall submit a written description of the proposed site to FRANCHISOR, together with a letter of intent describing in detail the business terms and conditions and other evidence satisfactory to FRANCHISOR which confirms FRANCHISEE's favorable prospects for obtaining the proposed site. FRANCHISOR shall provide FRANCHISEE written notice of approval or disapproval of the proposed location and premises within thirty (30) business days after receiving FRANCHISEE's written proposal.

Despite any assistance, information or recommendations that FRANCHISOR provided or will provide (whether before or after the Effective Date) with respect to the Premises, FRANCHISOR has made and will make no representations or warranties of any kind, express or implied, of the suitability of the Premises for a Specialty Store or any other purpose. FRANCHISOR's recommendation indicates only that FRANCHISOR believes that the Premises meets or has the potential to meet, or that FRANCHISOR has waived, the general criteria of Premises acceptability that FRANCHISOR has established as of that time. Applying criteria that have appeared effective for other Premises might not accurately reflect the potential for all premises, and, after we recommend or accept a Premises, demographic and/or other factors included in or excluded from our location criteria could change, thereby altering a premises' potential. The uncertainty and instability of these criteria are beyond FRANCHISOR's control, and FRANCHISOR is not responsible if the Premises fails to meet FRANCHISOR's or FRANCHISEE's expectations. Your acceptance of the rights under this Agreement is based on your own independent investigation of, or agreement in the future to investigate, the Premises' suitability. **Initial**\_\_\_\_\_

### B. Leasing Assistance

FRANCHISOR may recommend a national real estate broker or leasing specialist experienced with representing national retail tenants and a leasing specialist to FRANCHISEE to assist with lease negotiation and lease comment services. Use of FRANCHISOR's recommended leasing specialist is optional. The leasing specialist may be an independent contractor or an employee of FRANCHISOR. If FRANCHISEE uses the recommended lease specialist FRANCHISEE will pay for these services at the then-current rates provided by FRANCHISOR or if the specialist is an independent contractor, at such fees agreed by the independent contractor and

FRANCHISEE. FRANCHISEE shall provide to FRANCHISOR a copy of all communications between FRANCHISEE, the landlord (and/or its representatives), and the leasing specialist.

FRANCHISOR does not, and will not, assume any liability or be deemed liable for any agreements, representations, or warranties made and entered into between FRANCHISEE, any landlord and/or any lease specialist, nor will FRANCHISOR be obligated for any damages to FRANCHISEE directly or indirectly arising out of the actions of any landlord, leasing specialist or anyone directly involved in lease negotiations. **Initial**\_\_\_\_\_

### **C. FRANCHISOR Required Lease Clauses**

FRANCHISEE shall submit the proposed lease for the approved location (if the Premises are to be leased) or a binding agreement to purchase the site, for approval by FRANCHISOR prior to execution of the lease by FRANCHISEE. FRANCHISOR's approval of the lease may be conditioned upon inclusion in the lease of terms acceptable to FRANCHISOR and, at FRANCHISOR's option, the Lessor of the Premises and FRANCHISEE duly executing and delivering to FRANCHISOR the Addendum to Lease attached hereto as **Exhibit E**. At FRANCHISOR's option, FRANCHISEE will duly execute and deliver to FRANCHISOR the Collateral Assignment of Lease attached hereto as **Exhibit G**.

### **D. FRANCHISEE's Lease Negotiation Responsibility**

It is understood by FRANCHISEE that:

1. FRANCHISEE is responsible for negotiating the lease, and the terms of the lease, except those provisions required to be included by this Agreement, shall be as determined by the FRANCHISEE and the lessor. The FRANCHISOR has no obligation to assist FRANCHISEE in negotiating the terms of the lease;

2. FRANCHISOR recommends that FRANCHISEE hire an attorney or an experienced leasing specialist, who is familiar with the negotiation of commercial leases, to review the terms of the lease since the terms of the lease are the responsibility of the FRANCHISEE as to whether the lease terms are satisfactory and whether FRANCHISEE wants to sign the lease;

3. Neither by assisting FRANCHISEE in finding a location, by approving of the FRANCHISEE's site, by approving the FRANCHISEE's lease, nor by helping FRANCHISEE with the negotiation of the lease, does FRANCHISOR warrant in any way that the site or lease terms are adequate for FRANCHISEE's needs or purposes. FRANCHISOR's reviews, approvals, and assistance are based on its own criteria and are not a guaranty that FRANCHISEE will succeed in the site selected or under the terms of the lease approved by FRANCHISOR. **Initial**\_\_\_\_\_

### **E. FRANCHISEE Indemnification of FRANCHISOR**

FRANCHISEE hereby indemnifies and agrees to hold harmless FRANCHISOR, its officers, directors, shareholders, partners, heirs, estates, employees and agents against any claims, actions, damages, losses, liability, and expense, including reasonable costs of attorney fees, court costs, processing costs and disbursement costs, that are in connection with site selection, lease negotiation and/or lease comment activities, including those resulting from:

1. any act of omission(s), performance, breach or any obligation of FRANCHISOR or its agents, during lease negotiation, site selection and/or lease comment activities, or; **Initial**\_\_\_\_\_

2. any of FRANCHISOR's obligations pertaining to site selection, lease negotiations, construction or other pre-opening obligations under this Agreement. **Initial**\_\_\_\_\_

#### **F. Relocation of Franchised Business During Term**

1. FRANCHISEE may operate the Franchised Business only at the location specified in Section 1.B above or at the location approved according to **Exhibit A** to this Agreement. FRANCHISEE may relocate the Franchised Business within its Territory only after notifying FRANCHISOR of the proposed new location and the reason for the change, and submitting the proposed location and lease for approval in accordance with FRANCHISOR's then-current standards, and securing FRANCHISOR's written approval, which shall not be unreasonably withheld. Any such relocation shall be at FRANCHISEE's sole expense and FRANCHISOR shall have the right to charge FRANCHISEE for any costs incurred by FRANCHISOR, and a reasonable fee for its services, in connection with any such relocation of the Franchised Business. If the lease for the site of the Franchised Business expires or terminates without fault of FRANCHISEE, or if the site is destroyed, condemned or otherwise rendered unusable, and FRANCHISEE is unwilling or unable to relocate the franchise, FRANCHISOR will not be required to refund any fees or costs paid to FRANCHISOR.

2. If FRANCHISEE relocates the Franchised Business, the FRANCHISEE shall:

- a. Conform the new store location to FRANCHISOR's then-current standards for store design;
- b. Close the old location simultaneously with the opening of the new location so that only one Specialty Store is open and operating under this Agreement within the Territory at any time; and
- c. Remove from and around the old store location and obliterate any visible indicia of all signs, graphics and advertising materials displaying the Designated Mark and other names, Marks, logos, commercial symbols, trade dress and slogans of FRANCHISOR; such removal is to be accomplished within seven (7) business days of the opening of the new location.

### **SECTION 5: CONSTRUCTION OF PREMISES**

#### **A. Construction**

Upon execution of the lease for the Premises, while FRANCHISOR may make assistance available, FRANCHISEE shall have full and sole responsibility for:

1. Obtaining from the lessor or developer as built plans and drawings for the development of the Franchised Business.



2. Obtaining all required zoning changes; all required building, utility and sign permits and licenses and any other required permits and licenses.
3. Purchasing or leasing approved equipment, fixtures, furniture and signs.
4. Completing the construction to include, but not limited to, remodeling, equipment, fixture, furniture and sign installation and decorating of the Franchised Business in full and strict compliance with plans and specifications therefore approved by FRANCHISOR following all applicable ordinances, building codes and permit requirements.
5. Obtaining all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services, unless FRANCHISOR waives this requirement.
6. Completing development of and having the Franchised Business ready to open and commence the conduct of its business in accordance with Section 14.B, which requires business to be open within six (6) months after execution of this Agreement or if FRANCHISEE has an Open License under **Exhibit A**, within twelve (12) months after an approved site is secured by FRANCHISEE, unless a written extension of time is granted by the FRANCHISOR in its sole discretion.

It is your responsibility to prepare all required construction plans and specifications to suit the Premises. FRANCHISOR does not, and will not, assume any liability or be deemed liable for any agreements, representations or warranties made by and between FRANCHISEE and any third party relating to such construction plans and specifications. FRANCHISEE must make sure that the construction plans and specifications comply with the Americans with Disabilities Act (the "ADA") and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and lease requirements and restrictions. Any review by FRANCHISOR of FRANCHISEE's construction plans is limited to ensuring FRANCHISEE's compliance with FRANCHISOR's design requirements and this Agreement's other requirements. FRANCHISOR's review is not designed to assess compliance with federal, state, or local laws and regulations, including the ADA, as compliance with those laws and regulations is your responsibility. You must remedy, at your expense, any noncompliance or alleged noncompliance with those laws and regulations. **Initial \_\_\_\_\_**

## **B. Selection of Architect**

FRANCHISEE agrees to retain a licensed architect to produce working drawings when required by the lessor or jurisdiction. If an Architect is not required, plans may be completed by a design firm.

1. FRANCHISOR may make available to FRANCHISEE, at FRANCHISEE's sole option, professional architectural services and design services at such fees agreed to by the parties in writing. FRANCHISEE is encouraged to use the FRANCHISOR's approved architect who is familiar with the design and system requirements of the business.
2. If FRANCHISEE chooses a licensed architect or design firm on its own, one who has not had experience with a Specialty Store, that architect must be approved by FRANCHISOR.

In addition, a Plan Review fee of One Thousand Five Hundred Dollars (\$1,500) may be charged at time of submittal of completed plans for FRANCHISOR's approval which covers FRANCHISOR's cost in consulting with FRANCHISEE's architect and for offsetting the cost of having the plans reviewed by FRANCHISOR's architect or designer. This fee will not be charged if FRANCHISEE hires FRANCHISOR's approved architect or designer to design facility, since FRANCHISOR's architect is already familiar with the requirements for a Specialty Store.

### **C. Preparation and Approval of Final Plans**

FRANCHISEE is responsible for securing final working drawings from a licensed architect or designer (see Section 5.B) for all such work for the Premises. All final plans and specifications must be submitted to and approved by FRANCHISOR prior to FRANCHISEE causing any work to commence. FRANCHISOR will review such plans and specifications promptly, and where appropriate, provide comments. Such review and approval by FRANCHISOR will be limited to items and issues relating to the System and is not intended to represent an approval of items such as the building structure, mechanical, electrical or plumbing systems, or accuracy of the documents.

### **D. Selection of General Contractor**

FRANCHISEE agrees to retain a licensed General Contractor to build the Specialty Store.

1. FRANCHISOR may recommend to FRANCHISEE, at FRANCHISEE's sole option, a pre-approved, experienced, professional General Contractor at such fees as agreed to by the parties in writing. FRANCHISEE is encouraged but not required to use the FRANCHISOR's recommended General Contractor.

2. If FRANCHISEE chooses a licensed General Contractor on its own, one who has not had experience with a Specialty Store, that General Contractor must be approved by FRANCHISOR.

3. FRANCHISOR is available to FRANCHISEE for consultation to assist in the construction bidding process and in selecting a licensed General Contractor, but FRANCHISEE acknowledges that all design, construction, installation and similar contracts are between the FRANCHISEE and such third parties, and FRANCHISOR will bear no responsibility for the same. Furthermore, FRANCHISOR will not be responsible for delayed construction, overruns, equipment or decor item shortages or other design, installation and/or construction problems, or for any loss resulting therefrom.

### **E. Completion of Construction and Approval of Opening**

The Franchised Business shall not be opened for business without the final approval by FRANCHISOR of the Franchised Business' compliance with the System. FRANCHISOR shall have access to the Premises while work is in progress for review purposes. FRANCHISEE is responsible for obtaining all final permits and certificates, including a certificate of occupancy. The Franchised Business may not open until all requisite government permits have been issued.

## **SECTION 6: TRAINING AND PRE-OPENING ASSISTANCE**

### **A. Training**

FRANCHISOR shall make initial training available to FRANCHISEE(s) and one (1) employee, acting as the Operating Manager or Assistant Manager of FRANCHISEE. FRANCHISEE is required to participate and successfully complete, to FRANCHISOR's satisfaction prior to opening for business, the training courses. This training may consist of (i) a self-study, computerized home training program, (ii) training at FRANCHISOR's designated facility, and (iii) participation in inventory buy events at the location FRANCHISOR designates. Said training program shall cover material aspects of the operation of the Franchised Business, including, without limitation, financial controls; general bookkeeping procedures; product procurement; retail operational techniques; marketing, promotion and advertising techniques; inventory ordering techniques; administrative procedures; maintenance procedures; deployment of labor; computer operation; product knowledge; customer service techniques; and maintenance of quality standards. All expenses incurred by FRANCHISEE and its employees in attending such program, including, without limitation, travel costs, room and board expenses, and employees' salaries shall be the sole responsibility of FRANCHISEE. As part of the initial training program, FRANCHISEE will pay directly outside vendors or sources for any outsourced training materials and/or programs that FRANCHISOR may require. The expense of these materials and/or programs shall not exceed One Thousand Dollars (\$1,000).

### **B. Training of Designated Manager(s)**

If FRANCHISEE designates new or additional managers after the completion of the initial training program, FRANCHISOR shall provide training to such managers to the extent that FRANCHISOR can reasonably accommodate such managers in FRANCHISOR's regularly scheduled training course. Otherwise, FRANCHISOR is not obligated to provide the initial training program to FRANCHISEE's managers. FRANCHISOR may charge FRANCHISEE for training such additional managers at the then-current rates published by FRANCHISOR in the Confidential Operations Manual. Prior to the start of such training, FRANCHISEE shall cause its new and/or additional managers to sign a Confidentiality and Non-Disclosure Agreement in a form FRANCHISOR approves. FRANCHISEE shall be responsible for all expenses incurred by FRANCHISEE or FRANCHISEE's employees in attending such additional training including, without limitation, travel costs, room and board expenses and employees' salaries.

### **C. Failure to Complete Training**

FRANCHISEE or FRANCHISEE's designated manager must complete the initial training to FRANCHISOR's satisfaction as determined in FRANCHISOR's sole discretion. If this obligation is not fulfilled, FRANCHISOR may terminate this Agreement in the manner herein provided, and at FRANCHISOR's election, assume the lease for the Franchised Premises and/or purchase all furniture, fixtures and other assets of the Franchised Business at cost, as agreed upon by the parties. If this Agreement is terminated pursuant to this Paragraph, FRANCHISOR shall return to FRANCHISEE the franchise fees paid by FRANCHISEE to FRANCHISOR minus the expenses incurred by FRANCHISOR in connection with this Agreement and its performance hereunder not to exceed Five Thousand Dollars (\$5,000); but only after FRANCHISEE executes

a general release of any claims against FRANCHISOR and related parties and returns to FRANCHISOR all copies of all proprietary materials and Confidential Information (as defined below) of FRANCHISOR. After such termination, FRANCHISEE shall be bound by all provisions and covenants of Sections 9 and 18 of this Agreement.

#### **D. FRANCHISOR Assistance During Opening**

1. Prior to, and during commencement of the Franchised Business, FRANCHISOR will furnish to FRANCHISEE, at FRANCHISEE's premises and at FRANCHISEE's expense, up to two (2) of FRANCHISOR's representatives, determined in FRANCHISOR's sole discretion, for the purpose of facilitating the opening of FRANCHISEE's Franchised Business. The expense of providing this assistance is at FRANCHISOR's then-current rates published in the Confidential Operations Manual, which include travel, lodging, and a per diem charge. During this period, such representative will also assist FRANCHISEE in establishing and standardizing procedures and techniques essential to the operation of the Franchised Business and shall assist in training personnel.

2. Should FRANCHISOR deem it necessary to provide additional assistance FRANCHISEE shall reimburse FRANCHISOR for the expense of FRANCHISOR providing such additional assistance at the then-current rates published in the Confidential Operations Manual, including, but not limited to, travel, lodging and a per diem charge for FRANCHISOR and/or its representative.

3. When FRANCHISOR's representative(s) arrives at FRANCHISEE's location, the length of time he or she stays at location is strictly within the discretion of the FRANCHISOR.

4. If the location is not ready, as described in the Confidential Operations Manual, when FRANCHISOR's representative(s) arrive, FRANCHISOR reserves right to recall its representative(s) until FRANCHISOR is satisfied that the location is ready. If this is done, then FRANCHISEE agrees to pay for the costs of sending FRANCHISOR's representative(s) back to the location to help FRANCHISEE open. If flight schedules have to be changed because Franchise Location is not ready, FRANCHISEE agrees to pay any costs related to changing tickets, including ticket price variations. If the location is not ready when FRANCHISOR's representative(s) arrive, and for that reason they cannot perform the functions for which they were sent, as an alternative to recalling them, FRANCHISEE agrees to pay the added lodging and subsistence costs of the representative(s) for each day they are prevented from completing the functions for which they were sent. The decision to recall or have its representatives remain on site or extend their stay is strictly within the FRANCHISOR's discretion.

#### **E. Continuing Training Requirements**

FRANCHISOR from time to time in its sole discretion may provide continuing or additional training programs to FRANCHISEE and FRANCHISEE's managers and may require that they attend and successfully complete such training at FRANCHISOR's headquarters or at such other location as may be designated by FRANCHISOR. FRANCHISEE shall be solely responsible for all expenses of attendance; provided, however, that attendance will not be required at more than two (2) such programs in any calendar year and shall not collectively exceed six (6)

business days in duration during any calendar year. FRANCHISOR will not impose tuition or other fees for mandatory additional training for anyone whose attendance is required by FRANCHISOR, but otherwise, FRANCHISOR may charge tuition and fees for additional training.

#### **F. National Conventions/Conferences/Seminars/Training**

FRANCHISEE and/or its designated manager may attend any National Conventions/Conferences/Seminars/Training held by FRANCHISOR. FRANCHISEE is solely responsible for all expenses of FRANCHISEE's attendance at the National Convention or other conferences, seminars or training and may be required to pay FRANCHISOR a reasonable conference fee to defray FRANCHISOR's expenses of organizing and hosting the convention or other conferences, seminars or training, including the costs of facilities, speakers, group functions, entertainment and similar expenses.

### **SECTION 7: PROPRIETARY MARKS**

#### **A. Ownership of the Marks**

FRANCHISEE acknowledges that FRANCHISOR is the owner of the Marks and FRANCHISEE's right to use the Marks is derived solely from this Agreement and is limited to the conduct of the Franchised Business by FRANCHISEE in compliance with this Agreement and all applicable standards, specifications, and operating procedures prescribed by FRANCHISOR from time to time during the term of this Agreement. Any unauthorized use of the Marks by FRANCHISEE is a breach of this Agreement and an infringement of the rights of FRANCHISOR in and to the Marks. FRANCHISEE acknowledges that all use of the Marks by FRANCHISEE and any goodwill established by FRANCHISEE's use of the Marks shall inure to the exclusive benefit of FRANCHISOR and that this Agreement does not confer any goodwill or other interests in the Marks upon FRANCHISEE. FRANCHISEE shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks. All provisions of this Agreement applicable to the Marks apply to any additional trademarks, service marks, and commercial symbols authorized for use by and licensed to FRANCHISEE by FRANCHISOR after the date of this Agreement, all of which shall be considered part of the Marks.

#### **B. Use of Marks**

FRANCHISEE shall not use any Mark or portion of any Mark as part of any corporate or legal name, or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form, nor may FRANCHISEE use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by FRANCHISOR. FRANCHISEE shall give such notices of trademark and service mark registrations as FRANCHISOR specifies and obtain such fictitious or assumed name registrations as may be required under applicable law, and at FRANCHISEE's expense. FRANCHISEE shall not use any of the Marks in any manner that has not been specified or approved in writing by FRANCHISOR.

### **C. Notice of Claim**

FRANCHISEE shall promptly notify FRANCHISOR of any claim, demand, or cause of action based upon or arising from any attempt by any other person, firm or corporation to use the Marks or any colorable imitation thereof. FRANCHISEE shall also notify FRANCHISOR of any action, claim or demand against FRANCHISEE relating to the Marks, within ten (10) days after FRANCHISEE receives notice of said action, claim or demand. Upon receipt of timely notice of an action, claim or demand against FRANCHISEE relating to the Marks, FRANCHISOR shall have the sole right to defend any such action. FRANCHISOR shall have the exclusive right to contest or bring action against any third party regarding the third party's use of any of the Marks and shall exercise such right in its sole discretion. In any defense or prosecution of any litigation relating to the Marks or components of the System undertaken by FRANCHISOR, FRANCHISEE shall cooperate with FRANCHISOR and execute any and all documents and take all actions as may be desirable or necessary in the opinion of FRANCHISOR's counsel, to carry out such defense or prosecution. Both parties will make every effort consistent with the foregoing to protect, maintain, and promote the Marks and their distinguishing characteristics (and the other service marks, trademarks, slogans, etc., associated with the System) as standing for the System and only the System. However, FRANCHISOR is not obligated to defend, hold harmless or indemnify FRANCHISEE in connection with claims arising out of FRANCHISEE's use of the Marks.

### **D. Modification and/or Discontinuation of Marks**

If it becomes advisable at any time in FRANCHISOR's sole discretion, for FRANCHISOR and/or FRANCHISEE to modify or discontinue use of any Mark, and/or use one or more additional or substitute trade names, trademarks, service marks, or other commercial symbols, FRANCHISEE shall comply with FRANCHISOR's directions within a reasonable time after notice to FRANCHISEE by FRANCHISOR, and FRANCHISOR shall have no liability or obligation whatsoever with respect to FRANCHISEE's modification or discontinuance of any Mark.

### **E. Right of Entry**

In order to preserve the validity and integrity of the Marks and copyrighted material licensed herein and to ensure that FRANCHISEE is properly employing the same in the operation of the Franchised Business, FRANCHISOR or its agents shall have the right of entry and inspection of FRANCHISEE's premises at all reasonable times and, additionally, shall have the right to observe the manner in which FRANCHISEE is rendering its services and conducting its operations, to confer with FRANCHISEE's employees and customers.

## **SECTION 8: CONFIDENTIAL OPERATIONS MANUAL**

### **A. Confidential Operations Manual**

FRANCHISOR will loan or make available to FRANCHISEE during the term of the franchise one (1) or more copies of its Confidential Operations Manual, in a format chosen by the FRANCHISOR, containing mandatory and suggested specifications, standards, operating procedures and rules prescribed from time to time by FRANCHISOR for the Specialty Store and

related operations and information relative to other obligations of FRANCHISEE hereunder and the operation of its Franchised Business. FRANCHISOR shall have the right to add to and otherwise modify the Confidential Operations Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by FRANCHISOR for its Specialty Store. FRANCHISEE shall immediately upon notice adopt any such changes.

#### **B. Manual Format**

The Confidential Operations Manual may include any number of separate manuals with distinct titles, all of which will be considered part of and included in the Confidential Operations Manual. The format of the Confidential Operations Manual may be in the form of hard paper, electronically downloaded directly or indirectly to FRANCHISEE's computer or via another medium chosen at the discretion of FRANCHISOR. FRANCHISEE will maintain at its sole expense all computer system requirements and services needed to have access to the Confidential Operations Manual and any changes and updates as may be provided by FRANCHISOR.

#### **C. Ownership**

The Confidential Operations Manual shall at all times remain the sole property of FRANCHISOR and shall promptly be returned, upon the expiration or other termination of this Agreement. FRANCHISEE shall not make any disclosure, duplication or other unauthorized use of any portion of the Confidential Operations Manual.

#### **D. Confidentiality**

The Confidential Operations Manual contains proprietary information of FRANCHISOR and shall be kept confidential by FRANCHISEE both during the term of the franchise and subsequent to the expiration or termination of the franchise. FRANCHISEE shall at all times insure that its copy of the Confidential Operations Manual be available at the Premises in a current and up-to-date manner. At all times that the Confidential Operations Manual is not in use by authorized personnel, FRANCHISEE shall maintain the Confidential Operations Manual in a secure area at the Franchised Premises, and shall only grant authorized personnel, as defined in the Confidential Operations Manual, access to that area.

#### **E. Disputes**

In the event of any dispute as to the contents of the Confidential Operations Manual, the terms of the master copy of the Confidential Operations Manual maintained by FRANCHISOR at FRANCHISOR's home office shall be controlling.

### **SECTION 9: CONFIDENTIAL INFORMATION**

#### **A. Definition of Confidentiality**

FRANCHISEE acknowledges that its entire knowledge of the operation of the System for operating the Franchised Business is and will be derived from information disclosed to FRANCHISEE by FRANCHISOR and that such information is proprietary, confidential and a trade secret of FRANCHISOR relating to the development and operation of Specialty Stores (the

“Confidential Information”). Without limiting the foregoing, any and all information, knowledge and know-how, such as drawings, materials, equipment, techniques, retail business systems, techniques and procedures for display of products, customer lists, any and all data and other information relating to customers and/or potential customers, vendor lists, merchandise lists and other data, and other information that FRANCHISOR reasonably designates as confidential or proprietary shall be deemed Confidential Information for purposes of this Agreement, except information which FRANCHISEE can demonstrate lawfully came to its attention prior to disclosure thereof by FRANCHISOR; or which, at the time of disclosure by FRANCHISOR to FRANCHISEE, had lawfully become publicly available, through publication or communication by others.

#### **B. Use and Restrictions of Confidential Information**

FRANCHISEE shall maintain the absolute confidentiality of all Confidential Information during and after the term of the franchise and shall not use any such Confidential Information in any other business or in any manner not specifically authorized or approved in writing by FRANCHISOR. FRANCHISEE shall divulge Confidential Information only to the extent and only to such of its employees as must have access to it in order to operate the Franchised Business.

#### **C. FRANCHISEE’s Employees**

All employees of FRANCHISEE having access to the Confidential Information of FRANCHISOR shall be required to execute confidentiality agreements in a form acceptable to FRANCHISOR or as provided in the Confidential Operations Manual.

#### **D. Remedies**

Due to the special and unique nature of the Confidential Information, the Marks, and Confidential Operations Manual of FRANCHISOR, FRANCHISEE acknowledges that FRANCHISOR shall be entitled to immediate equitable remedies, including but not limited to, restraining orders and injunctive relief in order to safeguard such proprietary, confidential, unique, and special information of FRANCHISOR and that money damages alone would be an insufficient remedy with which to compensate FRANCHISOR for any breach of the terms of Section 9 of this Agreement.

#### **E. Restrictions After Termination and/or Expiration**

The provisions of Section 9 shall survive the expiration or termination of this Agreement.

### **SECTION 10: MODIFICATION OF THE SYSTEM**

#### **A. Maintenance of Premises**

FRANCHISEE shall maintain the condition and appearance of the Franchised Premises consistent with FRANCHISOR’s standards. FRANCHISEE shall maintain the Premises as is from time to time required to maintain or improve the appearance and efficient operation of the Franchised Business, including, but not limited to, replacement of worn out or obsolete equipment, fixtures, signs, decor and repair of the exterior and interior of the Franchised Business. If at any



time in FRANCHISOR's judgment the general state of repair or the appearance of the Franchised Premises or its equipment, fixtures, signs or decor does not meet FRANCHISOR's standards therefore, FRANCHISOR may so notify FRANCHISEE, specifying the action to be taken by FRANCHISEE to correct such deficiency. If FRANCHISEE fails or refuses to initiate within thirty (30) days after receipt of such notice, and thereafter continue, a bona fide program to complete any required maintenance, FRANCHISOR shall have the right, in addition to all other remedies, to enter upon the Franchised Premises and effect such maintenance on behalf of FRANCHISEE and FRANCHISEE shall pay the entire costs thereof on demand. FRANCHISEE's required expenditures for maintenance or repairs under this paragraph shall not exceed an amount greater than one percent (1%) of the FRANCHISEE's annual gross revenues or Five Thousand Dollars (\$5,000), whichever is less, per calendar year.

## **B. Changes to Business and System Modifications**

### **1. Remodeling, Modernization, Changes to Existing Business**

FRANCHISEE may be required to periodically make reasonable capital expenditures to remodel, redesign, modernize and change the Franchised Business and to replace and modernize the Premises so that the Franchised Business will reflect the then-current image intended to be portrayed by the Specialty Stores. All remodeling, modernization, or changes to the Premises must be done in accordance with the standards and specifications as prescribed by FRANCHISOR from time to time and with the prior written approval of FRANCHISOR. All replacements must conform to FRANCHISOR's then-current quality standards and specifications and must be approved by FRANCHISOR in writing. FRANCHISEE may be required to remodel, redesign, modernize or change the Premises not more than once during the term of this Agreement or renewal hereof, or more frequently as required by the lease for the Premises.

### **2. System Modifications**

FRANCHISEE acknowledges that from time to time hereafter FRANCHISOR may change or modify the System, including the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new computer systems, including hardware and software, new inventory items, new merchandising techniques, new equipment or new techniques and that FRANCHISEE will be required to accept, use and display for the purpose of this Agreement any such changes in the System, as if they were part of this Agreement at the time of execution hereof. FRANCHISEE shall not change, modify or alter in any way the System, except as directed by FRANCHISOR.

### **3. Expenditure Amounts for Changes During Agreement Term**

FRANCHISEE's required expenditures during the term of this Agreement, for the changes and modifications listed in Section 10.B.1 and 10.B.2, shall not exceed an amount equal to two percent (2%) of the FRANCHISEE's average annual Gross Revenues (defined in Section 12.C below) or Fifteen Thousand Dollars (\$15,000), whichever is less.

## **SECTION 11: MARKETING AND ADVERTISING**

Recognizing the value of marketing and advertising and the importance of the standardization of marketing and advertising and promotion to the furtherance of the goodwill and the public image of the Specialty Stores, FRANCHISEE agrees as follows:

### **A. Grand Opening Marketing and Public Relations**

FRANCHISEE shall budget and implement an appropriate Grand Opening Marketing and Advertising program and Pre- and Post-Opening Public Relations campaign for the Franchised Business. FRANCHISEE must spend a minimum of Ten Thousand Dollars (\$10,000) on Pre- and Post-Opening Marketing and Advertising and Public Relations. Before opening for business, FRANCHISEE will consult with FRANCHISOR (and its designee(s)) about grand opening marketing and public relations program. FRANCHISOR, in its reasonable judgment, may require changes to the proposed budget and public relations for grand opening marketing and public relations, which FRANCHISEE shall implement. This marketing requirement is separate from any grand opening expenditure requirement provided for in the Premises lease.

FRANCHISEE shall pay One Thousand Five Hundred Dollars (\$1,500) as Grand Opening Marketing Fee if we choose to use an Advertising or Promotions Agency or Marketing Consultant other than COUNTRY VISIONS' in-house agency to develop a local Grand Opening Marketing Plan, including local market research. This fee covers the time necessary to get the outside services up to speed on use of our Marks and our advertising and social media tools.

### **B. Marketing, Advertising and Development Fund**

FRANCHISOR has established a fund to produce and develop marketing and advertising for the System. FRANCHISEE shall contribute to the Country Visions Marketing, Advertising and Development Fund (the "Fund") an amount equal to one percent (1%) of FRANCHISEE's Gross Revenues (defined in Section 12.C below). FRANCHISEE's required payments to the Fund shall be made at the same time and in the same manner as, and in addition to, the Royalty provided in Section 12 herein. Such payments shall be made in addition to and exclusive of any sums that FRANCHISEE may be required to spend on local marketing, advertising and promotion. The Fund shall be maintained and administered by FRANCHISOR or its designee, as follows:

1. FRANCHISOR shall direct and approve all marketing and advertising programs with sole discretion over the creative concepts, materials and media used in such programs and the placement and allocation thereof. FRANCHISOR cannot and does not ensure that any particular FRANCHISEE benefits directly or pro rata from the placement of any advertising. FRANCHISEE shall not have the right to withhold or offset any payment to the Fund based on FRANCHISEE's dislike of the content of the programs or the media or market areas in which they appear.

2. FRANCHISOR shall, for each of its FRANCHISOR-owned or affiliated Specialty Stores, if any, make contributions to the Fund equivalent to the contributions required of Franchised Businesses.

3. The Fund may, at FRANCHISOR's sole discretion, be used to meet any and all costs of creating, producing, maintaining, administering, directing, approving and conducting

advertising, marketing and promotional activities and materials including, without limitation the cost of preparing and producing mass media, magazine and newspaper, digital advertising and campaigns; the cost of direct mail and outdoor billboard advertising; the cost of public relations activities and advertising agencies; the cost of developing and maintaining an Internet Website; the cost of personnel or other departmental costs for marketing and creative services and/or advertising that FRANCHISOR internally administers or prepares; point of purchase and promotional materials and supplies, digital art, marketing and dissemination support mechanisms and the employment of outside agencies. All sums paid by FRANCHISEE to the Fund shall be maintained in a separate account from the other funds of FRANCHISOR and shall not be used to defray any of FRANCHISOR's general operating expenses. However the Fund may reimburse FRANCHISOR and its affiliates for the reasonable salaries and benefits of personnel who manage and administer the Fund or otherwise provide assistance or services to the Fund, the Fund's administrative costs, travel expenses while they are on Fund business, meeting costs, overhead relating to the Fund business and other expenses that FRANCHISOR may incur in administering or directing the Fund and its programs including conducting market research, preparing marketing and advertising materials, and collecting and accounting for assessments for the Fund. The Fund is not a trust, and FRANCHISOR does not owe FRANCHISEE fiduciary obligations because of FRANCHISOR'S maintaining, directing or administering the Fund or any other reason. The Fund may spend in any fiscal year more or less than the total Fund contributions in that year, borrow from FRANCHISOR or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. FRANCHISOR will use all interest earned on Fund contributions to pay costs before using the Fund's other assets.

4. FRANCHISOR maintains the right to terminate the Fund. The Fund shall not be terminated, however, until all money in the Fund has been expended for advertising and promotional purposes.

5. An annual accounting of the operation of the Fund shall be made available to FRANCHISEE upon request. This accounting need not be prepared or audited by an independent certified public accountant, but if in its discretion FRANCHISOR retains an independent certified public accountant for this purpose, the resulting fees and costs shall be borne by the Fund. FRANCHISOR may incorporate the Fund or operate it through a separate entity whenever FRANCHISOR deems appropriate. The successor entity will have all of the rights and duties specified in this Subsection.

6. Once contributions to the Fund are made by FRANCHISEE, all such money shall be used as herein required and shall not be returned to FRANCHISEE.

### **C. Local Advertising**

In addition to the grand opening marketing and advertising requirement in Section 11.A above and the amounts required under the lease for the Premises for marketing and advertising, if any, FRANCHISEE shall spend on local marketing and advertising and promotion a minimum of two percent (2%) of Gross Revenues (defined in Section 12.C below) annually.

#### **D. FRANCHISOR Prior Approval of Promotional Materials**

FRANCHISEE will submit to FRANCHISOR or a designated agency, for its prior approval, all promotional materials and advertising to be used by FRANCHISEE, including, but not limited to, any digital media, newspapers, radio and television advertising, specialty and novelty items, signs, bags and boxes. In the event written disapproval of said advertising and promotional material is not given by FRANCHISOR to FRANCHISEE within thirty (30) days from the date such materials are received by FRANCHISOR, said materials shall be deemed approved. Failure by FRANCHISEE to conform with the provisions herein and subsequent non-action by FRANCHISOR to require FRANCHISEE to cure or remedy this failure and default and shall not be deemed a waiver of such default or future or additional failures and defaults of any other provision of this Agreement. The submission of advertising to FRANCHISOR for approval shall not affect FRANCHISEE's right to determine the prices at which FRANCHISEE sells its products or services.

#### **E. Submittal of Local Advertising Accounting**

Upon FRANCHISOR's request, FRANCHISEE shall furnish to FRANCHISOR, , in a manner provided for in the Confidential Operations Manual, an accurate accounting of the expenditures on local advertising and promotion for the time period designated by FRANCHISOR.

#### **F. Marketing and Advertising Coverage Area**

FRANCHISOR may, at its sole discretion, designate a local or regional Marketing and Advertising Coverage Area ("MACA") in which at least two (2) other Specialty Stores, in addition to the Franchised Business governed by this Agreement, are located for purposes of developing shared marketing, advertising or promotions. An MACA is defined as the area covered by the particular advertising medium (i.e., television, cable, radio, regional magazines, newspaper or other medium) to be used for the promotion as recognized and defined in the industry.

1. At the time an MACA is designated, FRANCHISOR will provide a list of all Retail Stores within the MCA who will be included in the MACA promotion. Each Specialty Store within the MACA will be provided written guidelines by FRANCHISOR for timing and placement of all advertising, promotions and manner of payment of expenditures related to the MACA promotion.

2. Required annual expenditure by each Specialty Store within the MACA shall not exceed Four Thousand Dollars (\$4,000) total for the year.

3. Contributions and/or expenditures on MACA advertising and promotions are in addition to all other expenditures on advertising required elsewhere in this Agreement.

#### **G. FRANCHISOR Originated Special Promotional Items**

FRANCHISOR may, from time to time, develop and market special promotional items that will be made available to FRANCHISEE and FRANCHISEE shall purchase and maintain a representative inventory of such promotional items to meet public demand. FRANCHISEE shall

have the right to purchase alternative promotional items provided that such alternative goods conform to the specifications and quality standards established by FRANCHISOR.

#### **H. Use of Registered Marks**

FRANCHISEE shall not use in marketing, advertising or any other form of promotion, the copyrighted materials, trademarks, service marks or commercial symbols of FRANCHISOR without appropriate © or ® registration marks or the designations TM or SM where applicable.

#### **I. Innovations**

All ideas, concepts, techniques or materials relating to a Specialty Store (collectively, “Innovations”), whether or not protectable intellectual property and whether created by or for FRANCHISEE or FRANCHISEE’s owners, employees or contractors, must be promptly disclosed to FRANCHISOR and will be deemed to be FRANCHISOR’s sole and exclusive property, part of the System, and works made-for-hire for FRANCHISOR. To the extent any Innovation does not qualify as a work made-for-hire for FRANCHISOR, by this paragraph FRANCHISEE assigns ownership of that Innovation, and all related rights to that Innovation, to FRANCHISOR and agrees to sign (and to cause its owners, employees and contractors to sign) whatever assignment or other documents FRANCHISOR requests to evidence FRANCHISOR’s ownership or to help FRANCHISOR obtain intellectual property rights in the Innovation. FRANCHISOR and its affiliates have no obligation to make any payments to FRANCHISEE or any other person with respect to any Innovations. FRANCHISEE may not use any Innovation in operating the Specialty Store or otherwise without our prior approval.

#### **J. System Websites (or Digital Presence) and Electronic Marketing and Advertising**

FRANCHISOR or one or more of its designees may establish a website or series of websites or digital presence for the Specialty Stores and/or the sale of any goods or services under the Marks to advertise, market and promote the Specialty Stores and the products and services they offer, and/or for any other purposes that FRANCHISOR determines are appropriate for Specialty Stores (collectively, the “System Website”). If FRANCHISOR includes information about the Franchised Business on the System Website, FRANCHISEE agrees to give FRANCHISOR the information and materials that FRANCHISOR periodically requests concerning the Franchised Business and to otherwise participate in the System Website in the manner that FRANCHISOR periodically specifies. By posting or submitting to FRANCHISOR information or materials for the System Website, FRANCHISEE is representing to FRANCHISOR that the information and materials are accurate and not misleading and do not infringe any third party’s rights.

FRANCHISOR shall own all intellectual property and other rights in the System Website and all information it contains, including the domain names or URL (or any electronic addresses) for the System Website, the log of “hits” by visitors, and any personal or business data that visitors (including FRANCHISEE and its personnel) supply. FRANCHISOR may use the Marketing Fund’s assets to develop, maintain and update the System Website and digital presence. FRANCHISOR may implement and periodically modify system standards relating to the System Website and digital presence and, at FRANCHISOR’s option, may discontinue or alter the System Website(s) or digital presence, or any services offered through the System Website, at any time.

All advertising, marketing and promotional materials that FRANCHISEE develops for the Franchised Business must contain notices of the URL of the System Website in the manner that FRANCHISOR periodically designates. FRANCHISEE may not develop, maintain or authorize any other website, other online or digital presence or other electronic medium that mentions or describes the Franchised Business or displays any of the Marks without FRANCHISOR's prior written approval. FRANCHISEE (including any of your owners, signatories, guarantors or individuals who attended training or signed a confidentiality agreement) may not conduct commerce or directly or indirectly offer or sell any products or services using any website, another electronic means or medium, or otherwise over the Internet or in any other matter without express permission from the FRANCHISOR in writing. Any and all social media or digital presence that FRANCHISEE engages in must be pre-approved by FRANCHISOR in writing and must be in accordance with FRANCHISOR's standards that are specified from time to time. A separate agreement for these may be required.

## **SECTION 12: ROYALTY**

### **A. Royalty**

For the use of the Marks and the System, FRANCHISEE shall pay FRANCHISOR, without offset, credit or deduction of any nature, during the term of this Agreement, a semi-monthly Royalty equal to five and one-half percent (5.5%) of the Gross Revenues (defined in Section 12.C below) derived from the Franchised Business at the times prescribed below or as otherwise provided in the Confidential Operations Manual (the "Royalty").

### **B. Semi-Monthly Payment Schedule**

Royalties shall be paid on or before the twentieth (20th) of each month for the preceding period of the first (1st) through the fifteenth (15th) and the fifth (5th) of each month for the preceding period of the sixteenth (16th) through the last day of the month. With each payment, FRANCHISEE will submit to FRANCHISOR on a form approved by FRANCHISOR, a correct statement, signed by FRANCHISEE, of FRANCHISEE's Gross Revenues (defined in Section 12.C below) for the preceding semi-monthly period. Each semi-monthly statement of Gross Revenues shall be accompanied by FRANCHISEE's calculation of the Royalty payment based on the Gross Revenues reported in the statement so submitted and a sales report for the preceding semi-monthly period. FRANCHISEE shall make available to FRANCHISOR all original books and records that FRANCHISOR may deem necessary to ascertain FRANCHISEE's Gross Revenues for reasonable inspections at reasonable times.

### **C. Gross Revenues**

The term "Gross Revenues," as used herein and throughout this Agreement, shall mean and include all revenue and income of any nature earned or derived in connection with the operation of the Franchised Business or the use of the Marks and the System, including but not limited to revenue from the sale at retail (through any distribution channel) or at wholesale of merchandise and services to customers of FRANCHISEE whether received in the form of cash, check, redemption of a gift card or gift certificate, services in kind, from barter and/or exchange, on credit (whether or not payment is received) or otherwise. The foregoing shall not be interpreted

to authorize anything other than over-the-counter sales by the Franchised Business, but if other types of sales are made, even if unauthorized, revenue from those sales is included in Gross Revenues. There will be deducted from Gross Revenues for purposes of said computation (but only to the extent they have been included) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if such taxes are separately stated when the customer is charged and if such taxes are paid to the appropriate taxing authority. There will be further deducted from Gross Revenues the amount of any documented refunds, charge backs, credits and allowances given in good faith to customers by FRANCHISEE. For purposes of calculating Gross Revenues, amounts received in payment for gift cards will not be recognized as Gross Revenue upon the sale of the gift cards, but upon the redemption of the gift cards in the amount redeemed. All barter and/or exchange transactions pursuant to which FRANCHISEE furnishes services and/or products in exchange for goods or services to be provided to FRANCHISEE by a vendor, supplier or customer will, for the purpose of determining Gross Revenues, be valued at the full retail value of the goods and/or services so provided to FRANCHISEE.

#### **D. Finance Charges and Late Fees**

All Royalty payments, advertising contributions, and all other amounts due from FRANCHISEE to FRANCHISOR shall bear interest after the due date at eighteen percent (18%) per annum or the highest applicable legal rate, whichever is lower, for open account business credit. FRANCHISEE shall be required to pay a late fee of Five Dollars (\$5.00) per day for each day that any royalties or other amounts due under this Agreement are not paid after the due date and for each day that any statement of Gross Revenue, financial statement or other report by FRANCHISEE required by this Agreement is not submitted after the due date. The provisions of this paragraph shall not constitute agreement by FRANCHISOR to accept such payments or statements after same are due or a commitment by FRANCHISOR to extend credit to, or otherwise finance FRANCHISEE's operation of, the Franchised Business. Further, FRANCHISEE acknowledges that the failure to pay any amounts or submit statements of Gross Revenue when due constitute a material default for which FRANCHISOR may (but is not obligated to) terminate this Agreement, as provided in Section 19 hereof.

#### **E. Electronic Funds Transfer**

Notwithstanding Section 12.B above, during FRANCHISEE's participation in the training program designated in Section 6.A above, FRANCHISEE agrees to execute all documents necessary to pay by electronic funds transfer ("EFT") all amounts due under this Agreement (including, without limitation, the Royalty, Fund contributions). FRANCHISEE agrees to maintain sufficient funds in the appropriate accounts for such withdrawals. If FRANCHISEE has not provided a statement of Gross Revenues within the time period required by Section 12.B of this Agreement, FRANCHISEE authorizes FRANCHISOR to process an EFT and debit FRANCHISEE's designated bank account on the basis of the information we obtain pursuant to Section 13.C or the most recent statement of Gross Revenues FRANCHISEE has provided. If at any time FRANCHISOR determines that Gross Revenues have been understated or amounts due FRANCHISOR have been underpaid, FRANCHISEE authorizes FRANCHISOR to debit FRANCHISEE's designated bank account for the overdue amount, plus interest, as stated above. FRANCHISOR will credit any overpayment to your designated bank account promptly following

a determination that such a credit is due. Should FRANCHISEE's bank not honor any EFT for any reason, FRANCHISEE agrees that it shall be responsible for and shall pay to FRANCHISOR immediately on demand the payment and any service charge. FRANCHISOR nonetheless reserves the right to require FRANCHISEE to pay any Royalty fee, Fund contribution, or other amount due to FRANCHISOR by means other than EFT (e.g., by check) whenever FRANCHISOR deems appropriate, and FRANCHISEE agrees to comply with such payment instructions.

#### **F. FRANCHISOR Discretion**

Notwithstanding any designation by FRANCHISEE, FRANCHISOR shall have the sole discretion to apply any payments by FRANCHISEE to any past due indebtedness of FRANCHISEE for royalties, advertising contributions, purchases from FRANCHISOR, interest or any other indebtedness, in such amounts and in such order as FRANCHISOR shall determine.

### **SECTION 13: ACCOUNTING AND RECORDS**

#### **A. Record Keeping**

FRANCHISEE shall maintain during the term of this Agreement, and shall preserve for the time period specified in the Confidential Operations Manual, full, complete, and accurate books, records, and accounts in accordance with the standard accounting system prescribed by FRANCHISOR in the Confidential Operations Manual or otherwise in writing. FRANCHISEE shall retain during the term of this Agreement and for five (5) years thereafter all books and records related to the Franchised Business, including without limitation, sales receipts, purchase orders, invoices, payroll records, check stubs, sales tax records and returns, cash receipts and disbursement journals, general ledgers, and any other financial records designated by FRANCHISOR or required by law.

#### **B. Quarterly Financial Statements and Reports**

FRANCHISEE will supply to FRANCHISOR quarterly profit and loss statements and balance sheets on the Franchised Business within thirty (30) days following the end of the calendar quarter. Additionally, FRANCHISEE shall, at its expense, submit to FRANCHISOR by April 30 of each year during the term of this Agreement, a profit and loss statement for such fiscal year and a balance sheet as of the last day of such fiscal year. Such financial statements will be certified to be true and correct by FRANCHISEE. FRANCHISOR reserves the right to require, at FRANCHISEE's expense, annual financial statements, prepared in accordance with generally accepted accounting standards, reviewed or audited by an independent certified public accountant.

#### **C. Other Records and Reporting Requirements**

FRANCHISEE shall submit to FRANCHISOR such other periodic reports, forms and records as specified, and in the manner and at the time as specified in the Confidential Operations Manual or as FRANCHISOR may otherwise require in writing from time to time. Without limiting the foregoing, at the times required by FRANCHISOR and no less frequently than once each calendar quarter, FRANCHISEE will submit or transmit to FRANCHISOR, or permit access by FRANCHISOR to, the database that is generated and maintained by way of the point of sale and



inventory management system required for use in the Franchised Business, including, but not limited to, sales history, vendors and purchase history, merchandise/inventory history and the entire customer list and information.

#### **D. FRANCHISOR Audits of FRANCHISEE Records**

FRANCHISOR or its designated agents shall have the right at all reasonable times to examine and copy, at its expense, the books, records, and tax returns of the Franchised Business wherever located and in whatever form they are maintained, including any electronic or computer format. FRANCHISOR shall also have the right, at any time, to have an independent audit made of the books and records of FRANCHISEE at FRANCHISOR's expense.

1. If an inspection or audit should reveal that any payments due to FRANCHISOR have been understated in any report to FRANCHISOR, then FRANCHISEE shall immediately pay to FRANCHISOR the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of eighteen percent (18%) per annum or the maximum rate permitted by law, whichever is lower. If an inspection or audit discloses an understatement in any report of two percent (2%) or more, FRANCHISEE shall, in addition, reimburse FRANCHISOR for any and all costs and expenses connected with the inspection or audit (including, without limitation, reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies FRANCHISOR may have.

2. FRANCHISEE acknowledges that nothing contained herein constitutes FRANCHISOR's agreement to accept any payments after same are due or a commitment by FRANCHISOR to extend credit to or otherwise finance FRANCHISEE's operation of the Franchised Business. Further, FRANCHISEE acknowledges that its failure to pay all amounts when due shall constitute a material default for which FRANCHISOR may (but is not obligated to) terminate this Agreement.

#### **E. Point-of-Sale Systems and Software**

FRANCHISOR requires the use of an approved point-of-sale and inventory management system and software for recording all Gross Revenues, sales information, inventory information, vendor lists and customer information. FRANCHISOR shall have full access to all of FRANCHISEE's data, systems and related information by means of direct access whether in person or by other direct access, or if direct access is not technologically practicable, FRANCHISOR may require transmittal of such data by FRANCHISEE to FRANCHISOR by any other reasonable means.

### **SECTION 14: OPERATIONAL REQUIREMENTS**

#### **A. Compliance with FRANCHISOR Requirements**

In the operation of the Franchised Business and all matters related thereto, FRANCHISEE shall comply with all requirements, specifications and standards set forth in this Agreement, the Confidential Operations Manual and other written policies supplied to FRANCHISEE by FRANCHISOR from time to time. FRANCHISEE shall comply with the entire System including, but not limited to, the provisions of this Section 14. For the avoidance of doubt, FRANCHISEE

acknowledges and agreement that FRANCHISOR may inspect the Specialty Store and may conduct operational audits of FRANCHISEE's Specialty Store in accordance with Section 15.D below.

## **B. Pre-Opening Compliance**

FRANCHISEE shall commence operation of the Franchised Business not later than six (6) months after execution of this Agreement or if FRANCHISEE has an Open License under **Exhibit A**, within twelve (12) months after an approved site is secured by FRANCHISEE, unless a written extension of time is granted by the FRANCHISOR in its sole discretion. Prior to opening, FRANCHISEE shall have complied with all of FRANCHISOR's pre-opening standards and specifications and FRANCHISOR may require a delay of any opening if FRANCHISEE fails to do so. If FRANCHISEE for any reason fails to commence operation as herein provided, such failure shall be considered a material default for which FRANCHISOR may (but is not obligated to) terminate this Agreement as herein provided.

## **C. Alterations to Premises**

FRANCHISEE shall make no alterations to the Premises nor shall FRANCHISEE replace or alter the equipment, fixtures, slatwall, paint colors or signs of the Franchised Business without the prior written approval by FRANCHISOR.

## **D. Specifications for Merchandise and Materials**

FRANCHISOR may establish and modify in its sole discretion standards and specifications regarding the merchandise that may be carried and the services that may be provided from the Franchised Business, including those required and recommended vendors and the type, brand, amount and variety of merchandise to be carried. FRANCHISEE shall abide by all such requirements, standards and specifications. FRANCHISOR has the right in its sole discretion to require FRANCHISEE to discontinue offering for sale any merchandise or services or the merchandise of any vendor not specifically approved by FRANCHISOR in its sole discretion. FRANCHISOR's standards and specifications, including lists of required and recommended merchandise or vendors, may be part of the Confidential Operations Manual or provided in any other format as FRANCHISOR determines, and may be modified from time to time by FRANCHISOR. FRANCHISEE shall carry an amount of merchandise reasonably adequate to meet the needs of its customers. FRANCHISOR may also issue standards and specifications for products, materials and supplies used in the Franchised Business, including recommended vendors, types and brands of products, materials and supplies. All products, materials and supplies used in the Franchised Business must meet these standards and specifications. FRANCHISOR may limit the number of recommended suppliers with whom FRANCHISEE may deal, designate sources that FRANCHISEE must use and/or refuse any of FRANCHISEE's requests to approve a supplier or merchandise for any reason, including that FRANCHISOR has already designated an exclusive source (which might be FRANCHISOR or its affiliate) for particular merchandise, goods or services or if FRANCHISOR believes that doing so is in the best interests of the Specialty Stores network.

## **E. General Quality Standards**

In the absence of specifications or standards for a type of merchandise, product or materials, FRANCHISEE must ensure that the merchandise, products and materials sold or used in the Franchised Business are of a high quality and consistent with the image of the Specialty Stores that FRANCHISOR wants to convey. FRANCHISOR may in its sole discretion require FRANCHISEE to discontinue offering or using any merchandise, product or materials that in its opinion are inconsistent with the foregoing requirement.

## **F. Licenses and Compliance with Laws**

FRANCHISEE, at its expense, shall secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations, including, without limitation, all government regulations relating to occupational hazards and health, consumer protection, trade regulation, workers' compensation, unemployment insurance and withholding and payment of federal and state income taxes and social security taxes and sales, use and property taxes. FRANCHISEE shall refrain from any merchandising, advertising or promotional practice which is unethical or may be injurious to the business or reputation of FRANCHISOR or the Franchised Businesses or to the goodwill associated with the Marks.

## **G. Displays and Packaging**

FRANCHISEE shall in the operation of the Franchised Business use only displays, labels, forms and other products and documentation imprinted with the Marks and colors as prescribed from time to time by FRANCHISOR.

## **H. Initial Inventory**

Prior to commencing operation of the Franchised Business, FRANCHISOR may work with FRANCHISEE to determine the appropriate initial inventory mix and agree who will be responsible for placing the initial inventory orders with vendors. FRANCHISEE agrees to accept and pay suppliers for the merchandise that is so ordered by FRANCHISOR or which is ordered by FRANCHISOR at FRANCHISEE's request.

## **I. Private-Label or Exclusive Merchandise**

If FRANCHISOR, or any affiliate develops or has developed private-label or exclusive merchandise, with or without bearing the any of the Marks or related names or marks, FRANCHISEE will carry a representative selection of such merchandise. FRANCHISEE agrees to use or provide those items only from the Premises, at retail, and only in the manner FRANCHISOR may specify.

## **J. Management and Supervision**

The Franchised Business shall at all times be under the management and supervision of the FRANCHISEE, unless otherwise approved by Franchisor in writing. FRANCHISEE shall devote full-time and best efforts to the operation and management of the Franchised Business. If

FRANCHISEE is not an individual, then an owner in the Franchised Business or a general partner in the Franchised Business shall be designated as the individual responsible for exerting such full-time and best efforts. FRANCHISEE may delegate the day-to-day, on-premises management to a full-time manager who has successfully completed FRANCHISOR'S initial training program (or other training as specifically designated by FRANCHISOR). FRANCHISEE shall keep FRANCHISOR informed at all times of the identity of any employee(s) acting as manager(s) of the Franchised Business. All managers of the Franchised Business employed by FRANCHISEE shall complete the initial training program specified in Section 6.B (unless otherwise agreed upon in writing by FRANCHISOR) at such costs as specified therein. FRANCHISEE shall cause each such manager to sign a Confidentiality and Non-Disclosure Agreement in a form approved by FRANCHISOR and FRANCHISEE shall submit a copy of such agreement to FRANCHISOR within thirty (30) days after execution by the applicable manager. Notwithstanding the delegation of day-to-day operations, FRANCHISEE shall remain ultimately responsible for the operation of the Franchised Business and for supervising all managers. FRANCHISEE shall, at all times, faithfully, honestly and diligently perform its obligations hereunder and shall not engage in any business or other activities that will conflict with its obligations hereunder.

**K. Revenue Sharing Devices**

FRANCHISEE shall not install or maintain on the Franchised Premises any revenue sharing devices or equipment without the written approval of FRANCHISOR, which approval FRANCHISOR may grant or deny in its sole discretion.

**L. Database**

FRANCHISEE shall maintain, by way of the required point of sale and inventory management system, current and historical data on sales, merchandise, vendors, inventory and customers of the Franchised Business according to FRANCHISOR's specifications. This database shall be the sole property of FRANCHISOR. FRANCHISEE will update the database and supply a copy of same on an annual basis at such time as FRANCHISEE submits its annual financial statements to FRANCHISOR.

**M. Internet Service Provider**

FRANCHISEE will set up, maintain and utilize e- an Internet service provider for the purposes of receiving electronic communications and point of sale, inventory management and other systems information from FRANCHISOR. FRANCHISEE is solely responsible for all Internet service provider fees.

**N. Notification of Legal Proceedings**

FRANCHISEE shall notify FRANCHISOR in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business. Notification is required whether FRANCHISEE is the plaintiff or defendant in the litigation.

#### **O. Compliance with Obligations to Third Parties**

FRANCHISEE shall pay all debts of the Franchised Business in the ordinary course of business and shall otherwise comply with all obligations to third parties concerning the operation of the Franchised Business, including compliance with the requirements of the lease for the Premises and of any supplier contracts. Without limiting the foregoing, FRANCHISEE must pay all suppliers of products and services to the Franchised Business promptly, and will be liable for any damages incurred by FRANCHISOR on account of any failure to do so. In addition, FRANCHISOR will not assume any liability or be deemed liable for any agreements, representations, purchases for goods or services or warranties made outside of this agreement, nor will FRANCHISOR be obligated for any payments to third parties as a result of any of the above.

#### **P. Customer Service Policies**

FRANCHISEE shall comply with all customer service policies established by FRANCHISOR, including any reasonable customer return or refund policies. FRANCHISEE shall strictly comply with all customer service policies as written, unless specifically approved to deviate in writing from FRANCHISOR.

#### **Q. Coupons, Gift Cards and other Promotional Items**

FRANCHISEE must honor any coupons, certificates and/or gift cards or similar promotional material issued or approved by FRANCHISOR and participate in and abide by the terms of any program for coupons, certificates or gift cards implemented by FRANCHISOR. In the event that FRANCHISEE creates coupons for product discounts, such coupons must specifically represent that they are good at FRANCHISEE's Specialty Store only.

#### **R. Payment of Taxes**

FRANCHISEE is solely responsible for the payment of all taxes related to the establishment and operation of the Franchised Business, including but not limited to any sales taxes due on the sales made by the Franchised Business, any sales taxes assessed on the royalties paid by FRANCHISEE to FRANCHISOR hereunder, state and federal income taxes of FRANCHISEE and the Franchised Business, use and property taxes related to the assets of the Franchised Business, and employee withholding taxes.

### **SECTION 15: FRANCHISOR'S OPERATIONS ASSISTANCE**

#### **A. Market Guidance**

FRANCHISOR, or its representative, may from time to time advise or offer guidance to FRANCHISEE relative to promotional programs, special offers and discounts on merchandise offered for sale by the Franchised Business. Such guidance will be based on the experience of FRANCHISOR and its franchisees in operating Franchised Businesses. To the maximum extent permitted by law, FRANCHISOR reserves the right at any time to prescribe maximum, minimum or other pricing requirements for merchandise offered, including for promotions, special offers and discounts in which some or all of the Specialty Stores participate, in each case to the maximum extent the law allows.

## **B. Merchandise and Inventory**

FRANCHISOR shall:

1. Before the Franchised Business opens, provide to FRANCHISEE a list of established sources for equipment, merchandise and products necessary for the operation of the Franchised Business, which includes a database of recommended vendors and merchandise;
2. Coordinate product distribution and purchasing from local, regional, national, and international suppliers;
3. Monitor quality standards and products throughout the network of franchised Specialty Stores;
4. Negotiate discounts and special buys on products, equipment and supplies required for the operation of the Specialty Stores, as FRANCHISOR deems necessary and advisable in its sole discretion;
5. Conduct on-going research and development of products, procedures and techniques to be introduced into the System.

## **C. Marketing and Advertising**

Upon commencement of operation of the Franchised Business, and during the term of this Agreement, FRANCHISOR shall review and approve all advertising and promotional materials to be used in the operation of the Franchised Business.

## **D. Operations Advice**

1. FRANCHISOR may from time to time advise FRANCHISEE of its observations relating to the operation of the Franchised Business as disclosed by reports and information submitted to FRANCHISOR or by inspections or audits conducted by FRANCHISOR or its agents of the Franchised Business, provided that FRANCHISOR shall not be liable to FRANCHISEE for failure to recognize or report any problems to FRANCHISEE and does not hereby assume any responsibility for the operation of the Franchised Business. Operations advice may address any matters relevant to the operation of the Franchised Business, for example:
2. If FRANCHISEE requests field visits by FRANCHISOR to the Franchised Business, FRANCHISOR may in its discretion make such field visits provided that FRANCHISOR as a condition of making the requested field visit may require FRANCHISEE to pay all travel and related expenses associated the visit and provide additional information upon request.

## **SECTION 16: INSURANCE**

### **A. Policy Requirements**

1. FRANCHISEE shall procure at its expense and maintain in full force and effect during the term of this Agreement, an insurance policy or policies protecting FRANCHISEE and FRANCHISOR and its officers, directors, partners and employees, against loss or liability in such types and amounts of coverage as FRANCHISOR may reasonably require for its own and FRANCHISEE's protection, including but not limited to commercial general liability and products liability coverage, all risk coverage on the Franchised Business, business interruption insurance, automobile liability insurance and workers' compensation insurance. FRANCHISOR shall be named an additional insured in such policy or policies. Required insurance specifications shall be provided to FRANCHISEE in writing in the Confidential Operations Manual or otherwise and may be modified from time to time, as FRANCHISOR deems necessary or appropriate in its reasonable discretion.

2. Such policy or policies shall be written by an insurance company licensed in the state in which FRANCHISEE operates and having at least an "A" Rating Classification as indicated in Best's Key Rating Guide in accordance with standards and specifications set forth in the Confidential Operations Manual or otherwise in writing.

### **B. Certificate of Insurance**

The insurance afforded by the policy or policies respecting liability shall not be limited in any way by reason of any insurance that may be maintained by FRANCHISOR. Within sixty (60) days of the signing of this Agreement, but in no event later than the date on which FRANCHISEE acquires an interest in the real property on which it will develop and operate the Franchised Business, a Certificate of Insurance showing compliance with the foregoing requirements shall be furnished by FRANCHISEE to FRANCHISOR for approval. Such certificate shall state that said policy or policies will not be canceled or altered without at least thirty (30) days prior written notice to FRANCHISOR and shall reflect proof of payment of premiums. Maintenance of such insurance and the performance by FRANCHISEE of the obligations under this paragraph shall not relieve FRANCHISEE of liability under the indemnity provision set forth in this Agreement. Minimum limits as required above may be modified from time to time, as conditions require, by written notice to FRANCHISEE or by modifications to the Confidential Operations Manual.

### **C. Non-Compliance**

Should FRANCHISEE, for any reason, not procure and maintain such insurance coverage as required by this Agreement, FRANCHISOR shall have the right and authority but not the obligation to immediately procure such insurance coverage and to charge same to FRANCHISEE, which charges, together with a reasonable fee for expenses incurred by FRANCHISOR in connection with such procurement, shall be payable by FRANCHISEE immediately upon notice.

## SECTION 17: NONCOMPETITION COVENANTS

### A. In-Term Covenants

FRANCHISEE covenants that during the term of this Agreement and any renewal thereof, except as otherwise approved in writing by FRANCHISOR, FRANCHISEE shall not, either directly or indirectly, for itself/himself/herself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation:

1. Divert or attempt to divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System, unless specifically approved in writing by FRANCHISOR.

2. Own, maintain, engage in, provide advice, management or consulting services to, provide any resources or contacts to, act as a lender for, provide assets to or have any interest in any business (including any business operated by FRANCHISEE prior to entry into this Agreement) that sells through any channel of distribution of any of the types of merchandise that are the same as or similar to the types of merchandise being sold through the Specialty Stores, unless granted prior approval in writing by FRANCHISOR.

### B. Post-Term Covenants

1. FRANCHISEE specifically acknowledges that, pursuant to this Agreement, FRANCHISEE will receive valuable training, resources, contacts and Confidential Information, including, without limitation, information regarding the promotional, operational, sales and marketing methods and techniques of FRANCHISOR and the System. For a period of two (2) years after expiration of or after termination of this Agreement for any reason, FRANCHISEE shall not either directly or indirectly, for itself/himself/herself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, engage in, provide management, resources, contacts, vendors or consulting services to, act as a lender for, provide assets to, or have any interest in any business that offers or sells, in any channel of distribution, an assortment of merchandise that is similar to the assortment of merchandise then being carried in the Specialty Stores unless granted prior approval in writing by FRANCHISOR:

- a. Within the Territory;
- b. Within a radius of ten (10) miles of the location of any other Specialty Store, whether franchised or owned by FRANCHISOR; or
- c. Though e-commerce where such sales are substantially supported within the Territory (including, but not limited to, support provided by offices, administrative centers, communication centers, warehouses, distribution centers and/or servers located within the Territory).



### **C. Enforceability of Covenants**

Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. FRANCHISEE acknowledges and agrees that each restriction in this Section 17 is reasonably necessary to protect and preserve the System. If all or any portion of a covenant in Section 17 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which FRANCHISOR is a party, FRANCHISEE shall be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of Section 17.

### **D. FRANCHISOR's Discretion**

FRANCHISEE understands and acknowledges that FRANCHISOR shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Section 17 in this Agreement, or any portion thereof, without FRANCHISEE's consent, effective immediately upon receipt by FRANCHISEE of written notice thereof, and FRANCHISEE shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 17 hereof.

### **E. Publicly Held Companies**

Section 17 shall not apply to ownership by FRANCHISEE of less than five percent (5%) beneficial interest in the outstanding equity securities of any corporation that is registered under the Securities Exchange Act of 1934.

### **F. Confidentiality Agreements with FRANCHISEE's Employees**

FRANCHISOR shall have the right to require all of FRANCHISEE's personnel performing managerial or supervisory functions and all personnel receiving training from FRANCHISOR and certain family members of FRANCHISEE or its owners to execute confidentiality agreements, which will include covenants not to compete, in a form satisfactory to FRANCHISOR, a sample of which is attached as **Exhibit H**.

## **SECTION 18: DEFAULT AND TERMINATION**

### **A. Grounds for Immediate Termination Upon Notice by FRANCHISOR**

This Agreement shall terminate immediately upon delivery of notice of termination to FRANCHISEE, if FRANCHISEE:

1. Fails to satisfactorily complete the initial training program;
2. Fails to secure a location approved by FRANCHISOR in the time period required under **Exhibit A**, if applicable, or fails to commence operation of the Franchised Business as required by Section 14.B of this Agreement;

3. Has made any material misrepresentation or omission in its application for the franchise;
4. Is convicted of or pleads no contest to a felony or any other crime or offense that is reasonably likely, in the opinion of the FRANCHISOR, to adversely affect the name, reputation or goodwill of the System, the Marks or FRANCHISOR's rights;
5. Makes any unauthorized use, disclosure or duplication of any portion of the Confidential Operations Manual or duplicates or discloses or makes any unauthorized use of any trade secret or Confidential Information provided to FRANCHISEE by FRANCHISOR;
6. Abandons the Franchised Business by failing or refusing to keep the Franchised Business open for business for any two (2) consecutive business days, unless the Franchised Business has been closed for a purpose approved by FRANCHISOR or due to force majeure, or fails to relocate to approved premises within an approved period of time following expiration or termination of the lease for Premises;
7. Violates the requirements of Section 20 by attempting to make an unauthorized transfer, or fails or refuses to assign the franchise or the interest in FRANCHISEE as required under Section 20.D below;
8. Understates Gross Revenues two (2) or more times during the term of this Agreement or by more than two percent (2%) on any one occasion;
9. Becomes insolvent or makes a general assignment for the benefit of creditors, or if a petition in bankruptcy is filed by FRANCHISEE or such a petition is filed against and consented to by FRANCHISEE, or if FRANCHISEE is adjudicated bankrupt, or if a bill in equity or other proceeding for the appointment of a receiver of FRANCHISEE or other custodian by FRANCHISEE, or if a receiver or other custodian (permanent or temporary) of FRANCHISEE's assets or property, or any part thereof, is appointed by any court of competent jurisdiction, or if proceedings for a composition with creditors under any state or federal law should be instituted by or against FRANCHISEE, or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless superseded as bond is filed), or if execution is levied against the Franchised Business or assets used therein, or suit to foreclose any lien or mortgage against the Premises or equipment is instituted against FRANCHISEE and not dismissed within thirty (30) days, or if the real or personal property of FRANCHISEE's Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable;
10. Materially misuses or makes an unauthorized use of any Marks or commits any act which may reasonably be expected to impair the goodwill associated with any Marks;
11. Fails on two (2) or more separate occasions within any twelve (12) month period to comply with any material term or terms of this Agreement, whether or not such failures to comply are corrected after notice thereof is delivered to FRANCHISEE;
12. Operates the Franchised Business in a manner that presents a health or safety hazard to its customers or the public;

13. Repudiates its obligations or admits its inability to perform its obligations under this Agreement; or

14. Causes or allows the lease for the Premises to be terminated through act, omission or default under the lease.

**B. Termination of Agreement After Failure to Cure**

This Agreement shall terminate without further action by FRANCHISOR or notice to FRANCHISEE if FRANCHISEE:

1. Fails or refuses to pay any amounts due FRANCHISOR or FRANCHISOR's affiliate(s) or agents or otherwise under this Agreement or fails or refuses to pay any amounts due on any account or contract of FRANCHISEE that has been guaranteed by FRANCHISOR and does not correct such failure or refusal within ten (10) business days after written notice of such failure is delivered to FRANCHISEE;

2. Fails or refuses to comply with any other provision of this Agreement or of any other Agreement with FRANCHISOR or its affiliate(s), or any mandatory specification, standard or operating procedure prescribed in the Confidential Operations Manual or otherwise in writing, and does not correct such failure within thirty (30) days (or such additional period of time necessary to effect cure not to exceed sixty (60) days and only if FRANCHISEE provides proof acceptable to FRANCHISOR that it has made all reasonable efforts to correct such failure and will continue to make all reasonable efforts to cure until a cure is effected);

**SECTION 19: RIGHTS AND DUTIES OF PARTIES UPON EXPIRATION OR TERMINATION**

Upon termination or expiration of this Agreement for any reason, all rights granted hereunder to FRANCHISEE shall forthwith terminate, and FRANCHISEE shall comply with the following post-termination obligations that shall survive any such termination or expiration:

**A. Discontinue Use of Name and Marks**

FRANCHISEE shall immediately cease and forever refrain from any use of the Designated Mark(s) or any of the Marks or any names or marks confusingly similar thereto. FRANCHISEE shall at its own expense discontinue using any and all items bearing any of the Marks.

**B. Cessation of Operation**

FRANCHISEE shall immediately cease to operate the Specialty Store franchised under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former FRANCHISEE of FRANCHISOR.

**C. Assignment of Lease on Demand**

Upon written notice of intent to take possession of the interest in any lease then in effect for the Premises (whether in default or terminated) by FRANCHISOR, FRANCHISEE shall not

enter into further agreements with Lessor without the express written permission of the FRANCHISOR. Upon demand by FRANCHISOR, at FRANCHISOR's discretion, FRANCHISEE shall assign to FRANCHISOR or its designee FRANCHISEE's interest in any lease then in effect for the Premises by executing such documents as are reasonably necessary to effect such assignment as may be required by FRANCHISOR and/or the of the Premises.

**D. Cease Using System, Advertising and Promotions Materials**

FRANCHISEE will immediately and permanently cease to utilize any of the distinguishing characteristics of the franchise System including, without limitation, distinctive interior and exterior layout, decor and color scheme; exclusively designed signage, decorations, furnishings and materials, the Confidential Operations Manual, any and all product lines bearing the Marks, the proprietary software package, methods and techniques for displaying and promoting gift items, special techniques for packaging, display, merchandising and marketing of products, storage procedures and techniques, procedures for maintenance; names of vendors obtained in the FRANCHISEE's operation of the Specialty Store, customer data and contact information, retail business operating methods, and methods and techniques for inventory and cost controls, record keeping and reporting, personnel management and training, purchasing, marketing, sales promotion and advertising.

**E. Assignment of Name Rights**

FRANCHISEE shall take such action as may be necessary to cancel or assign, at FRANCHISOR's option, to FRANCHISOR or FRANCHISOR's designee any assumed name rights or equivalent registration filed with state, city, or county authorities which contains the Designated Mark or any of the Marks or names associated with the System, and FRANCHISEE shall furnish FRANCHISOR with evidence satisfactory to FRANCHISOR of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement.

**F. De Identification Requirements After Termination of Existing Business**

If FRANCHISOR or its designee does not receive an assignment of the Premises lease and possession of the Premises under Section 19.C above, FRANCHISEE shall at its own expense remove all exterior and interior signage or other items bearing any of the Marks and make such modifications or alterations to the Premises as may be necessary to prevent any association with FRANCHISOR or the System and any business thereon subsequently operated by FRANCHISEE or others, and shall make such specific additional changes thereto as FRANCHISOR may reasonably request for that purpose, including, without limitation, removal of all distinctive physical and structural features identifying the System. In the event FRANCHISEE fails or refuses to comply with the requirements of this paragraph, FRANCHISOR shall have the right to enter upon the Premises where the Franchised Business was conducted, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required at the expense of FRANCHISEE, which expense FRANCHISEE shall pay upon demand.

**G. Payment of Sums Owed FRANCHISOR**

FRANCHISEE shall promptly pay all sums owing to FRANCHISOR. In the event of termination for any default of FRANCHISEE, such sums shall include all damages, costs, and

expenses, including reasonable attorneys' fees, incurred by FRANCHISOR as a result of the default. FRANCHISEE shall pay to FRANCHISOR all damages, costs and expenses, including reasonable attorneys' fees, incurred by FRANCHISOR subsequent to the termination or expiration of the franchise herein granted in obtaining injunctive or other relief for the enforcement of any provisions of Sections 17, 18 and 19.

#### **H. Return of Confidential Materials**

FRANCHISEE shall within five (5) days after termination or expiration turn over to FRANCHISOR all manuals, including the Confidential Operations Manual, vendor lists, customer lists and data, records, files, instructions, brochures, agreements, disclosure statements, and any and all other Confidential Information provided by FRANCHISOR to FRANCHISEE relating to the operation of the Franchised Business (all of which are acknowledged to be FRANCHISOR's property).

#### **I. FRANCHISOR's Right to Access Computer**

FRANCHISOR shall have the right to access and inspect the Franchised Business's computer systems for the purpose of verifying purging of all franchise confidential records as defined in Section 9. FRANCHISOR shall have the right to purge, delete or otherwise remove all such confidential records.

#### **J. Assignment of Telephone Number**

FRANCHISEE shall assign to FRANCHISOR or its designee, all of FRANCHISEE's right, title, and interest in and to FRANCHISEE's telephone numbers for the Franchised Business and shall notify the telephone service provider all listing agencies of the termination or expiration of FRANCHISEE's right to use any telephone number and any regular, classified or other telephone directory listing associated with the Marks and authorize a transfer of same to or at the direction of FRANCHISOR. If for any reason the telephone service provider will not accept this assignment, FRANCHISEE will cancel the telephone number and any listings associated with it.

#### **K. Compliance with Covenants in Section 19**

FRANCHISEE shall comply with the covenants contained in Section 19 of this Agreement.

#### **L. Liquidated Damages**

Should FRANCHISEE discontinue operation of the Franchised Business prior to expiration of the term of this Agreement for any reason other than as provided in Section 23.H below or pursuant to a judicial determination that FRANCHISEE is entitled to discontinue operation without liability hereunder, FRANCHISOR shall be entitled to receive from FRANCHISEE and FRANCHISEE shall pay to FRANCHISOR a lump sum equal to: (i) the royalties due and payable to Franchisor during the thirty-six (36) calendar months prior to discontinuance of operations by FRANCHISEE; or (ii) if FRANCHISEE operated the Franchised Business less than thirty-six (36) calendar months the monthly average Royalty payment for the period of store operations multiplied by thirty-six (36); or (iii) if less than thirty-six (36) calendar

months remain under the term of the Agreement at the time operations discontinue, the monthly average of Royalty payments for the prior thirty-six (36) months times the number of months remaining in the term of this Agreement. If FRANCHISOR cannot determine the exact payment due on account of FRANCHISEE's failure to submit reports of Gross Revenues as required hereunder, for purposes of computing the amount due under this Section, FRANCHISOR may estimate the Gross Revenues based on reports submitted by FRANCHISEE for any period of time available prior to cessation of operation. The payment provided for herein is FRANCHISOR's liquidated damages for the loss of the benefits it bargained for in this Agreement due to its premature termination and is not a penalty or in lieu of any other payment due to FRANCHISOR from FRANCHISEE.

## **SECTION 20: ASSIGNMENT**

### **A. Assignment by FRANCHISOR**

FRANCHISOR may freely assign this Agreement, and any or all of its rights and privileges hereunder to any other person, firm or corporation without FRANCHISEE's prior consent; provided that, in respect to any assignment resulting in the subsequent performance by the assignee of the functions of FRANCHISOR, FRANCHISOR shall determine in good faith if the assignee shall be financially responsible and economically capable of performing the obligations of FRANCHISOR hereunder; and the assignee shall expressly assume and agree to perform such obligations.

### **B. Transfer by FRANCHISEE**

FRANCHISEE understands and acknowledges that the rights and duties created by this Agreement are personal to FRANCHISEE and its owners and that FRANCHISOR has granted the franchise to FRANCHISEE in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of FRANCHISEE and its owners. Accordingly, neither this Agreement nor the franchise (or any interest therein), nor any part or all of the ownership of FRANCHISEE or the Franchised Business (or any interest therein), may be transferred without the prior written approval of FRANCHISOR, and any such transfer without such approval shall constitute a breach hereof and convey no rights to or interest in this Agreement, the franchise, FRANCHISEE, or the Franchised Business. As used in this Section 20, a "transfer" by FRANCHISEE includes the voluntary, involuntary, direct or indirect assignment, sale, gift or other transfer of any interest in: (i) this Agreement; (ii) the franchise; (iii) the ownership of FRANCHISEE; or (iv) the Franchised Business or a substantial part of the assets used in the Franchised Business and includes any transfer of ownership of capital stock or partnership interest; merger or consolidation or issuance of additional securities representing an ownership interest in FRANCHISEE; any sale of voting stock of FRANCHISEE or any security convertible to voting stock of FRANCHISEE, transfer of an interest in FRANCHISEE, this Agreement, the franchise or the Franchised Business in a divorce, insolvency, corporate or partnership dissolution proceeding or otherwise by operation of law; or transfer of an interest in this Agreement, the franchise, FRANCHISEE, or the Franchised Business in the event of the death of FRANCHISEE or an owner, by will, declaration of or transfer in trust, or under the laws of intestate succession.

### **C. Conditions for Approval of Transfer**

If FRANCHISEE and its owners are in full compliance with this Agreement, FRANCHISOR will not unreasonably withhold its approval of a transfer that meets the requirements of this Section 20.C. In all cases FRANCHISEE must provide FRANCHISOR with at least forty-five (45) days prior written notice of the proposed transfer. The proposed transferee and its owners must be individuals of good moral character (in FRANCHISOR's judgment) and otherwise meet FRANCHISOR's then-applicable standards for Specialty Store franchisees. All the transferees must agree in writing to be bound by this Agreement and guarantee. Additionally, if the transfer is of this Agreement or the entire Franchised Business or a substantial part of the assets used therein, or is a transfer of a controlling interest in the Franchised Business or the FRANCHISEE (a controlling interest being the largest ownership interest even if not a majority interest), or is one of a series of transfers which in the aggregate constitute or will effect such a transfer or a change in the controlling interest, all of the following conditions must be met prior to, or concurrently with, the effective date of the transfer:

1. FRANCHISOR must have declined its right of first refusal under Section 20.F below;
2. The transferee must have sufficient business experience, aptitude and financial resources to operate the Franchised Business in the judgment of FRANCHISOR;
3. FRANCHISEE must pay all amounts owed to FRANCHISOR or to any of its affiliates, which are then owed and unpaid;
4. The transferee and its proposed managers must complete FRANCHISOR's training program to FRANCHISOR's satisfaction;
5. The transferee must, at FRANCHISOR's election, either assume this Agreement in writing or execute FRANCHISOR's then-current standard franchise agreement (which may provide for higher fees, expenditures, duration, and different rights and obligations than are provided in this Agreement), provided, however, that the term thereof shall not be greater than the remaining term of this Agreement;
6. FRANCHISEE or the transferee must pay FRANCHISOR a transfer fee of Thirty Thousand Dollars (\$30,000);
7. FRANCHISEE and its owners must execute a general release, in form satisfactory to FRANCHISOR, of any and all claims, whether known or unknown, against FRANCHISOR, any affiliates of FRANCHISOR and their respective shareholders, officers, directors, employees, agents, successors and assigns;
8. FRANCHISOR must approve the material terms and conditions of the transfer, including, without limitation, that the price and terms of payment are not so burdensome as to affect adversely the operation of the Franchised Business by the transferee, which approval shall not be unreasonably withheld;

9. If any part of the sale price of the transferred interest is financed, the transferor must agree that all obligations of the transferee under or pursuant to any promissory note, agreements or security interests reserved by the transferor in the assets of the Franchised Business or the Premises shall be subordinate to the obligations of the transferee to pay fees, and other amounts due to FRANCHISOR and its affiliates; and

10. The transferor and FRANCHISEE must execute a noncompetition covenant in favor of FRANCHISOR and the transferee in a form satisfactory to FRANCHISOR.

#### **D. Death or Incapacity**

Within six (6) months after the death or permanent incapacity of FRANCHISEE, (or if FRANCHISEE is not an individual, the death or incapacity of any owner of a fifty percent (50%) interest or controlling interest in FRANCHISEE or the Franchised Business or of the owner or general partner with the principal responsibility for the operation and management of the Franchised Business) the interest of the decedent or incapacitated FRANCHISEE or owner must be transferred to a new owner subject to satisfaction of all conditions provided in Section 20.C provided that FRANCHISOR shall permit the heirs, personal representative, executor or conservator to continue operating the Franchised Business subject to compliance with all terms and conditions of this Agreement during that six (6) month period. If the spouse, children, heirs or beneficiaries of the dead or incapacitated individual wish to assume the interest of that individual, they may apply to do so, but a transfer to any such individual must satisfy all of the conditions of Section 20.C above except that FRANCHISOR will not charge the transfer fee. For purposes of this Agreement, “incapacity” shall be defined as the inability of the individual to operate or oversee the operation of the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional incapacity, chemical dependency or other limitation.

#### **E. Effect of Consent**

FRANCHISOR’s consent to any transfer under this Article 20 (including to a controlled corporation or limited liability company under Section 20.G below) shall in no event constitute a novation or release of FRANCHISEE or any of its shareholders or other owners.

#### **F. FRANCHISOR’s Right of First Refusal**

1. At least forty-five (45) days prior to any proposed transfer: (i) of this Agreement or the franchise hereunder; or (ii) of the Franchised Business; or (iii) of a substantial part of the assets used therein; or (iv) which would effect a change in the controlling interest of FRANCHISEE or the Franchised Business, FRANCHISEE will provide FRANCHISOR with written notice of the proposed transfer, including all of the terms and conditions of the proposed transfer, the identity of the proposed transferee and a copy of any bona fide offer, proposed agreement to transfer or letter of intent for the proposed transfer. FRANCHISOR or its designee shall have ten (10) days after receipt of the foregoing information in which to elect to acquire the interest to be transferred on the same terms and conditions as those contained in the notice; provided that FRANCHISOR or its designee will not be required to match any terms and conditions which relate to an offer to buy or acquire any rights or assets or to assume any liabilities unconnected with the Franchised Business and may require that such terms and conditions be



excluded from the offer and the offer restated to reflect the transfer only of rights, assets and liabilities related to the Franchised Business, and; further provided that FRANCHISOR or its designee may substitute equivalent cash consideration for any non-cash consideration. If this right of first refusal is exercised, FRANCHISOR or its designee shall be entitled to acquire the interest subject to all customary representations and warranties from the transferor as to title and ownership of stock or assets, condition of the assets, liens and encumbrances, liabilities and contingent liabilities.

2. If FRANCHISOR does not exercise this right of first refusal, the transfer may proceed subject to the prior written approval of FRANCHISOR and satisfaction of all applicable conditions under Section 20.C above, provided that if such transfer is not effected within one hundred twenty (120) days of the date thereof, FRANCHISOR shall again have the right of first refusal herein described. This right of first refusal is a continuing right of first refusal. FRANCHISOR's failure to exercise its right of first refusal shall not be deemed a waiver of future rights of first refusal. Any material changes in the terms of the offer noticed to FRANCHISOR shall operate to trigger the right of first refusal on the revised terms as if it were a new offer.

#### **G. Corporate or Non-Individual Franchisees**

1. If FRANCHISEE is a corporation, partnership or limited liability company, all shareholders, partners, members or owners of that entity must execute a form of undertaking and unconditional guaranty required by FRANCHISOR (the current form of which is attached to this Agreement as **Exhibit D**) agreeing to be bound by all the terms, conditions and covenants (including those of Section 17) of this Agreement and to be jointly and severally liable for the payment of all debts and obligations hereunder. Additionally, in such cases:

a. There must always be an individual shareholder, general partner or owner designated by FRANCHISEE and approved in writing by FRANCHISOR as the designated manager and any changes in the designated manager must be approved by FRANCHISOR in advance;

b. FRANCHISOR must receive copies of any articles of incorporation or formation, limited liability company or partnership agreement, by-laws and other organizational documents and changes thereto;

c. Listed below are the names of the current shareholders, partners or other owners and their respective titles within the organization and the amount of their respective ownership interests in FRANCHISEE which list will be updated by notice to FRANCHISOR as changes occur;

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d. All shares of capital stock in any corporation must bear the following legend: "The sale or other transfer of the shares of stock represented by

this certificate is restricted by and subject to the terms and conditions of a written franchise agreement with Country Visions, Inc.”; and

e. The corporation, partnership or limited liability company may not own or be engaged in any other business or activity other than the operation of the Franchised Business.

2. If FRANCHISEE is a sole proprietorship or partnership, FRANCHISEE may transfer this Agreement and its interest in the Franchised Business to a corporation or limited liability company provided that it is and will be owned solely by the same individuals and only upon written notice to FRANCHISOR, subject to compliance by the corporation or company and by FRANCHISEE with all provisions of this Section 20.G. (including the undertaking and guaranty) and upon the corporation executing a written assumption of all obligations of FRANCHISEE under this Agreement and the provision to FRANCHISOR of a copy of a resolution of the corporation’s board of directors or company’s members authorizing such assumption.

#### **H. FRANCHISEE Information**

FRANCHISOR shall have the right, but not the obligation, to furnish any prospective transferee or assignee with copies of all financial statements which have been furnished by FRANCHISEE to FRANCHISOR in accordance with this Agreement during the three (3) year period prior to the date the approval of the proposed transfer is sought. FRANCHISOR shall also have the right, but not the obligation, to advise any prospective assignee of any uncured breaches or defaults by FRANCHISEE under this Agreement, or any other agreement relating to the Franchised Business proposed to be assigned, transferred, or sold or any other material information relative to the Franchised Business. FRANCHISOR shall have no liability to FRANCHISEE or its owners for making any such disclosures in good faith to a proposed transferee or assignee. FRANCHISOR’s approval of such proposed transaction shall not, however, be deemed a representation or guarantee by FRANCHISOR that the terms and conditions of the proposed transaction are economically sound or that, if the transaction is consummated, the assignee will be capable of successfully conducting the Franchised Business and no inference to such effect shall be made from such approval.

#### **I. Restrictions on Advertising Business for Sale**

FRANCHISEE shall not, without prior written consent of FRANCHISOR, place in, on or upon the Premises, or in any print, broadcast or electronic communications media, any form of advertising relating to the sale of or offer to sell the Franchised Business which uses or displays any of the Marks.

### **SECTION 21: INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

#### **A. No Fiduciary Relationship Between FRANCHISOR and FRANCHISEE**

This Agreement does not create a fiduciary or special relationship between the parties, nor does it constitute FRANCHISEE as an agent, legal representative, joint venturer, partner, employee, or servant of FRANCHISOR for any purpose whatsoever; and it is understood between

the parties hereto that FRANCHISEE shall be an independent contractor and is in no way authorized to make any contract, agreement, warranty or representation on behalf of FRANCHISOR to incur any debt, or to create any obligation, express or implied, on behalf of FRANCHISOR.

**B. FRANCHISEE is an Independent Contractor**

During the term of this Agreement and any extension hereof, FRANCHISEE shall hold itself out to the public as an independent contractor operating the business pursuant to a franchise from FRANCHISOR. FRANCHISEE shall take such affirmative action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Premises and on all forms, stationery, or other written materials, the content of which FRANCHISOR reserves the right to specify.

**C. Indemnification of FRANCHISOR by FRANCHISEE**

FRANCHISEE shall defend at its own cost and indemnify and hold harmless FRANCHISOR and FRANCHISOR's shareholders, directors, officers, employees and agents, from and against any and all loss, costs, expenses (including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses), damages, causes of action, demands and liabilities, however caused, resulting directly or indirectly from any acts or omissions of FRANCHISEE or its agents, representatives, employees or contractors, including but not limited to those from or pertaining to the construction or operation of the Franchised Business, the use of the Marks by FRANCHISEE or any breach of this Agreement by FRANCHISEE unless such damages or liabilities were proximately caused by the negligence or unlawful conduct of FRANCHISOR. All such indemnification obligations shall survive termination or expiration of this Agreement for any reason. **Initial** \_\_\_\_\_

**D. FRANCHISOR Assumes No Liability on Behalf of FRANCHISEE's Business**

FRANCHISOR shall not, by virtue of any approvals, advice or services provided to FRANCHISEE, assume responsibility or liability to FRANCHISEE or any third parties to which FRANCHISOR would not otherwise be subject.

**E. FRANCHISEE Responsibility for Taxes**

FRANCHISEE will be solely responsible for any gross receipts, sales, use or other tax assessment made on any royalties, fees or other amounts payable by FRANCHISEE to FRANCHISOR under this Agreement and assessed by any taxing authority in the state where the Franchised Business is located. FRANCHISOR will have no liability for any federal, state, local or foreign (i) payroll or property taxes, (ii) sales, use, excise, privilege, occupation or any other transactional taxes, (iii) business activity taxes, whether calculated with respect to capital, net income, gross receipts, services provided or some other basis or combination thereof, or (iv) any other taxes or similar exactions no matter how designated, whether any such amount described in clauses (i) through (iv) above is levied upon FRANCHISEE or the Franchised Business, in connection with the operation of the franchise (except taxes FRANCHISOR is required by law to collect from FRANCHISEE). If any such tax is assessed to FRANCHISOR, FRANCHISEE will

promptly reimburse FRANCHISOR for the amount of such tax paid by FRANCHISOR. Alternatively, if such tax is assessed to FRANCHISOR on any royalties or other recurring payments due to FRANCHISOR hereunder, FRANCHISOR may require FRANCHISEE to remit to FRANCHISOR the amount of the tax owed by FRANCHISOR on such Royalty or payment at the time that the Royalty or other payment is due. Such taxes are distinguished from income taxes, if any, imposed on FRANCHISOR by the state in which the Franchised Business is located. Income taxes shall remain the responsibility of FRANCHISOR.

## **SECTION 22: ARBITRATION AND CHOICE OF LAW AND VENUE**

### **A. Arbitration**

All disputes between FRACHISOR and its affiliates, and their respective owners, officers, directors, agents, and employees, and FRANCHISEE (and/or its owners, guarantors, affiliates, officers, directors, agents, and employees, if applicable) arising out of or related to this Agreement or any provision of this Agreement (including the validity and scope of the arbitration obligation under this Section, which FRACHISOR and FRANCHISEE acknowledge is to be determined by an arbitrator, not a court), any other agreement between FRANCHISOR (or its affiliate) and FRANCHISEE, or any aspect of the relationship between FRANCHISOR and FRANCHISEE, will be determined exclusively by binding arbitration to be conducted by one (1) arbitrator under the then-current commercial arbitration rules of the American Arbitration Association. Arbitration proceedings must be held exclusively in the County in which the headquarters of FRACHISOR is located (which is currently Solano County, California). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the award may be entered in any court of competent jurisdiction.

FRACHISOR and FRANCHISEE agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. FRACHISOR and FRANCHISEE further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either FRACHISOR or FRANCHISEE and will not have the right to declare any Mark generic or otherwise invalid. Except as otherwise described in this Agreement, FRACHISOR and FRANCHISEE and its owners waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between FRACHISOR and FRANCHISEE, the party making a claim will be limited to equitable relief and to recovery of any actual damages he, she, or it sustains.

Arbitration must be conducted on an individual, not a class-wide, basis; only FRACHISOR (and/or its affiliates, and its and their respective owners, officers, directors, agents, and employees) and FRANCHISEE (and/or its owners, guarantors, affiliates, officers, directors, agents, and employees, if applicable) may be the parties to any arbitration proceeding described in this Section; and no such arbitration proceeding may be consolidated with any other arbitration proceeding between FRACHISOR and any other person, corporation, limited liability company, or partnership. Notwithstanding the foregoing or anything to the contrary in this Section or

Section 22.D, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 22.A, then all parties agree that this arbitration clause will not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with this Section 22 (excluding this Section 22.A).

Notwithstanding anything to the contrary contained in this section, FRANCHISOR and FRANCHISEE each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction. In that case, FRANCHISOR and FRANCHISEE agree to contemporaneously submit their dispute to arbitration on the merits according to this section. The provisions of this section will continue in full force and effect notwithstanding the termination or expiration of this Agreement and are intended to benefit and bind certain third party non-signatories

## **B. Governing Law**

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act 15 U.S.C. §§ 1051 et seq.), the United States Copyright Act, or other federal law, this Agreement shall be governed by the laws of the state in which the Franchised Business is located, which laws shall prevail in the event of any conflict of law.

## **C. Consent to Jurisdiction**

Subject to FRANCHISOR's and FRANCHISEE's arbitration obligations in Section 22.A above, FRANCHISEE irrevocably submits to the jurisdiction of the courts of the State of California in any suit, action or proceeding, arising out of or relating to this Agreement or any other dispute between FRANCHISEE and FRANCHISOR, and FRANCHISEE irrevocably agrees that all claims in respect of any such suit, action or proceeding must be brought and/or defended therein except with respect to matters that are under the jurisdiction of the Federal Courts of the United States, which shall be brought and/or defended in the Federal District Court sitting in Sacramento, California. FRANCHISEE irrevocably waives, to the fullest extent it may lawfully do so, the defense of an inconvenient forum to the maintenance of such suit, action or proceeding and agrees that service of process for purposes of any such suit, action or proceeding need not be personally served within the State of California, but may be served with the same effect as if FRANCHISEE were served within the State of California, by certified mail or any other means permitted by law addressed to FRANCHISEE at the address set forth herein. Nothing contained herein shall affect FRANCHISOR'S rights to bring a suit, action or proceeding in any other appropriate jurisdiction, including any suit, action or proceeding brought by FRANCHISOR to enforce any judgment against FRANCHISEE entered by a State or Federal Court.

## **D. Costs and Attorneys' Fees**

If either FRANCHISOR or FRANCHISEE seeks to enforce this Agreement in an arbitration, judicial or other proceeding, the prevailing party shall be entitled to recover its reasonable costs and expenses (including attorneys' fees, arbitrators' fees and expert witness fees, costs of investigation and proof of facts, court costs, other arbitration or litigation expenses and

travel and living expenses) incurred in connection with such arbitration, judicial or other proceeding.

**E. FRANCHISEE May Not Withhold Payments**

FRANCHISEE agrees that FRANCHISEE will not withhold payment of any amounts owed to FRANCHISOR or its affiliates on the grounds of FRANCHISOR's or their alleged nonperformance of any of its or their obligations under this Agreement or any other agreement.

**F. Waiver of Punitive Damages**

EXCEPT FOR THE INDEMNIFICATION OBLIGATIONS UNDER SECTION 21.C AND CLAIMS BASED ON UNAUTHORIZED USE OF THE MARKS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, FRANCHISOR AND FRANCHISEE (AND ITS OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, AND TREBLE AND OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN FRANCHISOR AND FRANCHISEE (AND/OR ITS OWNERS), THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

**G. Waiver of Jury Trial**

FRANCHISOR AND FRANCHISEE (AND ITS OWNERS) IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM.

**H. Limitations of Claims**

FRANCHISEE AGREES THAT, FOR THE APRICOT LANE FRANCHISE SYSTEM TO FUNCTION PROPERLY, FRANCHISOR SHOULD NOT BE BURDENED WITH THE COSTS OF LITIGATING SYSTEM-WIDE DISPUTES. ACCORDINGLY, ANY DISAGREEMENT BETWEEN FRANCHISEE AND FRANCHISOR SHALL BE CONSIDERED UNIQUE AS TO ITS FACTS AND SHALL NOT BE BROUGHT AS A CLASS ACTION, AND FRANCHISEE WAIVES ANY RIGHT TO PROCEED AGAINST FRANCHISOR OR ANY OF ITS SHAREHOLDERS, MEMBERS, MANAGERS, AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS BY WAY OF CLASS ACTION, OR BY WAY OF A MULTI-PLAINTIFF, CONSOLIDATED OR COLLECTIVE ACTION. IN ANY LEGAL ACTION BETWEEN THE PARTIES, THE COURT SHALL NOT BE PRECLUDED FROM MAKING ITS OWN INDEPENDENT DETERMINATION OF THE ISSUES IN QUESTION, NOTWITHSTANDING THE SIMILARITY OF ISSUES IN ANY OTHER LEGAL ACTION INVOLVING FRANCHISOR AND ANY OTHER FRANCHISEE, AND EACH PARTY WAIVES THE RIGHT TO CLAIM THAT A PRIOR DISPOSITION OF THE SAME OR SIMILAR PRECLUDES SUCH INDEPENDENT DETERMINATION.

## **I. Timeliness of Claims**

EXCEPT FOR CLAIMS ARISING FROM FRANCHISEE'S NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS THAT FRANCHISEE OWES FRANCHISOR, ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN FRANCHISOR AND FRANCHISEE WILL BE BARRED UNLESS MEDIATION OR JUDICIAL PROCEEDING IS COMMENCED IN THE APPROPRIATE FORUM WITHIN EIGHTEEN (18) MONTHS FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIM.

## **SECTION 23: MISCELLANEOUS PROVISIONS**

### **A. Written Consent**

Whenever this Agreement requires the prior approval or consent of FRANCHISOR, FRANCHISEE shall make a timely written request to FRANCHISOR therefore, and, except as otherwise provided herein, any approval or consent granted must be in writing to be binding upon FRANCHISOR.

### **B. Warranties**

FRANCHISOR makes no warranties or guarantees upon which FRANCHISEE may rely and assumes no liability or obligation to FRANCHISEE or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to FRANCHISEE in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefore.

### **C. Non-Waiver**

No failure of FRANCHISOR to exercise any power reserved to it hereunder, or to insist upon strict compliance by FRANCHISEE with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of FRANCHISOR's right to demand exact compliance with the terms hereof. Waiver by FRANCHISOR of any particular default by FRANCHISEE shall not be binding unless in writing and executed by the party sought to be charged and shall not affect or impair FRANCHISOR's right with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance, or omission of FRANCHISOR to exercise any power or rights arising out of any breach or default by FRANCHISEE of any of the terms, provisions, or covenants hereof, affect or impair FRANCHISOR's rights nor shall such constitute a waiver by FRANCHISOR of any right hereunder or of the right to declare any subsequent breach or default. Subsequent acceptance by FRANCHISOR of any payment(s) due to it hereunder shall not be deemed to be a waiver by FRANCHISOR of any preceding breach by FRANCHISEE of any terms, covenants or conditions of this Agreement.

**D. Notices**

Any and all notices required or permitted under this Agreement shall be in writing from a party to this Agreement or its attorney and shall be personally delivered or mailed by certified mail, return receipt requested, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to FRANCHISOR: COUNTRY VISIONS, INC.  
1339 Oliver Road, Suite A  
Fairfield, California 94534

Copy to: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Notices to FRANCHISEE: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Copy to: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Any notice by certified mail shall be deemed to have been delivered four (4) days after prepaid posting.

**E. Entire Agreement**

This Agreement and any exhibit attached hereto, shall be construed together and constitute the entire, full and complete agreement between FRANCHISOR and FRANCHISEE concerning the subject matter hereof, and supersede all prior agreements. No other representation has induced FRANCHISEE to execute this Agreement, and there are no representations, inducements, promises, or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with reference to this Agreement or otherwise. No amendment or modification of this Agreement shall be binding on either party unless executed in writing by both parties. Notwithstanding the foregoing, nothing in this Agreement or any related agreement is intended to waive reliance on any representation that FRANCHISOR made in the most recent disclosure document (including its exhibits and amendments) that FRANCHISOR delivered to FRANCHISEE. **Initial** \_\_\_\_\_

**F. Severability And Construction**

1. Each section, part, term and/or provision of this Agreement shall be considered severable, and if, for any reason, any section, part, term and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation, such shall not impair the operation of or affect the remaining portions, sections, parts, terms and/or provisions of this Agreement, and the latter will continue to be given full force and effect and bind the parties hereto; and said invalid sections, parts, terms and/or provisions shall be deemed not part of this



Agreement; provided, however, that if FRANCHISOR determines that said finding of illegality adversely affects the basic consideration of this Agreement, FRANCHISOR may, at its option, terminate this Agreement.

2. Anything to the contrary herein notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than FRANCHISOR or FRANCHISEE and such of their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under or by reason of this Agreement.

3. FRANCHISEE shall be bound by any promise or covenant imposing the maximum duty permitted by law which is contained within the terms of any provision hereof, as though it were separately stated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which FRANCHISOR is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

4. All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

#### **G. Remedies Nonexclusive and Cumulative**

No right or remedy conferred upon or reserved to FRANCHISOR or FRANCHISEE by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy. FRANCHISOR's and FRANCHISEE's rights under this Agreement are cumulative and their exercise or enforcement of any right or remedy under this Agreement will not preclude their exercise or enforcement of any other right or remedy which they are entitled by law to enforce.

#### **H. Force Majeure**

Except for obligations to timely pay money, neither party shall be liable or responsible for any failure or delays in performance hereunder due to strikes, lockouts, casualties, acts of God, war, governmental regulation or control or other causes beyond the reasonable control of the parties, and in any event said time period for the performance of an obligation hereunder shall be extended for the amount of time of the delay. This clause shall not apply or not result in an extension of the term of this Agreement.

#### **I. Survival of Terms**

All obligations of FRANCHISOR and FRANCHISEE which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding its expiration or termination if this Agreement until they are satisfied or by their specific provisions or nature expire.

## SECTION 24: “FRANCHISEE” DEFINED AND GUARANTY

As used in this Agreement, the term “FRANCHISEE” shall include any and all general partners of FRANCHISEE and any and all owners (including shareholders, members, limited partners and other owners) of five percent (5%) or more beneficial or legal interest in FRANCHISEE and/or the Franchised Business, and all successors in interest of FRANCHISEE or any such individual. All such individual partners, shareholders, members and owners shall execute the Guaranty and Assumption of Obligations attached hereto as **Exhibit D** and made a part hereof. By their signatures thereto, all such parties acknowledge and agree to be bound by the provisions of this Agreement in the same manner and to the same extent as FRANCHISEE.

## SECTION 25: ACKNOWLEDGMENTS

**Initial** \_\_\_\_\_

FRANCHISEE REPRESENTS AND ACKNOWLEDGES THAT IT HAS RECEIVED, READ AND UNDERSTOOD THIS AGREEMENT AND FRANCHISOR’S FRANCHISE DISCLOSURE DOCUMENT; AND THAT FRANCHISOR HAS FULLY AND ADEQUATELY EXPLAINED THE PROVISIONS OF EACH TO FRANCHISEE’S SATISFACTION; AND THAT FRANCHISEE HAS HAD AMPLE TIME AND OPPORTUNITY TO CONSULT WITH ADVISORS OF ITS OWN CHOOSING ABOUT THE POTENTIAL BENEFITS AND RISKS OF ENTERING INTO THIS AGREEMENT.

FRANCHISEE ACKNOWLEDGES THAT IT RECEIVED AN EXECUTION COPY OF THIS AGREEMENT AND THE ATTACHMENTS THERETO, AT LEAST SEVEN DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED.

FRANCHISEE AFFIRMS AND AGREES THAT FRANCHISOR MAY SELL ITS ASSETS, ITS MARKS, OR ITS SYSTEM OUTRIGHT TO A THIRD PARTY; MAY GO PUBLIC; MAY ENGAGE IN A PRIVATE PLACEMENT OF SOME OR ALL OF ITS SECURITIES; MAY MERGE, ACQUIRE OTHER CORPORATIONS, OR BE ACQUIRED BY ANOTHER CORPORATION; MAY UNDERTAKE A REFINANCING, RE-CAPITALIZATION, LEVERAGED BUYOUT OR OTHER ECONOMIC OR FINANCIAL RESTRUCTURING; AND, WITH REGARD TO ANY OR ALL OF THE ABOVE SALES, ASSIGNMENTS AND DISPOSITIONS, FRANCHISEE EXPRESSLY AND SPECIFICALLY WAIVES ANY CLAIMS, DEMANDS OR DAMAGES ARISING FROM OR RELATED TO THE LOSS OF SAID MARKS (OR ANY VARIATION THEREOF) AND/OR THE LOSS OF ASSOCIATION WITH OR IDENTIFICATION OF COUNTRY VISIONS, INC. AS FRANCHISOR HEREUNDER.

FRANCHISEE HAS BEEN ADVISED TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO THE LEGAL, FINANCIAL AND OTHER ASPECTS OF THIS AGREEMENT, THE BUSINESS FRANCHISED HEREBY, AND THE PROSPECTS FOR THAT BUSINESS. FRANCHISEE HAS EITHER CONSULTED WITH SUCH ADVISORS OR HAS DELIBERATELY DECLINED TO DO SO.

THE COVENANTS NOT TO COMPETE SET FORTH IN THIS AGREEMENT ARE FAIR AND REASONABLE, AND WILL NOT IMPOSE ANY UNDUE HARDSHIP ON FRANCHISEE, SINCE FRANCHISEE HAS OTHER CONSIDERABLE SKILLS, EXPERIENCE AND EDUCATION WHICH AFFORD FRANCHISEE THE OPPORTUNITY TO DERIVE INCOME FROM OTHER ENDEAVORS.

FRANCHISEE AFFIRMS THAT ALL INFORMATION SET FORTH IN ANY AND ALL APPLICATIONS, FINANCIAL STATEMENTS AND SUBMISSIONS TO FRANCHISOR IS TRUE, COMPLETE AND ACCURATE IN ALL RESPECTS, WITH FRANCHISEE EXPRESSLY ACKNOWLEDGING THAT FRANCHISOR IS RELYING UPON THE TRUTHFULNESS, COMPLETENESS AND ACCURACY OF SUCH INFORMATION.

FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT AND RECOGNIZES THAT, LIKE ANY OTHER BUSINESS, AN INVESTMENT IN A FRANCHISED BUSINESS INVOLVES BUSINESS RISKS AND THAT THE SUCCESS OF THE VENTURE IS PRIMARILY DEPENDENT UPON THE BUSINESS ABILITIES AND EFFORTS OF FRANCHISEE.

THE SUCCESS OF THE FRANCHISED BUSINESS VENTURE CONTEMPLATED IS SPECULATIVE AND DEPENDS, TO A LARGE EXTENT, UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESSPERSON, AND ITS ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE BUSINESS AS WELL AS OTHER FACTORS. FRANCHISOR DOES NOT MAKE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE POTENTIAL SUCCESS OF THE BUSINESS VENTURE IN THIS AGREEMENT.

TO HELP DEMONSTRATE OUR COMPLIANCE WITH APPLICABLE FRANCHISE LAWS, YOU MUST COMPLETE AND SIGN THE FRANCHISE SALES PROCESS FORM ATTACHED AS **EXHIBIT F** AND PROVIDE IT TO US WHEN YOU SIGN THIS AGREEMENT.

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

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Agreement in multiple copies the day and year first above written.

COUNTRY VISIONS, INC.  
a California corporation

By: \_\_\_\_\_  
PATRICK STEWART, CEO

\_\_\_\_\_  
FRANCHISEE

\_\_\_\_\_  
FRANCHISEE

\_\_\_\_\_  
FRANCHISEE

\_\_\_\_\_  
FRANCHISEE

**EXHIBIT A TO  
COUNTRY VISIONS, INC. FRANCHISE AGREEMENT  
OPEN LICENSE**

Country Visions, Inc. (“FRANCHISOR”) and \_\_\_\_\_

\_\_\_\_\_  
 (“FRANCHISEE”), in contemplation of the establishment of a franchise relationship in accordance with terms of the Country Visions, Inc. Franchise Agreement, executed \_\_\_\_\_ (the “Franchise Agreement”), do hereby covenant and agree as follows:

1. As no specific location has been determined at the time of execution of the Franchise Agreement, FRANCHISEE will have an “open license”, which means a right to establish in the future, a Specialty Store at a site to be approved by FRANCHISOR as provided in Section 4 of the Franchise Agreement. As the holder of an open license, FRANCHISEE has indicated a preference for the following center(s) and/or geographic area in which to establish the Franchised Business:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Upon the execution of a lease approved by FRANCHISOR, the exact address of the approved location shall be inserted in Section 1.B of the Franchise Agreement and the Designated Mark shall be inserted in Section 1.A of the Franchise Agreement.

2. The designation of preferred centers or areas is not a guarantee that any particular center is or will be available for development of a Specialty Store or that FRANCHISEE will be permitted by the lessor or FRANCHISOR to open the Franchised Business in such center(s) and/or geographic area. FRANCHISOR is not required to give preference to any particular franchisee over another, if both have open licenses and both have indicated preferences for the same center(s) or geographic area and may elect in its sole discretion which franchisee to finally approve for a particular center or area.

3. A suitable site must be secured by FRANCHISEE and approved by FRANCHISOR within \_\_\_\_\_ calendar months from date the Franchise Agreement is executed. By mutual agreement, extensions to this calendar period may be granted in three (3) calendar month increments by the issuance of a written letter from FRANCHISOR to FRANCHISEE and accepted in writing by FRANCHISEE. FRANCHISOR is not obligated to grant any extension of time and may decline to do so in its sole discretion.

4. If no suitable site is secured and approved in the time provided in Section 3 above or pursuant to any extensions of time granted and accepted, FRANCHISOR will be entitled to terminate the Franchise Agreement and retain the Five Thousand Dollar (\$5,000) installment on the initial franchise fee paid by FRANCHISEE.

5. This Exhibit sets forth the entire agreement of the parties with respect to the subject matter hereof, and FRANCHISEE understands that with the exception of the specific subject

matter herein, all other terms and conditions as set forth in the Franchise Agreement are fully in effect and enforceable, including those provisions dealing with site selection, lease negotiations and construction.

SIGNED BY: FRANCHISEE(S)

FRANCHISEE:

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FRANCHISEE:

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FRANCHISEE:

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FRANCHISEE:

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SIGNED BY: COUNTRY VISIONS, INC.

Name: \_\_\_\_\_  
PATRICK STEWART, CEO

**EXHIBIT B TO  
COUNTRY VISIONS, INC. FRANCHISE AGREEMENT  
LOCATION OPTION AGREEMENT**

Country Visions, Inc. (“FRANCHISOR”) and \_\_\_\_\_

\_\_\_\_\_ (“FRANCHISEE”) having entered into a Country Visions, Inc. Franchise Agreement dated \_\_\_\_\_ (the “Franchise Agreement”), and in accordance with the terms of the Franchise Agreement, do hereby covenant and agree as follows:

1. FRANCHISEE has been awarded the franchise license for the franchise location identified in Section 1 of the Franchise Agreement.

2. FRANCHISEE has requested the opportunity to develop an additional Specialty Store. FRANCHISEE has identified \_\_\_\_\_

\_\_\_\_\_ (the “Option Location”) as the desired site for the additional store. FRANCHISEE has requested an option on developing another Specialty Store at the Option Location.

3. FRANCHISOR hereby grants to FRANCHISEE an option (“Option”) to develop a Specialty Store at the Option Location which Option shall expire twelve (12) months after this Location Option Agreement is executed by FRANCHISOR. For this Option, FRANCHISEE shall pay FRANCHISOR an Option Fee of Fifteen Thousand Dollars (\$15,000) upon the execution of this Exhibit. Five Thousand Dollars (\$5,000) of the Option Fee paid shall be credited without interest towards the applicable initial franchise fee for the Option Location pursuant to the terms of the then-current Country Visions, Inc. Franchise Agreement for the Option Location (the “Option Franchise Agreement”), provided it is executed by FRANCHISEE before expiration of the Option. The balance of the initial franchise fee for the Option Location shall be paid upon execution of the Option Franchise Agreement.

4. If FRANCHISEE does not exercise this Option within twelve (12) calendar months after the date of this Agreement, the option shall automatically expire. The Option Fee shall be retained by FRANCHISOR and deemed fully earned by FRANCHISOR for holding the Option Location off the market.

5. FRANCHISEE understands that in order to exercise the Option for the Option Location and to be offered another franchise under the Option Franchise Agreement, FRANCHISEE must be in full compliance with the terms of the Franchise Agreement, have no history of defaults under the Franchise Agreement, the Premises lease or any other agreement which may be ancillary to the Franchised Business and the Franchise Agreement. In addition, FRANCHISEE must provide proof, in the form of a pre-approved financing package, of FRANCHISEE’s financial ability to develop the Option Location. Such proof must be provided prior to the execution of the Option Franchise Agreement.

6. FRANCHISOR reserves the right to terminate the Option if at any time FRANCHISEE is found in default of the Franchise Agreement or the Premises lease. This Option

will automatically terminate in the event that their Franchise Agreement is terminated for any reason.

7. Neither this Location Option Agreement nor the Option are assignable by the FRANCHISEE under any circumstances.

8. The granting of this Option by FRANCHISOR is not a guaranty or assurance that the Option Location will be available to FRANCHISEE to develop as a Specialty Store within the term of this Option or at any time thereafter. FRANCHISOR has not secured the Option Location for development as a Specialty Store and FRANCHISEE shall have the sole and exclusive responsibility for doing so. The granting of this Option is not a final approval of the Option Location by FRANCHISOR. FRANCHISEE will need to comply with all terms and conditions of the Option Franchise Agreement relative to securing the site, leasing of the site, and construction of the site and obtain all approvals of FRANCHISOR required in the Option Franchise Agreement with respect to these matters.

9. This Location Option Agreement sets forth the entire agreement of the parties with respect to the subject matter hereof.

SIGNED BY: FRANCHISEE(S)

FRANCHISEE:

\_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

SIGNED BY: COUNTRY VISIONS, INC.

Name: \_\_\_\_\_  
PATRICK STEWART, CEO



**EXHIBIT C TO  
COUNTRY VISIONS, INC. FRANCHISE AGREEMENT  
TERRITORY**

**EXHIBIT D TO  
COUNTRY VISIONS, INC. FRANCHISE AGREEMENT  
GUARANTY AND ASSUMPTION OF OBLIGATIONS**

In consideration of, and as an inducement to, the execution by Country Visions, Inc. (“FRANCHISOR”) of that certain Franchise Agreement dated \_\_\_\_\_ (the “Agreement”) between FRANCHISOR and \_\_\_\_\_

\_\_\_\_\_  
 (“FRANCHISEE”), or in consideration of and as an inducement to FRANCHISOR’s consent to a transfer as defined in Section 20.B of the Agreement, each of the undersigned parties including:

\_\_\_\_\_  
 (“GUARANTORS”) hereby jointly and severally (1) guarantee to FRANCHISOR and its successors and assigns, for the term of the Franchise Agreement and thereafter as provided in the Agreement, that FRANCHISEE shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Franchise Agreement (and any amendments) and that each and every representation of FRANCHISEE made in connection with the Franchise Agreement (and any amendments) are true, correct and complete in all respects at and as of the time given; and (2) agree personally to be bound by, and personally liable for the breach of, each and every provision in the Franchise Agreement (and any amendments). The undersigned hereby waive (i) all rights to payments and claims for reimbursement or subrogation that any of the undersigned may have against FRANCHISEE arising as a result of the undersigned’s execution of and performance under this Guarantee, for the express purposes that none of the undersigned shall be deemed a “creditor” of FRANCHISEE under any applicable bankruptcy law with respect to FRANCHISEE’s obligations to FRANCHISOR, (ii) any right to require FRANCHISOR to: (a) proceed against FRANCHISEE for any payment required under the Franchise Agreement, (b) proceed against or exhaust any security from FRANCHISEE, (c) take any action to assist any of the undersigned in seeking reimbursement or subrogation in connection with this Guarantee, or (d) pursue, enforce or exhaust any remedy, including any legal or equitable relief, against FRANCHISEE, (iii) any benefit of, any right to participate in, any security now or hereafter held by FRANCHISOR, and (iv) acceptance and notice of acceptance by FRANCHISOR of the undersigned’s undertakings under this Guarantee; all presentments, demands and notices of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; protest; notices of dishonor; and notices of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; and any other notices and legal or equitable defenses to which any of the undersigned may be entitled. Without affecting the obligations of the undersigned under this Guarantee, FRANCHISOR may, without notice to the undersigned, extend, modify, supplement, waive strict compliance with, or release all or any provisions of the Franchise Agreement or any indebtedness or obligation of FRANCHISEE, or settle, adjust, release, or compromise any claims against FRANCHISEE or any guarantor, make advances for the purpose of performing any obligations of FRANCHISEE. Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation that any of the undersigned may have against FRANCHISEE arising as a result of the undersigned’s execution of and performance under this Guaranty under the Franchise Agreement, assign the Franchise Agreement or the right to receive any sum payable thereunder, and the undersigned each hereby jointly and severally waive notice of same and agree to remain and be bound by any and

all such amendments and changes to the Franchise Agreement. FRANCHISOR shall have no present or future duty or obligation to the undersigned under this Guarantee, and each of the undersigned waives any right to claim or assert any such duty or obligation, to discover or disclose to the undersigned any information, financial or otherwise, concerning FRANCHISEE, any other guarantor, or any collateral securing any obligations of FRANCHISEE to FRANCHISOR.

In addition, the undersigned each waive any defense arising by reason of any of the following: (i) any disability or any counterclaim or right of set-off or other defense of Franchisee, (ii) any lack of authority of FRANCHISEE with respect to the Agreement, (iii) the cessation from any cause whatsoever of the liability of FRANCHISEE, (iv) any circumstance whereby the Agreement shall be void or voidable as against FRANCHISEE or any of FRANCHISEE's creditors, including a trustee in bankruptcy of FRANCHISEE, by reason of any fact or circumstance, (v) any event or circumstance that might otherwise constitute a legal or equitable discharge of the undersigned's obligations hereunder; provided, however, that the undersigned do not waive any defense arising from the due performance by FRANCHISEE of the terms and conditions of the Agreement, (vi) any right or claim of right to cause a marshaling of the assets of FRANCHISEE or any other guarantor, and (vii) any act or omission of FRANCHISEE.

The undersigned irrevocably submits to the jurisdiction of the courts of the State of California in any suit, action or proceeding, arising out of or relating to this Guaranty or any other dispute between the undersigned and Franchisor, and the undersigned irrevocably agrees that all claims in respect of any such suit, action or proceeding must be brought and/or defended therein except with respect to matters that are under the jurisdiction of the Federal Courts of the United States, which shall be brought and/or defended in the Federal District Court sitting in Sacramento, California. The undersigned irrevocably waives, to the fullest extent he/she may lawfully do so, the defense of an inconvenient forum to the maintenance of such suit, action or proceeding and agrees that service of process for purposes of any such suit, action or proceeding need not be personally served or served within the State of California but may be served with the same effect as if the undersigned were served within the State of California, by certified mail or any other means permitted by law addressed to the undersigned at the address set forth herein. Nothing contained herein shall affect FRANCHISOR'S rights to bring a suit, action or proceeding in any other appropriate jurisdiction, including any suit, action or proceeding brought by FRANCHISOR to enforce any judgment against the undersigned entered by a State or Federal Court. In a judicial or arbitration proceeding, the non-prevailing party agrees to reimburse the prevailing party for all of the prevailing party's costs and expenses, including reasonable accounting, paralegal, expert witness and attorneys' fees.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature on the same day and year as the Agreement was executed.

GUARANTOR(S) PERCENTAGE OF OWNERSHIP OF FRANCHISEE

Signature \_\_\_\_\_ Title: \_\_\_\_\_ %

Signature \_\_\_\_\_ Title: \_\_\_\_\_ %

Signature \_\_\_\_\_ Title: \_\_\_\_\_ %

Signature \_\_\_\_\_ Title: \_\_\_\_\_ %

**INITIAL:** \_\_\_\_\_

**EXHIBIT E TO  
COUNTRY VISIONS, INC. FRANCHISE AGREEMENT**

**ADDENDUM TO LEASE**

**Required Lease Language for Apricot Lane Boutique**

This Lease Addendum is entered into as of the date of the Lease Agreement by and between \_\_\_\_\_, Landlord and \_\_\_\_\_, Tenant.

Landlord and Tenant are parties to that certain Lease of even date (the Lease) covering the premises located at \_\_\_\_\_, which Tenant will use to operate an Apricot Lane Boutique® business under a Franchise Agreement between Tenant and Country Visions, Inc. (Franchisor). Landlord and Tenant desire to amend the Lease to protect the various interests of Franchisor.

In consideration of the foregoing and the promises contained in the Lease, the parties agree as follows:

**1) PERMITTED USE**

Only under the Trade Name, Apricot Lane Boutique for the retail sale of fashion apparel, fashion accessories, shoes and jewelry, gifts, home decor and personal care products and other related products carried from time to time in the majority of Apricot Lane stores, provided that the sale of such related products do not violate a prior agreement between Landlord and a third party, and for no other use or purpose whatsoever. Any change of the Trade Name requires Franchisor prior written approval.

**2) ASSIGNMENT LANGUAGE**

Notwithstanding anything to the contrary contained herein, Tenant shall have the right at any time with Landlord consent which shall not be unreasonably withheld, conditioned or delayed, to assign this Lease to Tenant's Franchisor or a bona-fide and qualified franchisee of Franchisor, provided that the following conditions are met:

- (i) Tenant shall deliver to Landlord not less than 30 days prior written notice of such assignment;
- (ii) at the time of any such assignment, Tenant shall not be in default under this Lease;
- (iii) if assignment is to a franchisee, such franchisee meets all the standard criteria applicable to Franchisor's franchisees generally;
- (iv) the franchisee shall be contractually obligated to operate the Premises under the same Trade Name and for the same Permitted Use specified in this Lease and in all other respects as required by this Lease; and
- (v) the franchisee shall not be unreasonably denied.

Notwithstanding any assignment made pursuant to this Section, Tenant shall not be released from any liability for the payment of rent or other sums due under the Lease, or from the performance of any of the obligations and covenants of the Lease.

In the event that (i) Tenant defaults in the performance of its obligations under that certain Franchise Agreement by and between Tenant and Franchisor such that the Franchise Agreement is terminated, or (ii) Tenant defaults under this Lease beyond any notice and cure period, Franchisor shall have the right, but not the obligation, to assume from Tenant all of the obligations of Tenant under the Lease without Landlord's or Tenant's approval, provided, however, that Franchisor delivers to Landlord written notice of its assumption of the Lease within 30 days of Franchisor's written notice of Tenant default. Upon such assumption, Franchisor agrees to be bound by the terms, conditions and covenants of the Lease. Franchisor shall then have the right, with Landlord's consent which consent shall not be unreasonably withheld, conditioned or delayed, to assign this Lease to a bona-fide and qualified franchisee of Franchisor, provided that the following conditions are met:

- (i) Franchisor shall deliver to Landlord not less than 30 days' prior written notice of such assignment;
- (ii) at the time of any such assignment, Franchisor shall not be in default under this Lease;
- (iii) the franchisee meets all of the standard criteria applicable to Franchisor's franchisees generally;
- (iv) the franchisee shall be contractually obligated to operate the Premises under the same Trade Name and for the same Permitted Use specified in this Lease and in all other respects as required by this Lease;
- (v) the franchisee shall not be reasonably denied, and
- (vi) if the franchisee defaults under the provisions of its franchise agreement with Franchisor or under this Lease, Franchisor shall have the right, but not the obligation, to take possession of the Premises and cause the Premises to be continuously operated as required by this Lease notwithstanding such default until such time as the Premises are assigned to another franchisee, in which event all of the terms and provisions set forth herein shall be applicable to such assignment.

Upon an assignment by Franchisor to a franchisee other than Tenant as provided above, Franchisor shall be released from any and all liabilities under this Lease.

### **3) FRANCHISOR RIGHT TO CURE**

Franchisor shall have the right, but not the obligation, at Franchisor's sole option, to cure any deficiency under the lease within thirty (30) business days after the expiration of the period in which the Tenant may cure default should Tenant fail to do so.

### **4) RENEWAL**

Landlord agrees to allow Franchisor an additional ten (10) days beyond Tenant notification period to exercise any renewal option under the lease for its own account as a substitute lessee for the renewal term should Tenant fail to take any actions or provide any notices required to exercise the renewal option.

**5) NOTICE AND DEFAULT**

Landlord will provide, in writing, any communications between Tenant (or representative) and Landlord regarding any possible changes to the lease and will require Franchisor written approval. Tenant agrees that Landlord and Franchisor may freely communicate about matters relevant to the operation of the franchised business, the lease, any defaults and status of any renewals.

Landlord hereby agrees that in each instance that Landlord makes a change to the lease or is required to provide Tenant with any notice of default under this Lease shall simultaneously provide notice to Franchisor at the following notice address: Country Visions, Inc, 1339 Oliver Road, Suite A, Fairfield CA 94534; Attention: Patrick Stewart, CEO.

**6) RIGHT OF ENTRY AND SUBORDINATION**

Landlord will give Franchisor access to the Lease premises at reasonable times on not less than 24 hours' notice (or such shorter notice as may be reasonable when circumstances dictate) either to inspect the Lease premises for compliance with Franchisor's requirements, to remove from the Lease premises any items bearing Franchisor's marks or logos or to take other action permissible under the Agreements between Tenant and Franchisor. Landlord specifically subordinates any lien it may have in such items to Franchisor's rights as licensor of the marks or logos displayed on items.

**7) VACATING PREMISES**

Upon vacating the Lease premises, or termination of the Franchise Agreement or Lease (whichever occurs first), Tenant must remove all signs and materials bearing any of the marks or logos.

**8) BENEFIT**

Landlord and Tenant acknowledge that they enter into this Agreement for the express benefit of Franchisor and that Franchisor is an intended beneficiary hereof.

**9) SUPREMACY**

This Addendum shall control and supersede any inconsistent provision of the Lease.

The parties have signed this Agreement the day and year first above written.

LANDLORD: \_\_\_\_\_

By: \_\_\_\_\_ Title: \_\_\_\_\_

TENANT: \_\_\_\_\_

By: \_\_\_\_\_ Title: \_\_\_\_\_



**EXHIBIT F**  
**FRANCHISEE STATEMENTS REGARDING**  
**FRANCHISE SALES PROCESS**

I, \_\_\_\_\_, am the person(s) named below and have decided to enter into a Country Visions, Inc. Franchise Agreement (the “Franchise Agreement”) with Country Visions, Inc. (“Franchisor”). I hereby make the following statements.

1. I understand that Franchisor is seeking true and correct responses about the matters set forth below in order to verify if anything improper was said or represented to me before I signed the Franchise Agreement. I understand there is no “correct” response and that honest responses are needed, and I agree to provide them.

2. The date I received Franchisor’s Franchise Disclosure Document for Prospective Franchisees (the “FDD”) was \_\_\_\_\_. The FDD was for the state of \_\_\_\_\_ (complete only if a specific state as listed on the Item 23 Receipt).

3. I did not receive any oral, written or visual claim or representation about anything relevant to the franchise that contradicted or was not consistent with the information included in the FDD I received except as follows:

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(Write “none” if none were made or provide details of contrary claims or representations, including who made them and when.)

4. No oral, written or visual representations were made that stated or suggested any specific level, range or amount of income, sales or profits could be made in the franchised business, including any claims about “break even” or a return on investment or in any way relating to my financial prospects as a franchisee, other than those statements included in Item 19 of the FDD and as follows:

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(Write “none” if none were made or provide details of any such claims or representations, including who made them and when.)

5. I have not been promised any “special deals” and no one has negotiated any terms and conditions contrary or in addition to those stated in the Franchise Agreement, except as follows:

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(Write “none” if no such promises or negotiations were made or provide details of any such promises or negotiations, including who made them and when.)

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 any reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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FRANCHISEE

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FRANCHISEE

DATE: \_\_\_\_\_

**EXHIBIT G TO  
COUNTRY VISIONS, INC. FRANCHISE AGREEMENT  
COLLATERAL ASSIGNMENT OF LEASE**

FOR VALUE RECEIVED, the undersigned, \_\_\_\_\_

\_\_\_\_\_ (“Assignor”) hereby assigns, transfers and sets over unto Country Visions, Inc., a California corporation (“Assignee”) all of Assignor’s right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Schedule 1 (the “Lease”) respecting the Premises at \_\_\_\_\_

\_\_\_\_\_ Effective only upon the occurrence of one of the Events of Assignment as set forth below and subject to Assignee’s written assumption of such right, title and interest upon the occurrence of such an Event of Assignment.

1. An Event of Assignment for purposes of this Collateral Assignment shall include the following:

(a) The termination or nonrenewal for any reason of the Franchise Agreement between Assignee and Assignor for the operation at the Premises of a specialty retail store under the service mark licensed by Assignee (the “Franchise Agreement”);

(b) The abandonment of the Premises by the Assignor;

(c) Any cure by Assignee of a default by Assignor under the Lease effected after notice to Assignor of such default by the lessor or its authorized representative and Assignor’s failure or refusal to cure such default within the time required in such notice;

(d) Assignor’s failure to exercise any option to renew the Lease at least thirty (30) days before the last day for exercising such option.

2. Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with the Lease or this Assignment unless Assignee takes possession of the Premises pursuant an assignment affected hereunder and assumes in writing the obligations of Assignor under the Lease.

3. Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously assigned and is not obligated to assign or transfer any of its interest in the Lease or the Premises to any other party.

4. Assignor will not surrender, terminate, amend or modify the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall notify Assignee of its exercise or failure to exercise any and all options to extend or renew the term of the Lease not less than thirty (30) days prior to the last day that such option must be exercised, unless Assignee otherwise agrees in writing.

DATED: \_\_\_\_\_

**ASSIGNOR/FRANCHISEE**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

ASSIGNEE  
COUNTRY VISIONS, INC.,  
a California corporation

By: Patrick Stewart  
Its: CEO

**EXHIBIT H TO  
COUNTRY VISIONS, INC. FRANCHISE AGREEMENT  
NONDISCLOSURE AND NONCOMPETITION AGREEMENT**

This Nondisclosure and Noncompetition Agreement (“NDA”) is made and entered into this date \_\_\_\_\_ by and between Country Visions, Inc., a California Corporation (“Franchisor”), \_\_\_\_\_ (“Franchisee”) and \_\_\_\_\_ (“Associate/Family Member of Franchisee”) who resides at \_\_\_\_\_. All initially capitalized terms not otherwise defined herein shall have the meanings set forth in the Franchise Agreement.

**RECITALS**

- A. Associate desires to become involved with the Franchisor or a franchisee of the Franchisor in the capacity of an officer, partner, director, agent, Manager, employee or as a beneficial owner of the Franchise Business, or is an immediate family member or domestic partner of a principal owning a Franchise Business, and will become privileged as to certain Confidential Information and Trade Secrets. Associate may or may not have signed the Franchise Agreement or Guaranty and Assumption of Franchisee’s Obligations form; and
- B. Associate and the Franchisor have reached an understanding with regard to nondisclosure by Associate of Confidential Information and Trade Secrets and with respect to noncompetition by Associate with the Franchisor and other franchisees of the Franchisor. Associate agrees to the terms of this Agreement as partial consideration for the Franchisor’s willingness to allow Associate to engage in a business relationship with Franchisor or a Franchisee of the Franchisor using the Franchisor’s Confidential Information and Trade Secrets.
- C. The Franchisor is engaged in the business of operating a retail store selling women’s clothing jewelry, handbags, shoes and accessories (“Franchise Business”). The Franchise Businesses are operated under the Franchisor’s trademark “Apricot Lane” and other service marks, trademarks, logo types, architectural designs, trade dress and other commercial symbols (collectively, the “Marks”);
- D. The Franchisor has developed methods for establishing, operating and promoting Franchise Businesses pursuant to the Franchisor’s distinctive business format, plans, methods, data, processes, supply systems, marketing systems, techniques, designs, layouts, operating procedures, Marks and information and know-how of the Franchisor (“Confidential Information” and “Trade Secrets”) and such Confidential Information and Trade Secrets as may be further developed from time to time by the Franchisor (“System”);

E. The Franchisor and its affiliates have established substantial goodwill and an excellent reputation with respect to the quality of retail store products and services available, which goodwill and reputation have been and will continue to be of major benefit to the Franchisor;

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate and the Franchisor, intending legally to be bound, agree as follows:

### 1. Definitions.

(a) “Associate” shall mean the individual or entity described in the first paragraph of this Agreement and the Associate’s managers, officers, beneficial owners, directors, employees, shareholders, partners, members, principals, immediate family members and domestic partners.

(b) “Authorized Territory” shall have the meaning defined in the Franchise Agreement. [REDACTED]

(c) “Competitive Business” as used in this Agreement means any business offering, or [REDACTED] granting franchises or licenses to others to offer a business that receives 10% or more of its gross revenue by providing retail store products and services offered by Franchise Businesses; provided, however, Associate will not be prohibited from owning securities in a Competitive Business if such securities are listed on a stock exchange or traded on the over-the-counter market and represent in the aggregate 5% or less of that class of securities issued and outstanding.

(d) “Confidential Information” shall mean without limitation, all knowledge, know-how, standards, methods and procedures related to the establishment and operation of the Franchise Business and includes all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, the Franchise Business including, without limitation, all databases (whether in print, electronic or other form), all names, addresses, phone numbers, e-mail addresses, customer purchase records, mail lists, manuals, promotional and marketing materials, marketing strategies and any other data and information that the Franchisor or its affiliates designates as confidential including all information contained in the Franchisor’s Operations Manual, which may be provided as one or more separate manuals, written instructional guides, CD Rom, or other communications from the Franchisor or its affiliates, which may be changed or supplemented from time to time.

(e) “Franchise Agreement” shall mean the franchise agreement between Franchisor and

\_\_\_\_\_ (“Franchisee”) as amended or renewed from time to time.

(g) “Term” shall have the meaning defined in the Franchise Agreement.

(h) “Trade Secret(s)” shall mean information, including a customer lists, pattern, compilation, program, device, method, technique or process related to the Franchise Business that both derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

**2. Confidential Information and Trade Secrets.** Associate and the Franchisor acknowledge that the Confidential Information and Trade Secrets that are developed and utilized in connection with the operation of the Franchise Business is unique and the exclusive property of the Franchisor or its affiliates. Associate acknowledges that any unauthorized disclosure or use of the Confidential Information and Trade Secrets would be wrongful and would cause irreparable injury and harm to the Franchisor or its affiliates. Associate further acknowledges that the Franchisor or its affiliates has expended a great amount of effort and money in obtaining and developing the Confidential Information and Trade Secrets, that the Franchisor or its affiliates has taken numerous precautions to guard the secrecy of the Confidential Information and Trade Secrets, and that it would be very costly for competitors to acquire or duplicate the Confidential Information and Trade Secrets.

**3. Nondisclosure of Confidential Information.** During the Term and any renewal Term of the Franchise Agreement and for all periods after the Term and any renewal Term of the Franchise Agreement, Associate shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of the Franchisor or the Franchise Business, any of the Confidential Information of the Franchisor or its affiliates.

**4. Exceptions to Disclosing Confidential Information.** Notwithstanding the foregoing, the restrictions on the disclosure and use of the Confidential Information will not apply to the following: (a) information that was in the public domain prior to being communicated to Associate through no fault of Associate; (b) information that entered the public domain after it was Communicated to Associate through no fault of Associate; (c) information that was in Associate’s possession free of any obligation of confidence at the time it was communicated to Associate; or (d) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that Associate is legally compelled to disclose the information, if Associate has notified the Franchisor before disclosure and used Associate’s best efforts, and afforded the

Franchisor the opportunity, to obtain an appropriate protective order or other assurance satisfactory to the Franchisor of confidential treatment for the information required to be so disclosed.

**5. Nondisclosure of Trade Secrets.** During the Term and any renewal Term of the Franchise Agreement and for as long as such information constitutes a Trade Secret, Associate shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of the Franchisor or the Franchise Business, any of the Trade Secrets of the Franchisor or its affiliates.

**6. Noncompetition Covenant.** Associate acknowledges that, in addition to the license of the Marks hereunder, the Franchisor has also licensed commercially valuable information that comprises and is a part of the Franchise Business, including without limitation, the Confidential Information and Trade Secrets and that the value of this information derives not only from the time, effort and money that went into its compilation, but from the usage of the same by all franchisees of the Franchisor using the Marks and System. Associate therefore agrees that other than the Franchise Business licensed under a Franchise Agreement, the Associate, will not during the Term and renewal Term of the Franchise Agreement:

- (a) Have any direct or indirect controlling interest as a disclosed or beneficial owner in a Competitive Business; or
- (b) Perform services as a director, partner, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business; or
- (c) Divert or attempt to divert any business related to, or any customer or account of the Franchised Business, the Franchisor's business, the business of any affiliate of the Franchisor or any other franchisee's business, by direct inducement or otherwise, or divert or attempt to divert the employment of any employee of Franchisor or another franchisee licensed by Franchisor, to any Competitive Business by any direct inducement or otherwise; or
- (d) Without the Franchisor's express written permission, which may be granted or denied in the Franchisor's sole discretion, become an exclusive distributor for any third-party vendor or obtain exclusive distribution rights for any non-APRICOT LANE Products.

**7. Post-Termination Covenant Not to Compete.** Upon termination or expiration of the Franchise Agreement for any reason, or termination of Associate's employment with Franchisee, Associate agrees that, for a period of two (2) years commencing on the effective date of termination or expiration of the Franchise Agreement, or termination of Associate's employment with Franchisee, or the date on which Associate or the Franchisee, ceases to conduct business, whichever is later, the Associate will not have any direct or indirect interest (through any immediate family member of Associate or its owners or otherwise)



as a disclosed or beneficial owner, investor, partner, director, officer, employee, manager, consultant, representative or agent or in any other capacity in any Competitive Business, located or operating within a thirty (30)-mile radius of Associate's or franchisee's Franchised Business. The restrictions of this Section will not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent five percent (5%) or less of the number of shares of that class of securities issued and outstanding. Associate expressly acknowledges that Associate possesses skills and abilities of a general nature and has other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive Associate of Associate's personal goodwill, or ability to earn a living.

**8. Injunction.** Associate hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, the Franchisor shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which the Franchisor may be entitled. Associate agrees that the Franchisor may obtain such injunctive relief, without posting a bond or bonds totaling Five Hundred Dollars (\$500) or more, but upon due notice, and Associate's sole remedy in the event of the entry of such injunctive relief shall be dissolution of such injunctive relief, if warranted, upon a hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by Associate.

**9. Reasonableness of Restrictions.** Associate acknowledges and agrees that the restrictions set forth in this Agreement are reasonable and necessary for the protection of the Confidential Information and Trade Secrets and that any violation of this Agreement would cause substantial and irreparable injury to Franchisor, and that Franchisor would not have entered into a business relationship with Associate or the Franchisee or enter into this Agreement or the Franchise Agreement without receiving Associate's unrestricted promise to preserve the confidentiality of the Confidential Information and Trade Secrets. In any litigation concerning the entry of any requested injunction against Associate, Associate, for value, voluntarily waives such defenses as Associate might otherwise have under the law of the jurisdiction in which the matter is being litigated relating to any claimed "prior breach" on the part of the Franchisor; it being specifically understood and agreed between the parties that no action or lack of action on the part of the Franchisor will entitle or permit Associate to disclose any such Confidential Information or Trade Secrets in any circumstances.

**10. Effect of Waiver.** The waiver by Associate or the Franchisor of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

**11. Binding Effect.** This Agreement shall be binding upon and inure to the benefit of Associate and the Franchisor and their respective heirs, executors, representatives, successors and assigns.

**12. Entire Agreement.** This instrument contains the entire agreement of Associate and the Franchisor relating to the matters set forth herein. It may not be changed verbally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

**13. Governing Law.** This instrument shall be governed by and construed under the laws of the State of California.

**14. Jurisdictions and Venue.** In the event of a breach or threatened breach by Associate of this Agreement, associate hereby irrevocably submits to the jurisdiction of the state and federal courts of California, and irrevocably agrees that venue for any action or proceeding shall be in the state and federal courts of California. Both parties waive any objection to the jurisdiction of these courts or to venue in the state and federal courts of California. Notwithstanding the foregoing, in the event that the laws of the state where Associate resides prohibit the aforesaid designation of jurisdiction and venue, then such other state's laws shall control.

**15. Severability.** If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement that shall otherwise remain in full force and effect.

**16. Attorneys' Fees.** In any action at law or in equity to enforce any of the provisions or rights under this Agreement, the unsuccessful party in such litigation, as determined by the court in a final judgment or decree, shall pay the successful party or parties all costs, expenses and reasonable attorneys' fees incurred therein by such party or parties (including without limitation such costs, expenses and fees on any appeals), and if such successful party shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of such judgment.

**17. Acknowledgment.** The Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. Associate is aware that a violation of this Agreement will cause the Franchisor and the Franchisee irreparable harm; therefore, Associate acknowledges and agrees that the Franchisor and/or the Franchisee may apply for the issuance of an injunction preventing Associate from violating this Agreement in addition to any other remedies it may have hereunder, at law or in equity; and Associate agrees to pay the Franchisor and the Franchisee all the costs it/they incur/s, including without limitation attorneys' fees, if this Agreement is enforced against Associate. Due to the importance of this Agreement to the Franchisor and the Franchisee, any claim Associate has against the Franchisor or the

Franchisee is a separate matter and does not entitle Associate to violate, or justify any violation of, this Agreement. If any part of this Agreement is held invalid by a court or agency having valid jurisdiction, the rest of the Agreement is still enforceable, and the part held invalid is enforceable to the extent found reasonable by the court or agency. Associate agrees that all the words and phrases used in this Agreement will have the same meaning as used in the Franchise Agreement, and that such meaning has been explained to Associate.

IN WITNESS WHEREOF, the parties have signed this Agreement on the date first above written.

**FRANCHISEE:**

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ASSOCIATE(s):**

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISOR:** Country Visions, Inc., a California Corporation

\_\_\_\_\_  
Name: Patrick Stewart  
Title: CEO

**EXHIBIT B-1 TO THE  
COUNTRY VISIONS, INC.  
DISCLOSURE DOCUMENT**

**AMENDMENT FOR E-COMMERCE PLATFORM**

**AMENDMENT  
FOR  
E-COMMERCE PLATFORM**

This Amendment is made and entered into this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ by and between Country Visions, Inc., having a place of business at 1339 Oliver Road, Suite A, Fairfield, California 94534 (“**Franchisor**”), and \_\_\_\_\_ having a place of business at \_\_\_\_\_ (“**Franchisee**”) (Franchisor and Franchisee are sometimes individually referred to herein as a “**Party**,” and collectively referred to herein as the “**Parties**”).

Introduction.

Franchisor has granted Franchisee the right to operate an Apricot Lane<sup>®</sup> specialty retail store at \_\_\_\_\_ (the “**Franchised Business**”) pursuant to a franchise agreement dated \_\_\_\_\_, \_\_\_\_\_ (as amended, the “**Franchise Agreement**”).

The Parties desire to amend the Franchise Agreement to authorize the Franchised Business to offer and sell fashion apparel, accessories and other authorized merchandise through the Internet in accordance with the terms and conditions of this Amendment.

Any defined terms not otherwise defined herein shall have the meanings given them in the Franchise Agreement.

Amendment to Franchise Agreement.

New Section 11 L shall be added to the Franchise Agreement, as follows:

**“L. E-Commerce Platform.**

Subject to the terms and conditions of this Subsection L, Franchisee has the right, using the Designated Mark (and other Marks authorized by Franchisor from time to time), to offer and sell through one or more third-party Internet websites or other electronic media authorized by Franchisor from time to time (“**E-Commerce Platform**”) the merchandise to be sold at the Franchised Business in accordance with the terms of this Agreement. The E-Commerce Platform shall be deemed part of the Franchised Business and subject to all of the relevant terms and conditions under this Agreement. Franchisee acknowledges and agrees that e-commerce is rapidly evolving, with constant changes, and that Franchisor has the right from time to time to change the E-Commerce Platform (including substituting providers and using different technology) to maintain the competitiveness of Specialty Stores. Franchisor will give reasonable prior notice to Franchisee of any such changes, which in no event need to be more than 90 days. Franchisee agrees to discontinue use of any E-Commerce Platform that Franchisor no longer authorizes and will only use the then-current authorized E-Commerce Platform, notwithstanding that changes may result in costs and expenses to Franchisee. Franchisee shall execute and perform such agreements (“**Provider’s Contracts**”) with the provider of the

E-Commerce Platform (“**Provider**”) as Franchisor requires from time to time (including requirements authorizing independent access to the E-Commerce Platform and Usage Data by Franchisor). Currently, Franchisor has designated “Shopify” as the sole and exclusive E-Commerce Platform, but, as noted above, Franchisor reserves the right to change the E-Commerce Platform in the future.

All revenue and income of any nature earned or derived in connection with the E-Commerce Platform shall be part of Gross Revenues under Section 12C and subject to all of the provisions under this Agreement (including royalty fees and advertising contributions), provided however, the Royalty and advertising contributions under Sections 12A and 11B, respectively, relating to Gross Revenues derived from the E-Commerce Platform shall be five and one-half percent (5.5%) and one percent (1%), respectively, notwithstanding anything to the contrary by which Franchisee is entitled to pay lesser percentage amounts due to operating multiple Apricot Lane stores or otherwise.

Franchisee agrees that Franchisor, for and on behalf of Franchisee, may at its option (but shall not be required to) enter into the Provider’s Contracts for Franchisee’s E-Commerce Platform and to be the administrator thereof and have complete and unrestricted access thereto. In connection with such Franchisor-arranged E-Commerce Platform: (i) Franchisee shall remit to Franchisor (or, at Franchisor’s direction, remit directly to the Provider) all fees, costs, expenses and reimbursements required to be paid to the Provider; and (ii) Franchisee shall comply with all terms and conditions of the Provider’s Contracts and all mandatory policies issued by Franchisor or Provider in connection therewith.

Franchisee shall procure and maintain in accordance with Section 10 such insurance policies in connection with the E-Commerce Platform as Franchisor may require from time to time and shall indemnify Franchisor, in accordance with Section 21C, for any liabilities, obligations and expenses incurred by Franchisor in connection with the E-Commerce Platform, including any liability, obligation or expense arising under the Provider Contracts.

Franchisee may use only such suppliers (which may include Franchisor or any of its Affiliates) as Franchisor may designate or approve from time to time for initial and ongoing design, management and maintenance services of the E-Commerce Platform.

Franchisee shall adhere to such development, design, marketing, sales and operations standards (including policies regarding quality, image and representative lines of merchandise, digital media advertising, minimal standards for terms and conditions, photography, reporting, packaging, merchandise returns and gift cards) as set forth in the Confidential Operations Manual from time to time.

Franchisor shall own all E-Commerce Platform visitor information, including, visitor’s name, contact information, ordering information, billing information and web pages visited (collectively, “**Usage Data**”). Such Usage Data will be part of the Confidential Information under this Agreement. Franchisee shall not access

such information except in connection with the Franchised Business. Franchisee shall honor, abide by and implement any Franchisor privacy notices and policies.

The Franchisor shall have approval rights over all text, pictures, sound, graphics, video and other data (“**Content**”) utilized with the E-Commerce Platform not otherwise authorized in the Confidential Operating Manual prior to incorporation into the E-Commerce Platform. Franchisee hereby irrevocably assigns and transfers to Franchisor all right, title and interest in and to all Content including the ownership of all copyright rights (from the moment of creation and fixation in tangible media) and all other applicable intellectual property rights inherent or embodied within the E-Commerce Platform or related thereto, whether or not the same is stored, compiled or memorialized physically, electronically, graphically or in writing. If Franchisee has any such rights that cannot be assigned to Franchisor, Franchisee waives the enforcement of such rights, and if Franchisee has any rights that cannot be assigned or waived, Franchisee hereby grants to Franchisor an exclusive, irrevocable, perpetual, worldwide, fully paid license, with right to sublicense through multiple tiers, to such rights. Franchisee acknowledges that there are, and may be, future rights that Franchisee may otherwise become entitled to with respect to the Content that do not yet exist, as well as new uses, media, means and forms of exploitation throughout the universe exploiting current or future technology yet to be developed, and Franchisee specifically intends the foregoing assignment of rights to include all such now known or unknown uses, media and forms of exploitation throughout the universe.

Franchisor respects the intellectual property of others, and expects Franchisee to do the same with the E-Commerce Platform. Franchisor reserves the right to disable or terminate Franchisee’s right to use the E-Commerce Platform if Franchisee infringes the copyrights or other intellectual property rights of others. Franchisee shall not rent, lease, distribute (or redistribute) or otherwise make available the E-Commerce Platform, in any form, to any third party without Franchisor’s consent. Franchisor shall not unreasonably withhold consent to Franchisee making the E-Commerce Platform available for use by other Apricot Lane stores owned by Franchisee or any of its affiliates, subject to such conditions and requirements Franchisor may impose from time to time.

Franchisee’s use of the E-Commerce Platform is solely to support the Franchised Business, and Franchisee shall not copy, distribute or transfer any portion of the E-Commerce Platform on any media or alter, adapt or otherwise modify any part of the E-Commerce Platform except as may be set forth in the Confidential Operating Manual or consented to by Franchisor.

FRANCHISOR IS UNDER NO OBLIGATION TO MAINTAIN THE E-COMMERCE PLATFORM, INCLUDING ANY CONTENT CONTAINED IN THE E-COMMERCE PLATFORM. FRANCHISOR RESERVES THE RIGHT TO WITHHOLD, REMOVE AND DISCARD ANY CONTENT ON THE E-COMMERCE PLATFORM, WITH OR WITHOUT NOTICE AT ANY TIME. FRANCHISEE IS RESPONSIBLE FOR SEPARATELY BACKING-UP ALL OF ITS DATA AND INFORMATION. FRANCHISEE’S USE OF THE

E-COMMERCE PLATFORM IS AT ITS SOLE RISK. FRANCHISOR MAKES NO WARRANTY THAT THE E-COMMERCE PLATFORM SHALL MEET FRANCHISEE'S REQUIREMENTS. THE E-COMMERCE PLATFORM IS PROVIDED ON AN "AS IS" AND "AS AVAILABLE" BASIS, WITHOUT WARRANTIES OF ANY KIND, EXPRESS, STATUTORY OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS OF A THIRD PARTY, TITLE, CUSTOM, TRADE, QUALITY, QUIET ENJOYMENT, ACCURACY OF INFORMATION, CONTENT, OR SYSTEM INTEGRATION. FRANCHISOR DOES NOT WARRANT THAT THE E-COMMERCE PLATFORM SHALL BE ACCURATE, EFFECTIVE, USEABLE IN AN UNINTERRUPTED, ERROR-FREE OR SECURE MANNER, OR THAT ERRORS OR DEFECTS SHALL BE CORRECTED.

UNDER NO CIRCUMSTANCES SHALL FRANCHISOR BE LIABLE TO FRANCHISEE OR ANY OTHER PERSON FOR ANY PUNITIVE, SPECIAL, EXEMPLARY, INDIRECT, INCIDENTAL, CONSEQUENTIAL DAMAGES, COSTS OR ATTORNEY'S FEES OR FOR LOSS OF PROFITS, SALES, BUSINESS OR DATA ARISING OUT OF OR RELATING TO ACCESS TO, USE, OPERATION, DISABLING OR TERMINATION OF THE E-COMMERCE PLATFORM.

Any failure to comply with this Section 11L (including any failure to comply with the mandatory provisions of the Confidential Operations Manual applicable to the E-Commerce Platform) by Franchisee confers on Franchisor all rights and remedies under this Agreement and applicable law, including the right to permanently terminate this Agreement under Section 18, as well as the right to terminate Franchisee's right to use the E-Commerce Platform under this Section 11L (without affecting any other rights of Franchisee under this Agreement). Any termination of Franchisee's rights under this Section 11L shall be effective on notice thereof after notice of breach (with opportunity to cure) and Franchisee's failure to cure within ten (10) days thereafter. On any termination (for whatsoever reason) or expiration of this Agreement (or termination of Franchisee's right to use the E-Commerce Platform under this Section 11L), Franchisee shall immediately (i) terminate the Provider Agreements (if applicable) and comply with the post-termination obligations thereunder; and (ii) cease use of the E-Commerce Platform, including marketing and sale of any merchandise, and the use of any and all Marks and Content in connection therewith."

#### Miscellaneous.

Franchisee Acknowledgments. FRANCHISEE REPRESENTS AND ACKNOWLEDGES THAT IT HAS RECEIVED, READ AND UNDERSTOOD THIS AMENDMENT; AND THAT FRANCHISOR HAS FULLY AND ADEQUATELY EXPLAINED ITS PROVISIONS TO FRANCHISEE'S SATISFACTION; AND THAT FRANCHISEE HAS HAD AMPLE TIME AND OPPORTUNITY TO CONSULT WITH ADVISORS OF ITS OWN CHOOSING ABOUT THE POTENTIAL BENEFITS AND RISKS



OF ENTERING INTO THIS AMENDMENT; AND THAT FRANCHISEE IS VOLUNTARILY PROCEEDING TO SIGN THIS AMENDMENT WITHOUT ANY COERCION OR DURESS.

FRANCHISEE HAS BEEN ADVISED TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO THE LEGAL, FINANCIAL AND OTHER ASPECTS OF THIS AMENDMENT, THE E-COMMERCE PLATFORM AUTHORIZED HEREBY, AND THE PROSPECTS FOR THAT BUSINESS. FRANCHISEE HAS EITHER CONSULTED WITH SUCH ADVISORS OR HAS DELIBERATELY DECLINED TO DO SO.

FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE E-COMMERCE PLATFORM CONTEMPLATED BY THIS AMENDMENT AND RECOGNIZES THAT, LIKE ANY OTHER BUSINESS, AN INVESTMENT IN AN E-COMMERCE PLATFORM INVOLVES BUSINESS RISKS; THE SUCCESS OF THE E-COMMERCE PLATFORM IS SPECULATIVE AND DEPENDS, TO A LARGE EXTENT, UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESSPERSON, AND ITS ACTIVE PROMOTION AND OPERATION OF THE E-COMMERCE PLATFORM ON AN ON-GOING BASIS AS WELL AS OTHER FACTORS. FRANCHISOR DOES NOT MAKE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE POTENTIAL SUCCESS OF THE E-COMMERCE PLATFORM.

Effect of Amendment. This Amendment reflects the entire understanding of the Parties with respect to the subject matter thereof. Except as amended by this Amendment, the Franchise Agreement shall remain in full force and effect in accordance with its terms.

Further Assurances. To facilitate the execution of this Amendment by geographically separated Parties, it may be executed in two or more counterparts, all of which shall constitute one agreement. The execution by one Party of any counterpart shall be sufficient execution by that Party whether or not the same counterpart has been executed by any other Party. This Amendment shall become effective when each Party has signed at least one counterpart. All facsimile or scanned executions shall be treated as originals for all purposes. The Parties shall do and cause to be done all such acts, matters and things and shall execute and deliver all such documents and instruments as shall be required to enable the Parties to perform their respective obligations under, and to give effect to the transactions contemplated by, this Amendment.

IN WITNESS WHEREOF, this Amendment is entered into by the duly authorized representatives of the Parties and made effective as of the date above written.

**COUNTRY VISIONS, INC.**

**[Franchisee]**

By: \_\_\_\_\_  
PATRICK STEWART, CEO

By: \_\_\_\_\_

**EXHIBIT C TO THE  
COUNTRY VISIONS, INC.  
DISCLOSURE DOCUMENT**

**LIST OF FRANCHISEES**

**APRICOT LANE FRANCHISEES  
OPEN FOR BUSINESS AS OF 12/31/2022**

<b>CITY</b>	<b>ST</b>	<b>OWNERS</b>	<b>A/C</b>	<b>PHONE</b>	<b>CENTER</b>	<b>ADDRESS</b>	<b>ZIP</b>	<b>FRANCHISEE</b>
Anchorage	AK	AnnMarie & Arne Valdez	907	770-6300	Anchorage 5th Ave Mall	320 West 5th Ave. #244	99501	Forget Me Not Fashions LLC
Birmingham	AL	Barbie & Preston Kauffman	205	593-4832	The Summit	225 Summit Blvd. #99	35243	Rebel Girl Fashion Inc
Mobile	AL	Maylin & Victor White	251	725-0844	Downtown	4310 Old Shell Rd.	36608	Bayway Boutique LLC
Gilbert	AZ	Stephanie Neal	480	572-1211	Gilbert Town Center	1094 S. Gilbert Rd. #104	85296	Lavish Lane Boutique
Scottsdale	AZ	Ambera Graham	480	590-0106	Northsight Crossing	14891 N. Northsight Blvd. #128	85260	BambaGlam LLC
Folsom	CA	Chani & Mark Courtright	916	986-9132	Palladio at Broadstone	330 Palladio Pkwy #2057	95630	MC Court Enterprises Inc
La Quinta	CA	Elena & Enoc Cota	760	771-3614	Washington Park Shop Center	46600 Washington St. #4	92253	Desert Fashions Inc
Patterson	CA	Yolanda & Chris Marin	209	894-2632	True Value Shopping Center	1040 W. Las Palmas Ave. #A	95363	KJC Generate Inc
Redding	CA	Kassandra & Heath Warner	530	276-0169	Downtown	1551 Market St.	96001	Rian Investments LLC
Vacaville	CA	Lisa Newkirk & Denise Felix	707	448-1819	Nut Tree Village	1661 E. Monte Vista Ave. #104	95688	Freedom Project LLC
Woodland Hills	CA	Christie & Marty Borges	818	912-6590	The Village at Topanga	6256 Topanga Canyon Bl. #1210	91367	Carte Blanche Boutique LLC
Arvada	CO	Lisa Straight	303	993-3610	Craig Building	5760 Olde Wadsworth Blvd. #E	80002	Nineteen Twenty Nine LLC
Aurora	CO	Lisa Hild	303	627-6433	Southlands Development	6235 S. Main St. #B-108	80016	Layland, Inc
Centennial	CO	Jennelle Kubina	303	955-7452	The Streets at South Glenn	2154 E. Commons Ave. #321	80122	Koehler Collective LLC
Colorado Springs	CO	Charlene & Darrell Harrison	719	203-5975	Polaris Pointe	13271 Bass Pro Dr. #130	80921	DCM Legacy LLC
Lakewood	CO	Lisa Hild	720	612-7268	Belmar Center	7180 W. Alaska Dr.	80226	Layland, Inc
Loveland	CO	Courtney Isbell			The Promenade Shops at Centerra	5985 Sky Pond Dr. #B124	80538	Isbellstyles LLC

<b>CITY</b>	<b>ST</b>	<b>OWNERS</b>	<b>A/C</b>	<b>PHONE</b>	<b>CENTER</b>	<b>ADDRESS</b>	<b>ZIP</b>	<b>FRANCHISEE</b>
Fairfield	CT	Diane Holtz	203	292-9888	Downtown	1499 Post Road	06824	Apricot Lane Fairfield LLC
Middletown	DE	Mona & Pat Singh	302	643-3265	Westtown Town Centre	401-415 S. Ridge Ave. #F	19709	M-Line Fashion Inc
Fort Myers	FL	Michelle Zarkovich	239	437-1075	Gulf Coast Town Center	9908 Gulf Coast Main St. Ste 110	33913	Eclectic Boutique LLC
Sarasota	FL	Ginger & Kevin O'Connor	941	960-1435	St. Armand's Circle	464 John Ringling Blvd.	34236	Spicey LLC
Wesley Chapel	FL	David & Marie-Claude Atteberry	813	803-3515	The Shops at Wiregrass	28249 Paseo Dr. #130	33543	AroundTheWorld Fashions
Winter Garden	FL	Stephanie & Shannon Robinson	407	554-2216	Plant Street Exchange	264 W. Plant St.	34787	Blush & Bloom Boutique LLC
Evans	GA	Amy & David Hart	706	305-9140	Mullins Colony	618 Mullins Colony Dr.	30809	Simply Ava's Inc
Marietta	GA	Liesa & Jeff Hess	770	672-6649	Merchants Walk	1311 Johnson Ferry Rd. #540	30068	Hess Fashions LLC
Meridian	ID	Molly & Kenny Strauss	208	207-2497	Gateway Marketplace	3036 N. Eagle Rd. #160	83646	MK Strauss Boutique LLC
Champaign	IL	Donna Walthall	217	344-7911	Downtown	1005 S. Neil St. #1	61820	Walthall Enterprises
Geneva	IL	Martha & Ricardo Murillo	630	457-5025	Geneva Commons	1514 Geneva Commons Dr.	60134	ThreeTwentyThree LLC
Glenview	IL	Rachel & Keith Schechter	847	730-3423	The Glen Town Center	1951 Tower Drive	60026	TYFLM Inc
Normal	IL	Stephanie Williams	309	585-2337	Uptown Crossing	206 North St.	61761	SLEVANS007
Peoria	IL	Lindsey & Seth Williams	309	691-2230	Junction City Shopping Ctr	5901 N. Prospect Rd. #4	61614	The Sweet Life AP LLC
Springfield	IL	Nicole & Patrick Cravens	217	210-9921	West Iles Business Center	3278 W. Iles Ave.	62711	Nicole Beautiful Boutique LLC
Fishers	IN	Shelly & Dave Hudson	317	288-0725	Geist Landing of Fishers	11691 Olio Rd.	46037	Red Lotus Venture LLC
Independence	KS	Anne & Gary Hogsett	620	714-5181	Downtown	210 N. Pennsylvania Ave.	67301	Anne Ellen LLC
Wichita	KS	Ali & Chad Raymond	316	201-1104	Bradley Fair	8111 E. 21st St. North	67206	A & C Empire LLC
Wichita WEST	KS	Ali & Chad Raymond	316	239-1300	New Market Square	2441 N. Maize Rd. #501	67205	A & C Empire LLC

<b>CITY</b>	<b>ST</b>	<b>OWNERS</b>	<b>A/C</b>	<b>PHONE</b>	<b>CENTER</b>	<b>ADDRESS</b>	<b>ZIP</b>	<b>FRANCHISEE</b>
Louisville	KY	Wendy Bootes (Lytle)	502	708-2822	Westport Village	1301 Herr Lane, Ste 170	40222	Fashions Forward, LLC
Baton Rouge	LA	Jasmine & Deon Smith	225	228-2668	Perkins Rowe	10156 Perkins Rowe #110	70810	Smith LLC
Mandeville	LA	Leah Russell	985	778-0805	The Shoppes at Rouses	3441 E. Causeway Approach #G	70448	Luxe Couture LLC
Duxbury	MA	Amy & Jaime Marques	339	217-2151	Duxbury Marketplace	45 Depot St #D-2	02332	Next Up Apparel Corp
Franklin	MA	Marta & Matthew McNulty	508	440-5004	Central Street Center	342 E. Central St. Suite B	02038	Story Of Style Inc
Bel Air	MD	Amy Siegel & Ed Barker	443	371-6757	Spenceola Main St. Center	105 N. Main St.	21014	AE Silver Lining LLC
Cockeysville	MD	Rena Fiorello	443	318-4194	York Village	9735 York Road	21030	Fashion Butterfly Inc
Columbia	MD	Sandy Wong & Chip-Yong Ng	443	917-0010	The Mall in Columbia	10300 Little Patuxent Pkwy #1970	21044	Leap Pro Corp
Jackson	MI	Jenny & Matt Murphy	517	435-0043	Downtown	180 W. Michigan Ave.	49201	Northern Investmt Prop LLC
Blaine	MN	Amy Cleereman/Brad Jackomino	763	432-5614	Village of Blaine	4255 Pheasant Ridge Dr. NE #314	55449	Bella Boutique Inc
Duluth	MN	Wendy Myers	218	722-3200	Miller Hill Mall	1600 Miller Trunk Hwy #L02	55811	WM Designs LLC
Baxter	MN	Laura & Jayson Vogel	218	454-1633	Starbucks Retail Center	15091 Edgewood Dr. #130	56401	Jayla Fashions Bax LLC
Maple Grove	MN	Laura & Jayson Vogel	763	315-9300	The Shoppes at Arbor Lakes	12177 Elm Creek Blvd.	55369	JayLa Fashions MG LLC
Maple Grove #2	MN	Laura & Jayson Vogel	651	348-6196	Shoppes at Arbor Lakes	12233 Elm Creek Blvd	55369	JayLa Fashions MG LLC
St. Cloud	MN	Laura & Jayson Vogel	320	774-1533	Crossroads Center	4101 W. Division St. #A19	56301	JayLa Fashions LLC
Stillwater	MN	Laura & Jayson Vogel	952	426-3555	Downtown	112 Main St. S	55082	Jayla Fashions Bax LLC
Billings	MT	Michelle Buehring	406	839-9360	West Park Promenade	1603 Grand Ave. #100	59102	The Blue Tangerine Inc.
Bozeman	MT	Amber Sartain	406	624-6497	Gallatin Valley Mall	2825 W. Main St. #3E-1	59718	Sugar Britches Inc

<b>CITY</b>	<b>ST</b>	<b>OWNERS</b>	<b>A/C</b>	<b>PHONE</b>	<b>CENTER</b>	<b>ADDRESS</b>	<b>ZIP</b>	<b>FRANCHISEE</b>
Missoula	MT	Mike Brown	406	721-2280	Southgate Mall	2901 Brooks St. #C3A	59801	Abrielle Grace LLC
Asheville	NC	Catherine Bray	828	412-5087	Biltmore Village	1 All Souls Crescent	28803	Boujeeboheme Inc
Charlotte	NC	Beth Merrill & John Wilkerson	980	209-1026	Stonecrest at Piper Glen	7800 B Rea Rd.	28277	JOBECOCHAR LLC
Greenville	NC	Beth Carrington	252	565-5050	La Promenade	518 SE Greenville Blvd.	27858	Kind of Carrington LLC
Huntersville	NC	Georgina & Ken Sussewell	704	997-8353	Birkdale Village	16926 Birkdale Commons Pkwy #C	28078	GCLS Enterprise Inc
Bismarck	ND	Loni & Paul Bienek	701	751-6018	Pinehurst Square East	1001 West Interstate Ave. #116	58503	LB4Inc
Nashua	NH	Joann Oliveria	603	402-4942	Tara Commons at Gateway Hills	108 Spit Brook Rd. #C	03062	Ladybug & Lotus Fashion Inc
Moorestown	NJ	Bobbi & Gary Mathern	856	581-0322	Street of Shops	33 E. Main St. #A-3	08057	GRBAM Inc
Ridgewood	NJ	Carrie Turelli & Lucille Coyle	201	266-0162	Downtown Ridgeland	111 E. Ridgewood Ave.	07450	Lucari Holdings Inc
Henderson	NV	Barbara & Mike Kennedy	702	856-0181	The Village at Lake Las Vegas	25 Via Bel Canto #100	89011	423 Enterprises
Las Vegas	NV	Brooke Taylor	702	202-2996	Jansen Plaza	5025 Blue Diamond Rd. #109	89139	Brooke's Boutique LLC
Buffalo	NY	Kristina Atti	716	464-3627	District West Lofts	1020 Elmwood Ave. #101	14222	Wallatti LLC
Fayetteville	NY	Alison & Tom Ryan	315	870-9181	Wegmans Dewitt Plaza	6811 E. Genesee St.	13066	ALTPR Enterprises Inc
Orchard Park	NY	Jodie & Chris Wysocki	716	662-8287	The Orchard	4005 N. Buffalo Rd. #250	14127	Kensy Co Inc
Strongsville	OH	Sherry & Carl Mazzola	440	783-1510	SouthPark Mall	272 SouthPark Center	44136	SCLE Clothing Co
Westlake	OH	Jen & Frank Felice	440	455-9605	Crocker Park	256 Crocker Park	44145	JFMM Inc
Camp Hill	PA	Jillian & Brian Tompkins	717	510-8646	Lower Commons Allen	3541 Gettysburg Rd	17011	LIT Miracles LLC
Collegeville	PA	Cecelia & Bill Coursey			Providence Town Center	121 Market St. #6	19426	CC Enterprise Co
Pittsburgh	PA	Debbie & Taylor Jamieson	412	932-2092	Street	5533 Walnut St.	15232	Rylie Rae LLC

<b>CITY</b>	<b>ST</b>	<b>OWNERS</b>	<b>A/C</b>	<b>PHONE</b>	<b>CENTER</b>	<b>ADDRESS</b>	<b>ZIP</b>	<b>FRANCHISEE</b>
Aiken	SC	Lyndsey Newson	803	443-2117	Aiken Commons	1944 Whiskey Road #102	29803	Exquisite Threads LLC
Fort Mill	SC	Jacquelyn Whitenack	839	400-3233	Brayden Village	810 Brayden Pkwy	29708	Mad Jax Mo LLC
N. Charleston	SC	Beth Merrill & John Wilkerson	843	764-1945	Northwoods Mall	2150 Northwoods Blvd. #H-616	29406	Jobeco LLC
Sioux Falls	SD	Somer Anderson	605	271-0254	The Shoppes at Lake Lorraine	2524 S. Lorraine Place	57106	Agapeo Fashions LLC
Knoxville	TN	Liz Hicks	865	337-5060	Shops at Western Plaza	4439 Kingston Pike	37919	Kiwi Rose LLC
Murfreesboro	TN	Ashley & Dan Siler			The Avenue	2615 Medical Center Pkwy #2075	37129	A & D Mgmt Group LLC
Abilene	TX	Reena & Cole Ruster	325	704-2584	The Boardwalk at Allen Ridge	2507 N. Judge Ely Blvd.	79601	Team Ruster LLC
Amarillo	TX	Lindsey & Seth Williams	806	418-6604	Town Square Village	9180 Town Square Blvd. #1151	79119	The Sweet Life AP LLC
Beaumont	TX	Tara & David Brisendine	409	299-9143	West Park Marketplace	6456 Phelan Blvd.	77706	Urban Resilience LLC
Bee Cave	TX	Tracy & Gordon Byrne	737	205-5624	Hill Country Galleria	12800 Hill Country Blvd. #G-145	78738	Traygor & Co LLC
College Station	TX	Sydney Gray	979	485-2855	Century Square	166 Century Ct. #G-40	77840	Duke & Gray Clothiers Inc
Conroe	TX	Lisa Crawford	936	266-0780	Marcel Town Center	295 Enclave Dr. #100	77384	LMAC Treasures LLC
Dallas	TX	Brieana LaCaze	972	863-8591	Dallas Galleria	13350 Dallas Pkwy #2484	75240	La Caze Group LLC
Denton	TX	Nikki & Mark York	940	514-1004	Viridian Retail	500 Fort Worth Dr. #100	76201	Poised Couture Inc
El Paso	TX	Jennifer Gonzalez	915	504-7740	The Fountains at Farah	8889 Gateway Blvd. W #1830	79925	Eleven 11 Boutique Corp
Fort Worth	TX	Leslie Bates	682	350-4100	The Shops at Clearfork	5250 Marathon Ave.	76109	LBHB Enterprises Inc
Friendswood	TX	Lauren & Nelson Juarez	281	993-4997	Heritage Crossing	2110 El Dorado Blvd. #500	77546	LNJ Ventures LLC
Frisco	TX	Vinci Powell	972	704-3255	Legacy Crossing	4350 North Main St. #130	75034	JT Blue LLC
Highland Village	TX	Lisa Dettweiler	972	318-0816	The Shops at Highland Village	1501 Cottonwood Creek #110	75077	Clean Slate LLC



<b>CITY</b>	<b>ST</b>	<b>OWNERS</b>	<b>A/C</b>	<b>PHONE</b>	<b>CENTER</b>	<b>ADDRESS</b>	<b>ZIP</b>	<b>FRANCHISEE</b>
Lovers Lane	TX	Brenda & Peter Blach	214	484-8655	Pavilion on Lovers Lane	5600 W. Lovers Ln #115	75209	Fastlane Fashions LLC
Lubbock	TX	Lindsey & Seth Williams	806	317-1504	Kingsgate Center	8201 Quaker Ave. #112	79424	The Sweet Life AP LLC
McKinney	TX	Brieana LaCaze	469	634-1488	Downtown	110 W. Virginia St. #100	75069	LACaze Group LLC
Plano	TX	Bailey Lee	214	550-0695	Shops at Willow Bend	6121 W. Park Blvd. #A223	75093	B. Rreal LLC
San Antonio	TX	Cathy, Craig, Allison Young	210	496-2200	Village at Stone Oak	22702 US Hwy 281 N. ,Ste 105	78258	C Young & Asssoc.
Southlake	TX	Lisa Dettweiler	817	912-1777	Southlake Town Square	218 State St.	76092	Clean Slate LLC
Texarkana	TX	Melissa Raney Martin	430	455-2393	Street	4220 Gibson Lane	75503	Velvet Rane Corp
Tyler	TX	Staci & Scott Martin	903	630-4565	The Village at Cumberland Park	8934 S. Broadway Ave. #424	75703	MT4 Corp
Waco	TX	Jennifer & Ryan Webster	254	313-1047	Central Texas Marketplace	2444 W. Loop 340 #A14	76711	Stonefruit LLC
Ashburn	VA	Camille Radvanl	703	861-0632	One Loudin Place	20366 Exchange Street	20147	Cardiero LLC
Virginia Beach	VA	Michelle Flores	757	422-5263	Marketplace at Hilltop	737 First Colonial Rd. #305	23451	Michis Lane LLC
Manchester	VT	Susan Groesbeck & Jean Brewer	802	362-9800	Downtown	4763 Main St.	05255	Time To Shine LLC
Eau Claire	WI	Chelsea Starin	715	598-1541	Oakwood Mall	4800 Golf Road #412	54701	Holden Fashion LLC
Green Bay	WI	Kim & Adam Verheyden	920	634-2620	Bay Park Square	905 Bay Park Square	54304	A & K Global Inc
Parkersburg	WV	Pam & Kip Creel	304	917-3633	Downtown	705 Market St	26101	Aspire Enterprises LLC
Green River	WY	Blair & Mike Aimone	307	875-0230	Downtown	351 Uinta Dr.	82935	The Fancy Heifer LLC

**Franchise Agreements signed but outlets not yet opened as of  
December 31, 2022**

<b>CITY</b>	<b>STATE</b>	<b>FRANCHISE OWNER(S)</b>	<b>AREA</b>	<b>TELEPHONE</b>
Fairbanks	AK	LaNora & Michael Tolman	907	322-5798
Fairhope	AL	Fawn & Matt Rosenbohm	760	521-0195
Hoover	AL	Stacey & Tom Sparks	850	276-6332
Rogers	AL	Vanessa Gibson	501	276-0669
Chandler	AZ	Sam and Karla Youmans	480	235-1605
Queen Creek	AZ	Stephanie & Stacy Neal	480	262-5426
Tucson	AZ	Edna Mendoza / Denise Lopez	520	980-0292
Castle Rock	CO	Priscilla & Guillermo Galasso	720	363-1177
Celebration	FL	Ellen & Richard Rodriguez	407	492-1344
Lake Nona	FL	Becky Gramley	407	460-2886
Dunnellon	FL	Ariane and Alfonso Donate	308	430-2552
Vero Beach	FL	Lynda Knapp	772	789-7683
Windermere	FL	Christina & Ayman Damyan	407	435-6746
Winter Haven	FL	Lynn & David Polston	863	207-2350
Newnan	GA	Nikki Hinkle	706	402-1892
Sandy Springs	GA	Linda & Paul Ross	678	234-8892
Woodstock	GA	Katie & Ryan Koudele	404	583-9668
Hampstead	NC	Courtney & Tony Colmenares	910	515-4116
Chadron	NE	Angela & Phil Lollar	308	432-5561
N. Myrtle Beach	SC	Marijon Clarke	843	385-2740
Franklin	TN	Gracie Bowman	615	925-9247
Allen	TX	Brieana & Scott La Caze	760	889-2743
N. Fort Worth	TX	Melissa & Matt Slater	515	451-5003
Midlothian	VA	Suzanne Hopkins	804	615-1195

**EXHIBIT D TO THE  
COUNTRY VISIONS, INC.  
DISCLOSURE DOCUMENT**

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

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

We intend to register this franchise in some or all of the following states, in accordance with the applicable state law. If we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, (a) the following are the state administrators responsible for the review, registration, and oversight of franchises in that state; and (b) we will designate the indicated state offices or officials as our agents for service of process in those states:

<b>STATE</b>	<b>STATE ADMINISTRATORS</b>	<b>AGENTS FOR SERVICE OF PROCESS</b>
<b>CA</b>	Commissioner Department of Financial Protection and Innovation 1 Sansome Street, Suite 600 San Francisco, California 94104 (415) 972-8559	Commissioner Department of Financial Protection and Innovation 1 Sansome Street, Suite 600 San Francisco, California 94104 (415) 972-8559
<b>HI</b>	Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street Room 203 Honolulu, Hawaii 96813 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street Room 203 Honolulu, Hawaii 96813 (808) 586-2722
<b>IL</b>	Illinois Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Illinois Attorney General 500 South Second Street Springfield, Illinois (217) 782-4465
<b>IN</b>	Indiana Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, Indiana 46204 (317) 232-6681
<b>MD</b>	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360
<b>MI</b>	Consumer Protection Division Franchise Section 670 Law Building Lansing, Michigan 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau 6546 Mercantile Way Lansing, Michigan 48910 (517) 373-7117

<b>STATE</b>	<b>STATE ADMINISTRATORS</b>	<b>AGENTS FOR SERVICE OF PROCESS</b>
<b>MN</b>	Commissioner of Commerce Department of Commerce 8 <sup>5</sup> 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1500	Commissioner of Commerce Department of Commerce 8 <sup>5</sup> 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1500
<b>NY</b>	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8285	New York Secretary of State New York Department of State 99 Washington Avenue Albany, New York 12231 (518) 473-2492
<b>ND</b>	North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 5 <sup>th</sup> Floor – Dept 414 Bismarck, North Dakota 58505 (701) 328-4712	Securities Commissioner 600 East Boulevard Avenue State Capitol – 5 <sup>th</sup> Floor – Dept 414 Bismarck, North Dakota 58505 (701) 328-4712
<b>RI</b>	Securities Division John O. Pastore Center, Bldg 69.1 1151 Pontiac Avenue Cranston, Rhode Island 02920 (401) 277-3048	Director Department of Business Regulation John O. Pastore Center, Bldg 69.1 1151 Pontiac Avenue Cranston, Rhode Island 02920 (401) 277-3048
<b>SD</b>	Director of Division of Securities 445 East Capitol Avenue Pierre, South Dakota 57501 (605) 773-4823	Director of Division of Securities 445 East Capitol Avenue Pierre, South Dakota 57501 (605) 773-4823
<b>VA</b>	Director, Securities and Retail Franchising Division State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9051	Clerk State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9733
<b>WA</b>	Department of Financial Institutions Securities Division –P.O. Box 9033 Olympia, Washington 98507 (360) 902-8760	Securities Administrator Washington State Dept of Financial Institutions –150 Israel Road SW Tumwater, Washington 98501 (360) 902-8760
<b>WI</b>	Office of the Commissioner of Securities 101 East Wilson Street, Fourth Floor Madison, Wisconsin 53702 (608) 266-8559	Commissioner of Securities 101 East Wilson Street Madison, Wisconsin 53702 (608) 266-8559

**EXHIBIT E TO THE  
COUNTRY VISIONS, INC.  
DISCLOSURE DOCUMENT  
  
FORMER FRANCHISEES**

**Exhibit E – Former Franchisees**

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

Bree Sipla – 2022 closure  
1320 Terrace View Drive  
Prescott AZ 86301  
(252) 313-8219

Barry and Phyllis Shapiro – 2022 nonrenewal  
10025 Yellowfield Dr.  
Boynton Beach FL 33473  
(786) 554-9162

Lisa Harley – 2022 closure  
12677 Lecome Terrace  
Milton GA 30004  
(407) 252-2625

Margo Clark – 2022 closure  
294 Red Oak Court  
Dahinda IL 61428  
(309) 360-6806

Peggy and Mike Dugas – 2022 transfer  
279 Ashburn Dr  
Schriever LA 70395  
(504) 416-7664

Star Zappa-Nerlove – 2022 closure  
594 Tyner Way  
Incline Village NV 89451  
(775) 548-6504

Jeanie Anderson – 2022 nonrenewal (Fargo ND store)  
1505 South 30th Avenue  
Moorehead MN 56561  
(701) 729-9177

Amy and Scott Lewis – 2022 closure  
5238 Webb Court  
Morehead City NC 28557  
(252) 883-8448

Amy Hallock – 2022 nonrenewal  
12083 S. 79 St  
Papillion NE 68046

(402) 991-0799

Trudy Peveto – 2022 transfer  
328 Royal Navigator Rd  
Montgomery TX 77316  
(281) 728-3040

Kristin and Matt Postert – 2022 transfer  
7734 Fairway Road  
Woodway TX 76712  
(210) 288-1515

Katherine Wiegel – 2022 transfer  
20725 Wood Quay Dr., #101  
Sterling VA 20166  
(571) 291-2295

Debbie Schultz – 2022 closure  
1009 Bluehill Avenue  
Fond du Lac WI 54935  
(920) 539-7002

Laura & Jayson Vogel -- 2023 closure due to fire  
12233 Elm Creek Blvd  
Maple Grove MN 55369  
(651) 348-6196  
Franchisee continues to operate in 4 other locations.

John Wilkerson – 2023 nonrenewal (Charlotte NC)  
3777 Plantation Point Road  
Johns Island SC 29455  
(843) 860-4568  
Franchisee continues to operate in another location.

Cathy, Craig, Allison Young – 2023 transfer  
13350 Dallas Parkway, Ste. 2484  
Dallas TX 75240  
(972) 386-6070  
Franchisee continues to operate in another location.



**EXHIBIT F TO THE  
COUNTRY VISIONS, INC.  
DISCLOSURE DOCUMENT**

**STATE ADDENDA**

**APPENDIX CALIFORNIA**  
**TO COUNTRY VISIONS DISCLOSURE DOCUMENT**

The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the disclosure document.

California Business and Professions Code Sections 20000 through 200043 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. § 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 contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

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

You must sign a general release of claims if you renew or transfer your franchise. California Corporation Code Section 31512 voids a waiver of your rights under the franchise investment law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

Our URL is [www.apricotlaneboutique.com](http://www.apricotlaneboutique.com). Our web sites have not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of these web sites may be directed to the California Department of Financial Protection and Innovation at <http://www.dfpi.ca.gov>.

The following is added to the remarks section of the line item of Item 6 titled “Finance Charge”: the highest interest rate allowed under California law is 10% annually.

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

**ADDENDUM TO THE**  
**COUNTRY VISIONS FRANCHISE DISCLOSURE DOCUMENT**  
**AS REQUIRED BY THE STATE OF ILLINOIS**

The following statements are added to the end of Item 17:

Except for the Federal Arbitration Act that applies to arbitration, Illinois law governs the Agreement.

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

Franchisees' rights upon termination and non-renewal are set forth in Section 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 any provision of the Act or any other law of Illinois is void.

**RIDER TO THE**  
**COUNTRY VISIONS FRANCHISE AGREEMENT**  
**REQUIRED BY THE STATE OF ILLINOIS**

In recognition of the requirements of the Illinois Franchise Disclosure Act and the rules and regulations promulgated thereunder, the parties to the attached Country Visions Franchise Agreement (the “Agreement”) agree to amend and revise the Agreement as follows:

1. The first sentence of the third paragraph contained in the preambles on page 2 is deleted.
2. **Governing Law.** Section 22B is amended to read as follows:

Except for the Federal Arbitration Act that applies to arbitration, Illinois law governs the Agreement.

3. **Consent to Jurisdiction.** Section 22C is amended to read as follows:

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

4. **Waiver of Jury Trial / Limitations of Claims.** The following language is added to the end of Sections 22G and 22H of the Franchise Agreement.:

However, the waiver shall not apply to the extent prohibited by Section 705/41 of the Illinois Disclosure Act of 1987 or Illinois regulations at Section 200.609.

5. **Survival of Terms.** The following language is added to the end of Section 22.I of the Franchise Agreement:

However, nothing in this Section shall shorten any period within which FRANCHISEE may bring a claim under Section 705/27 of the Illinois Franchise Disclosure Act or constitute a condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 or any other Illinois law (as long as the jurisdictional requirements of that Illinois law are met).

6. **Illinois Franchise Disclosure Act.** The following language is added as a new Section 26 of the Franchise Agreement:

**SECTION 26: 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 any provision of the Act or any other law of Illinois is void.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Agreement in multiple copies the day and year first above written.

COUNTRY VISIONS, INC.  
a California corporation

By: \_\_\_\_\_  
PATRICK STEWART, CEO

\_\_\_\_\_  
FRANCHISEE

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FRANCHISEE

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FRANCHISEE

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FRANCHISEE

**ADDENDUM TO THE**  
**COUNTRY VISIONS FRANCHISE DISCLOSURE DOCUMENT**  
**AS REQUIRED BY THE STATE OF MARYLAND**

1. The “Summary” sections of Items 17(c) entitled “Requirements for franchisee to renew or extend” and 17(m) of the franchise agreement entitled “Conditions for franchisor approval of transfer” chart in the Disclosure Document are amended by adding the following:

Any general releases you sign as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

2. The “Summary” section of Item 17(h) entitled “Cause” defined – non-curable defaults” of the franchise agreement chart in the Disclosure Document is amended by adding the following:

The agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we and you agree to enforce it to the extent the law allows.

3. The “Summary” sections of Items 17(v) entitled “Choice of forum” of the Franchise Agreement chart in the Disclosure Document is deleted and replaced with the following:

All disputes subject to mediation in California, although you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. The following language is added to the end of Item 17 of the Disclosure Document:

Any claims arising under the Maryland Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

**ADDENDUM TO THE  
COUNTRY VISIONS FRANCHISE AGREEMENT  
AS REQUIRED BY THE STATE OF MARYLAND**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law and the rules and regulations promulgated thereunder, the parties to the attached Country Visions Franchise Agreement (the “Agreement”) agree as follows:

1. **Recitals.** The following shall be added as the last sentence of the third paragraph on page 2:

The representations of this paragraph are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

2. The following shall be added to the end of Section 3.B.10 (**Renewal**) and 20.C.7 (**Transfer**) of the Franchise Agreement:

; however, any general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. **Grounds for Automatic Termination upon Notice by Franchisor.** The following is added at the end of Section 18.A.9:

Termination upon the bankruptcy of the franchisee is not enforceable under federal bankruptcy law.

4. **Jurisdiction and Venue.** Section 22.C is amended to read as follows:

However, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. **Acknowledgments.** Sections 23 and 25 are amended to add the following as its last sentence:

THE ABOVE REPRESENTATIONS ARE NOT INTENDED NOR SHALL THEY ACT AS A RELEASE, ESTOPPEL OR WAIVER OF ANY LIABILITY INCURRED UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW.

7. Limitation of Claims. The following is added at the end of Section 22.I:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Agreement in multiple copies the day and year first above written.

COUNTRY VISIONS, INC.  
a California corporation

By: \_\_\_\_\_  
PATRICK STEWART, CEO

\_\_\_\_\_  
FRANCHISEE

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FRANCHISEE

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FRANCHISEE



**ADDENDUM TO THE**  
**COUNTRY VISIONS PARTICIPATION AGREEMENT**  
**AS REQUIRED BY THE STATE OF MARYLAND**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law and the rules and regulations promulgated thereunder, the parties to the attached Country Visions Participation Agreement agree as follows:

1. Limited Time to Bring Your Claim. The following is added at the end of Section 11:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

IN WITNESS WHEREOF, this Addendum to the Participant Agreement is entered into by the duly authorized representatives of the Parties and made effective as of the Effective Date.

**COUNTRY VISIONS INC.**

**[FRANCHISEE]**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: PATRICK STEWART

Name: \_\_\_\_\_

Its: CEO

Its: \_\_\_\_\_

**ADDENDUM TO COUNTRY VISIONS, INC.**  
**DISCLOSURE DOCUMENT**  
**AS REQUIRED BY THE STATE OF MINNESOTA**

With respect to franchises governed by Minnesota law, the following shall apply:

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

With respect to franchises governed by Minnesota Franchise Law, we will comply with Minn. Stat. Section 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement.

Minnesota Statute §80C.21 and Minnesota Rule 2860.4400J prohibit us in certain cases from requiring litigation to be conducted outside Minnesota. These provisions also provide that no condition, stipulation or provision in the franchise agreement shall in any way abrogate or reduce any rights you have under Minnesota Franchise Law, including (if applicable and subject to your arbitration obligations) the right to submit matters to the jurisdiction of the courts of Minnesota and the right to any procedure, forum or remedies that the laws of the jurisdiction provide.

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

Minnesota Rule Part 2860.4400J prohibits a franchisee in certain cases from waiving rights to a jury trial; waiving your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction; or consenting to liquidated damages, termination penalties or judgment notes. However, we and you will enforce these provisions in the agreements to the extent the law allows.

**ADDENDUM TO COUNTRY VISIONS, INC.**  
**FRANCHISE AGREEMENT**  
**AS REQUIRED BY THE STATE OF MINNESOTA**

In recognition of the requirements of the Minnesota Franchise Act and the rules and regulations promulgated thereunder, the parties to the attached Country Visions, Inc. Franchise Agreement (the “Agreement”) agree as follows:

1. With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3 and 4 which require, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Agreement.
2. The following shall be added to the end of Section 3.B.10 and 20.C.7 of the Franchise Agreement:  
  
; however, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.
3. Section 22.D shall be revised by adding the following as the last sentence thereof:  
  
Pursuant to Minn. Rule Sec. 2860.4400J, this Section 23.D shall not in any way abrogate or reduce any rights of the franchisee as provided for in Minnesota Statutes, Chapter 80C.
4. Section 22.C shall be revised by adding the following as the last sentence thereof:  
  
PURSUANT TO MINN. STAT. §80C.21 AND MINN. RULE PART 2860.4400J, THESE SECTIONS SHALL NOT IN ANY WAY ABROGATE OR REDUCE FRANCHISEE’S RIGHTS AS PROVIDED FOR IN MINNESOTA STATUTES 1984, CHAPTER 80C, INCLUDING, SUBJECT TO THE PARTIES’ ARBITRATION OBLIGATION, THE RIGHT TO SUBMIT MATTERS TO THE JURISDICTION OF THE COURTS OF MINNESOTA.
5. Section 22.D shall be revised by adding the following as the last sentence thereof.  
  
Pursuant to Minn. Stat. Section 80C.21 and Minn. Rule Part 2860.4400J, this Section shall not in any way abrogate or reduce your rights as provided in Minnesota Statutes 1984, Chapter 80C, including (if applicable, and subject to the parties’ arbitration obligations) the right to submit matters to the jurisdiction of the courts of Minnesota.
6. With respect to the franchises governed by Minnesota law, Franchisor will comply with requirements imposed by Minnesota Statutes section 80C.12, subdivisions 1(g) concerning protection of a franchisee’s right to use the trademarks or indemnify franchisee in connection with claims regarding the use of the trademarks.
7. With respect to franchises in Minnesota, Section 1.C of the Agreement is amended to provide that the initial franchise fee will be due and payable in full when the Franchisee opens the Franchised Business. Failure to pay the entire initial franchise fee at that time will be grounds for termination of the Franchise Agreement
8. Waiver of Punitive Damages and Jury Trial. If required by the Minnesota Franchises Law, Sections 22.G and H of the Franchise Agreement are deleted.
9. Limitations of Claims. The following sentence is added to the end of Section 22.I of the Franchise Agreement:

However, Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Agreement in multiple copies the day and year first above written.

COUNTRY VISIONS, INC.  
a California corporation

By: \_\_\_\_\_  
PATRICK STEWART, CEO

\_\_\_\_\_  
FRANCHISEE

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**RIDER TO THE COUNTRY VISIONS**  
**DISCLOSURE DOCUMENT**  
**AS REQUIRED BY THE STATE OF NEW YORK**

1. The following information is added to the State Cover Page of the Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

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

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The “Summary” sections of Item 17(c) and Item 17(m) of the Franchise Agreement chart in the Disclosure Document are amended by adding the following:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The “Summary” section of Item 17(d) of the Franchise Agreement chart in the Disclosure Document is amended by adding the following:

You also may terminate the agreement on any grounds available by law.

7. The “Summary” section of Item 17(j) of the Franchise Agreement chart in the Disclosure Document is amended by adding the following:

However, to the extent required by applicable law, we will not make an assignment except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the agreement.

8. The “Summary” sections of Items 17(v) and Item 17(w) of the Franchise Agreement chart in the Disclosure Document is amended by adding the following::

The choice of law and forum should not be considered a waiver of any right conferred upon you by Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.

9. There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed made in New York if you are domiciled in and the franchise will be operated in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

**RIDER TO THE COUNTRY VISIONS**  
**FRANCHISE AGREEMENT**  
**AS REQUIRED BY THE STATE OF NEW YORK**

In recognition of the requirements of the New York Franchise Investment Law and the rules and regulations promulgated thereunder, the parties to the attached Country Visions Franchise Agreement (the “Agreement”) agree as follows:

1. The following shall be added to the end of Section 3.B.10 and 20.C.7 of the Franchise Agreement:

, provided, however, that to the extent required by Article 33 of the General Business Law of the State of New York, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of the proviso that the non-waiver provisions of GBL 687 and 687.5 be satisfied.

2. Assignment by FRANCHISOR. The following language is added to the end of Section 20.A of the Franchise Agreement:

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in FRANCHISOR’s good faith judgment, is willing and able to assume FRANCHISOR’s obligations under this Agreement.

3. Termination by FRANCHISEE. The following language is added to the end of Section 18 of the Franchise Agreement:

FRANCHISEE also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

4. Jurisdiction and Venue/Applicable Law. The following language is added to the end of Sections 22.C and 22.D of the Franchise Agreement:

However, to the extent required by Article 33 of the General Business Law of the State of New York, this Section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.

5. Limitation of Claims. The following language is added to the end of Section 17.J of the Franchise Agreement:

However, to the extent required by Article 33 of the General Business Law of the State of New York, all rights and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied

6. Application of Rider. There are circumstances in which an offering made by FRANCHISOR would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed to be made in New York if FRANCHISEE IS domiciled in and the franchise will be opened in New York. FRANCHISOR is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Agreement in multiple copies the day and year first above written.

COUNTRY VISIONS, INC.  
a California corporation

By: \_\_\_\_\_  
PATRICK STEWART, CEO

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FRANCHISEE

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**ADDENDUM TO COUNTRY VISIONS, INC.**  
**DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT**  
**AS REQUIRED BY THE STATE OF NORTH DAKOTA**

Pursuant to Section 51-19-09 of the North Dakota Century Code, the North Dakota Securities Commissioner has held the following to be unfair, unjust or inequitable to North Dakota franchisees:

1. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.
2. Sites of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of the disputes at a location that is remote from the site of the franchisees' business.
3. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
4. Liquidated Damages and Termination Penalties: Requiring North Dakota Franchisees to consent to liquidated damages or termination penalties.
5. Applicable Laws: Franchise agreements which specify that they are to be governed by the laws of the state other than North Dakota.
6. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
7. Waiver of exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
8. General Release of Claims: Requiring North Dakota franchisees to sign a general release upon renewal of the franchise agreement.

COUNTRY VISIONS, INC.  
a California corporation

By: \_\_\_\_\_  
PATRICK STEWART, CEO

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FRANCHISEE

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**ADDENDUM TO THE**  
**COUNTRY VISIONS DISCLOSURE DOCUMENT**  
**AS REQUIRED BY THE STATE OF WASHINGTON**

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

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

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

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

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

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

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

**ADDENDUM TO THE  
COUNTRY VISIONS FRANCHISE AGREEMENT  
AS REQUIRED BY THE STATE OF WASHINGTON**

This Addendum is made and entered into as of \_\_\_\_\_, 20\_\_ by and between **COUNTRY VISIONS, INC.**, a California corporation (“Franchisor”), and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Background.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) the offer or sale of the franchise for the Store Franchisee will operate under the Franchise Agreement was made in the State of Washington, (b) Franchisee is a resident of Washington, and/or (c) Store will be located or operated in Washington.

2. **Addition of Paragraphs.** The following paragraphs are added to the end of the 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 the 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.

**IN WITNESS WHEREOF**, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Agreement in multiple copies the day and year first above written.

COUNTRY VISIONS, INC.  
a California corporation

By: \_\_\_\_\_  
PATRICK STEWART, CEO

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FRANCHISEE

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FRANCHISEE

**NEW YORK REPRESENTATIONS PAGE**

THE FRANCHISOR REPRESENTS THAT THIS DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.



**EXHIBIT G TO THE  
COUNTRY VISIONS, INC.  
DISCLOSURE DOCUMENT**

**TABLE OF CONTENTS OF THE CONFIDENTIAL OPERATIONS MANUAL**

## Confidential Operations Manuals

### Apricot Lane Boutique

#### PRE-OPENING MANUAL

CHAPTER	TOTAL PAGES
Welcome	7
1. Getting Started	3
2. The Franchise System	11
3. Design & Construction	11
▪ Insert; Design Options	14
4. Fixtures & Display	6
5. Starting Up a New Business	30
▪ Insert; Ceterus Accounting Option	1
6. ADA Regulations	21
7. Communications and Computers	16
8. Supply Orders	12
▪ Inserts: Mood Media	3
▪ ISS EAS	3
9. Training & Personnel Management	4
10. Marketing Start up	16
11. The Final 2 Weeks	9
12. Store Design Options	14
<b>Total Pages</b>	<b>181</b>

#### VISUAL MERCHANDISING MANUAL

(No Chapters)

**30 Pages**



## STORE OPERATIONS MANUAL

<b>Section 1: The Basics</b>		<b>Total Pages</b>
1.01	Business Basics & Finance	18
1.02	Introduction to Retail Math 101	18
1.03	Open to Buy	29
1.04	Financial Basics & Requirements	9
1.05	Buying and Ordering (Evo Training)	24
<b>Section 2: Staff Development</b>		
	<i>Handout Insertion: ALB Policy Guidelines for Formatting</i>	26
2.01	Labor Laws and Fair Employment Polices	8
2.02	Job Descriptions and Assignments	14
2.03	Recruitment	5
2.04	Interviewing	13
2.05	Orientation and Training	8
2.06	Scheduling	10
2.07	Store Policy Manual Guidelines	21
2.08	Performance and Evaluations	15
2.09	Coaching and Counseling	12
2.10	Terminating Employees	5
2.11	Leadership and Delegation	14
2.12	Employee Incentive Ideas	6
	Insertions:	
	- Indeed Ad – Key Holder	2
	- Indeed Ad – Social Media and Marketing Coordinator	2
	- Indeed Ad – Stylist	2
<b>Section 3: Health and Safety</b>		
3.01	Health and Safety	21
3.02	Emergency Store Preparedness	7
<b>Section 4: Store Procedures for Effectiveness</b>		
4.01	Return Policy	4
4.02	Loss Prevention for Managers	10
4.03	Markdowns and Clearance	4
<b>Total Pages</b>		<b>307</b>

## EVO HOME TRAINING MANUAL

<b>Chapter</b>	<b>Total Pages</b>
Forward	2
01 Introduction to POSIM EVO	10
02 Item Cards	10
03 Vendor Cards	6
04 Ordering Procedures	24
05 Receiving Procedures	28
05.01 PO Invoices Receiving	19
06 Receiving Jewelry & Special Merchandise	8
07 Transferring Out Items	7
08 Opening Order Receiving Pricing	6
09 Employee Admin and Time Clock	18
10 Reports	12
11 Import Manager	20
12 Store Opening	10
13 Sales on POSIM	28
14 Payment Methods	10

## EVO Computer Reference Manual (CRM)

<b>Chapter</b>	<b>Total Pages</b>
Forward	2
01 Introduction to POSIM EVO	7
02 Ringing Up a Customer and Ending Tills	43
03 Item Cards Vendor Cards Price Labels	39
04 Buying and Ordering	20
04.1 Open to Buy	29
05 Transfer Procedures for Receiving and Removing items	28
06 Reports	42
07 Import Manager & Spreadsheets	20
08 Employee Administration & Time Clock	17
09 Special Procedures	53
10 Troubleshooting POSIM	10
<b>Total Pages</b>	<b>310</b>

## **SUPPLEMENTAL HANDOUTS FOR CRM**

A. After Hours POSIM Procedures	1
B. Internet Down – Sales Procedures	6
C. Offsite Events – EVO Remote Sales	3
D. SVS Gift Card Instructions Page 1	1
E. SVS Gift Card instructions Page 2	1
<b>Total Pages</b>	<b>35</b>

**EXHIBIT H TO THE  
COUNTRY VISIONS, INC.  
DISCLOSURE DOCUMENT**

**SAMPLE GENERAL RELEASE**

**[THIS IS ONLY A FORM. IT MAY BE MODIFIED IN THE FUTURE TO ACCOUNT FOR CHANGES IN THE LAW OR HOW WE OPERATE, OR AS APPROPRIATE FOR YOUR SPECIFIC TRANSACTION. THE TERMS OF RELEASE MAY BE MADE PART OF ANOTHER DOCUMENT CONTAINING ADDITIONAL TERMS AND CONDITIONS RELATIVE TO YOUR RENEWAL OR TRANSFER.]**

**GENERAL RELEASE**

This General Release (this “Release”) is made by \_\_\_\_\_ [NAME OF FRANCHISEE (“Franchisee”) and \_\_\_\_\_ [NAME OF OWNER], an individual (“Owner”), in favor of Country Visions, Inc. “Franchisor”) and certain related parties as set forth below effective as of \_\_\_\_\_, 20\_\_ (the “Effective Date”).]

Franchisor is the franchisor of “Apricot Lane®” stores, which are specialty retail stores featuring gifts, collectibles, décor items and related goods.

Franchisor and Franchisee (or its predecessor in interest) entered into a Franchise Agreement dated \_\_\_\_\_, \_\_\_ the “Franchise Agreement”) for the operation of an Apricot Lane store (the “Franchised Business”) located in \_\_\_\_\_ for a term that will expire on \_\_\_\_\_.

Owner owns all of the issued and outstanding ownership interest in Franchisee.

Franchisee and Owner wish to [renew/transfer] the franchise rights as provided in the Franchise Agreement.

A release of all claims against Franchisor and related parties by Franchisee and Owner is one of the conditions that must be satisfied in order to [renew/transfer] the franchise under the Franchise Agreement.

Therefore, in consideration of these premises, and for other good and valuable consideration, receipt of which is hereby acknowledged, Franchisee and Owner agree (jointly and severally) as follows:

- 1. Release and Covenant Not to Sue by Franchisee and Owner.** Except as provided below in Section 3, Franchisee and Owner for themselves and for each of their respective predecessors, shareholders, officers, directors, members, partners, owners, successors, assigns, affiliates, family members, heirs, executors, administrators and personal representatives and anyone claiming through or under them (collectively the “Franchisee Parties”), hereby release, acquit and forever discharge Franchisor and its predecessors, successors, assigns, parent company, subsidiaries, affiliates, officers, directors, stockholders, employees, attorneys, accountants and other representatives (collectively the “Franchisor Parties”) of and from any and all claims, demands, debts, obligations, damages, causes of action and claims for relief of any nature whatsoever (the “Claims”), whether relating to the Franchised Business or any other transaction, event, circumstance, act or omission, whether known or unknown, fixed or contingent, which the Franchisee Parties or any of them have against the Franchisor Parties by reason of any matter, event or cause whatsoever occurring or arising at any time prior to and including the Effective Date of this Release stated above. Franchisee and Owner, for themselves and on behalf of the other Franchisee Parties, further covenant not to sue any of the Franchisor Parties on any of the Claims released by this paragraph and represent that Franchisee and Owner have not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph.
- 2. Waiver of Civil Code Section 1542.** Franchisee and Owner for themselves and for each of the Franchisee Parties acknowledge a familiarity with Section 1542 of the Civil Code of the State of

California and hereby expressly waive and relinquish any rights or benefits available under the provisions of Section 1542 of the California Civil Code or any similar law of any state that provides for the survival of claims notwithstanding a general release. Civil Code Section 1542 provides as follows:

**A general release does not extend to claims that the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.**

Franchisee and Owner understand this statutory language, and notwithstanding this or any similar statute, Franchisee and Owner freely elect to specifically waive these rights and hereby do release the Franchisor Parties from all claims whether known or unknown. Franchisee and Owner understand that if the facts relied upon in making this Release are discovered hereafter to be other than or different from the facts now believed to be true, or if additional facts are discovered, Franchisee and Owner expressly accept the risk of such possible different or additional facts and agrees that this Release and waiver shall remain effective notwithstanding any such discoveries. Franchisee and Owner are not deciding to make this Release predicated on any factual representations of Franchisor regarding the nature of the claims released or any other matters.

### **3. Limitations on Release.**

This release expressly excludes, as applicable, any claims arising under the Maryland Franchise Registration and Disclosure Law or under Article 33 of the General Business Law of the State of New York or under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder, and will not operate to limit or relieve any person from any liability imposed by Minnesota Statutes, sections 80C.01 or 80C.22.

**4. Representations.** Franchisee and Owner jointly and severally represent, warrant, agree and acknowledge:

- a. That Franchisee and Owner had the opportunity to consult with legal counsel in making this Release and that Franchisee and Owner have read and fully understands the terms of this Release and that this Release was entered into by each freely and voluntarily;
- b. That the validity of this Release is a condition to and essential consideration for the [renewal/transfer] of the franchise rights;
- c. That in addition to this Release, there are other conditions to the [renewal/transfer] of the franchise as set forth in the Franchise Agreement that must be satisfied in order to have the franchise [renewed/transferred]; and
- d. That Franchisee and Owner currently own the franchise rights and the Franchised Business and all of the Claims released hereby and have not heretofore assigned any interest in the franchise, the Franchise Agreement, the Franchised Business, the ownership of Franchisee or any of the Claims released hereby.

**5. Entire Agreement.** This Release contains the entire agreement by Franchisee and Owner with respect to the release required for [renewal/transfer] of the franchise rights. All prior discussions, negotiations, and representations concerning this matter are superseded by this Release.

**6. Governing Law.** This Release will be governed by the laws of California.

\_\_\_\_\_  
\_\_\_\_\_

**Name(s) of Franchisee Above**

*Signature lines For Franchisee who is natural person (not corporation, etc.)*

\_\_\_\_\_ **Dated:** \_\_\_\_\_

**Signature of Franchisee**

\_\_\_\_\_ **Dated:** \_\_\_\_\_

**Signature of Franchisee**

*Signature line for Franchisee not natural person (corporation, etc.)*

By: \_\_\_\_\_

As its: \_\_\_\_\_

Dated: \_\_\_\_\_

*Signature line for Owner of Franchisee*

\_\_\_\_\_ **Dated:** \_\_\_\_\_

**[NAME OF OWNER], Individually**

## State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.



**ITEM 23  
RECEIPTS**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully.

If Country Visions offers you a franchise, we must provide this disclosure document to you fourteen (14) calendar-days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale except:

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Country Visions does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state agency.

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

Terry Odneal, Ken Petersen, Christopher Lanning, Patrick Stewart and Judy Lanning, 1339 Oliver Road, Suite A, Fairfield, California 94534, (707) 451-6890

Issuance Date: March 12, 2023

Country Visions authorizes the Agents for Service of Process listed in Exhibit D to receive service of process for the Franchisor.

I have received a Franchise Disclosure Document dated March 12, 2023, that includes the following exhibits:

- |  |  |
|--|--|
| Exhibit A: Financial Statements  | Exhibit E: Former Franchisees                        |
| Exhibit B: Franchise Agreement   | Exhibit F: State Addenda                             |
| Exhibit B-1: Amendment for<br>E-Commerce Platform                        | Exhibit G: Table of Contents of Operations<br>Manual |
| Exhibit C: List of Franchisees   | Exhibit H: Sample General Release                    |
| Exhibit D: List of State Regulators and<br>Agents for Service of Process |  |

Date: \_\_\_\_\_ Signature: \_\_\_\_\_ Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_ Signature: \_\_\_\_\_ Printed Name: \_\_\_\_\_

Please sign this copy of the receipt, date your signature, and keep it for your records.

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