

## FRANCHISE DISCLOSURE DOCUMENT



### **EmeraldPro Franchising, Inc. dba Paint EZ**

A Utah Corporation  
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We are EmeraldPro Franchising, Inc. dba Paint EZ, a Utah corporation. We offer franchises to qualified individuals and entities to own and operate a PaintEZ® franchise under our trademarks, trade name, program, and system under the name “PaintEZ®.” Our franchisees offer quality painting services to the public under the trademarks, programs, and systems (the “Method of Operation”).

The total investment necessary to begin operation of a single standard PaintEZ® franchise is \$72,450 to \$164,150. This includes \$54,500 to \$55,500 that must be paid to us or an affiliate. If you buy 3 units, the total initial investment is \$149,450 to \$241,150. This includes \$131,500 to \$132,500. Your initial investment and initial fees are more fully described in Items 5, 6 and 7 of this Disclosure Document.

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 Jay D Mason at 138 E. 12300 S. Unit #393 Draper, UT 84020, (833) PAINT-EZ, or [info@paintEZ.com](mailto:info@paintEZ.com).

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at [www.ftc.gov](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: April 17, 2023**

## HOW TO USE THIS FRANCHISE DISCLOSURE DOCUMENT

Here are some questions you may be asking about purchasing 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, and losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information on Item 20 or Exhibit D.
<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 C 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 PaintEZ® 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 a PaintEZ® franchisee?</b>	Item 20 or Exhibit D lists 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 F.

Your state also may have laws that require special disclosures or amendments to 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.** This franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in Utah. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Utah than in your own state.
2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

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- E. List of Agents for Service of Process
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# **ITEM 1**

## **THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES**

### The Franchisor

The name of the franchisor is EmeraldPro Franchising, Inc. dba Paint EZ. In this disclosure document EmeraldPro Franchising, Inc. dba Paint EZ is referred to as “we,” “us,” “our,” or “PaintEZ®”; “you” or “yours” means the person or persons, individually and collectively, who buys the franchise from us and includes the owners of a franchise that is a corporation, partnership or other entity. If you are a corporation, partnership or other entity, your owners, and their spouses, must sign an agreement that all provisions of the franchise agreement also will apply to your owners as they must personally guarantee and be personally bound by your obligations under the franchise agreement.

Our company is a corporation and was first incorporated in Utah in 2017 under the name EmeraldPro Franchising, Inc. Previously we sold franchises under the EmeraldPro Painting® trademark and some of our franchises are still operating under this mark, but we are encouraging them to update to the new PaintEZ® mark. The PaintEZ® mark was first introduced to the market in 2021 and all of our franchisees moving forward will use this mark. Our current principal office address is 138 E. 12300 S., Unit 393, Draper, UT 84020. Our telephone number is (833) PAINT-EZ. Our fiscal year ends on December 31.

We license our franchisees in specified territories to own and to operate franchises under the name “PaintEZ®.” We authorize our franchisees to promote, advertise, and sell quality residential and commercial painting packages and services to the public and to use our Method of Operation and our marks in the operations of the franchisee’s business.

We do not do business under any names other than EmeraldPro Franchising, Inc. and PaintEZ®. We are in the business of franchising PaintEZ® businesses. We do not operate a business of the type to be operated by you and we do not have any other business activities other than franchising. We may attempt to negotiate group discount rates for the benefit of our franchisees for wholesale paint and related products, supplies, and equipment.

Our registered agents for service of process are outlined in Exhibit E to this Disclosure Document.

As of the date of this disclosure document, we have not offered for sale or sold franchises in any other line of business. We did not begin offering or selling franchises in this business until August 2016.

### Affiliates

There are no parents, predecessors, or affiliates that are required to be disclosed in this Item.

### General Description of Market and Competition

The general market for commercial and residential painting services is well established throughout the United States and you will be required to compete for potential customers in your territory. No studies or surveys have been done to determine a need for these products within your territory. In some states, exterior painting may be seasonal because of poor weather conditions. The principal sources of direct competition for your franchise are similar businesses, some of which are part of other existing franchise chains, that provide

commercial or residential painting sales and application services. You may also encounter competition from other PaintEZ® or EmeraldPro Painting® franchises operated by us or other franchisees outside your territory.

We, and affiliate companies, retain the right to own or operate additional PaintEZ® offices and franchises.

### Laws and Regulations

You will be required to follow all federal, state and local business laws and regulations and may be required to obtain applicable business licenses. You must investigate local zoning rules because they may limit where you can locate your franchise business and may affect the design features including the building façade and signs. The details of state, county and local laws and regulations vary from place to place. You must research these matters. Please be aware that the changes in these laws may increase the cost to operate your business. You are solely responsible to determine what local or state regulations, permits and licenses you will need to comply with and/or obtain to conduct the franchise business in a particular state, city or town.

You must follow all federal, state, and in some cases local regulations pertaining specifically to the painting industry. These pertain to contractor licensing, lead paint removal and disposal, hazardous waste handling and disposal. Other legal regulations that apply to all businesses generally may include:

Federal, state, and city, county, parish, borough, municipality or other local laws.

Federal. Examples of federal laws are wage and hour, occupational health and safety, equal employment opportunity, hazardous materials communication to employees, hazardous waste and environmental, and the Americans with Disabilities Act.

State. State laws may cover the same topics as federal laws. Examples of states laws include environmental, occupational health and safety, fire, health, and building and construction laws.

Local. Local laws may cover the same topics as federal and state laws. Examples of local laws include health and sanitation, building codes, fire codes, and waste disposal.

This Disclosure Document contains a summary of some material provisions of the Franchise Agreement. However, the Franchise Agreement expresses and governs the actual legal relationship between us and you.

The Franchise Agreement does not make you our agent, legal representative, joint venture, partner, employee, or servant for any purpose. You will be an independent contractor and will not be authorized to make any contract, agreement, warranty or representation or to create any obligation, express or implied, for us.

## **ITEM 2 BUSINESS EXPERIENCE**

**JAY D MASON** – Chief Executive Officer

Mr. Mason has been our President and our Chief Executive Officer since our May 2015 inception.

**JASON ALLEN** – Chief Operating Officer

Mr. Allen has been our Chief Operating Officer since September 2022. Previously, he was the Strategic Initiatives Program Manager and Channel Account Manager for BrainStorm, Inc., a tech company located in American Fork, Utah, from May 2018 to June of 2022.

**JESSICA MASON** – Controller / Accountant

Ms. Mason has been our controller and accountant since our May 2015 inception. Ms. Mason has over 20 years of accounting experience working with small, medium, and large sized businesses.

**ZACHARY JONES** – Marketing Manager

Mr. Jones has been our marketing manager since September of 2020. Prior to joining us, Mr. Jones worked as a marketing assistant and specialist for Intermountain Wood Products, a company located in Provo, Utah, from January 2017 to August 2020.

**MATT PHILLIPS** – Advisor / Board Member

Mr. Phillips has been our advisor and board member since 2021, but he has consulted with us since 2017. Prior to joining us, Mr. Phillips was the President of Advantaclean Franchise, located in Huntersville, North Carolina, from January 2016 to July 2019.

**ITEM 3  
LITIGATION**

No litigation is required to be disclosed in this item.

**ITEM 4  
BANKRUPTCY**

There are no former or pending bankruptcies to be reported.

**ITEM 5  
INITIAL FEES**

Franchise

The Initial Franchise Fee is \$50,000 for a single territory, \$40,000 for a second territory, \$30,000 for a third territory, and any other additional territories beyond three will be an additional \$30,000. The Initial Franchise Fee is payable as a lump sum for each franchise territory unit purchased.

The Initial Franchise Fee is paid in consideration for our sales expenses, administrative overhead, return on investment, and start-up costs related to the execution of the Franchise Agreement, the opening of the Franchise, and for our lost or deferred opportunity to sell franchises in the franchise territory to others, and is nonrefundable.

We do not offer financing of the Initial Franchise Fee; therefore, simultaneous with the execution of the Franchise Agreement, you will pay to us the entire Initial Franchise Fee as a lump sum.

Opening Inventory Package

In addition to the Initial Franchise Fee, you must purchase your initial advertising materials (vehicle wrap, lawn signs, door mats, business cards, etc.) and franchise apparel (t-shirts, hats, jackets) from us or an approved



vendor. The amount of this payment to us for advertising materials and franchise apparel is generally around \$3,500 per franchise (see Item 7 for more details). If you buy multi units, this would range from \$3,500 for one unit to \$10,500 for 3 units. We do not finance any portion of your initial advertising materials or franchise apparel purchases. Payment is due when you order the advertising materials and apparel from us or our affiliate. Our initial mandatory training includes training at your headquarters in your market. You are responsible to pay for or otherwise reimburse us for reasonable travel, lodging, and living expenses that we or our representatives incur to conduct the required initial on-site training in your franchise territory. This is estimated to be \$1,000 - \$2,000.

You must open the franchise within 120 days after the date of the Franchise Agreement. This time requirement may be extended for multiple franchise purchases. If this obligation is not fulfilled, we may elect to terminate the Franchise Agreement.

The initial fees are uniform except as described in Item 5. We have not contemplated and do not currently intend to raise the transfer or renewal fees, but, reserve the right to do so in the future.

The Initial Franchise Fee and the amount paid for the initial advertising materials are not refundable in whole or in part under any circumstances.

## ITEM 6 OTHER FEES<sup>1</sup>

<b>Name of Fee</b>	<b>Amount</b>	<b>Date Due</b>	<b>Remarks</b>
Monthly Royalty Fee <sup>1,4</sup>	Royalties are paid on the below tiered royalty payment schedule. <ul style="list-style-type: none"> <li>• 6% of annual gross sales up to \$1,000,000.</li> <li>• 5% of annual gross sales from \$1,000,001 up to \$2,000,000 in the same calendar year.</li> <li>• 4.5% of annual gross sales \$2,000,001 and above.</li> </ul>	Payable monthly by the 7 <sup>th</sup> day of each month. Gross sales are subject to royalties commencing on the 91st day after you successfully complete initial training.	This fee will be payable through automatic debit.  Gross sales include all revenue from the franchise business but does not include bona fide credits and sales or use tax.
Monthly Brand Management Fee <sup>1,4,5</sup>	1% of gross sales	Payable monthly by the 7 <sup>th</sup> day of each month	This fee is payable through automatic debit.  The Brand Management fee may be used by us for national or regional marketing and brand

<u>Name of Fee</u>	<u>Amount</u>	<u>Date Due</u>	<u>Remarks</u>
			development, as we choose. This may include our costs to manage and maintain the website and SEO platform.
Minimum Local Advertising Requirement	5% of gross sales, or \$20,000 annually, whichever is greater	As incurred	<p>This amount is not a fee. It is spent by you on local advertising. You will spend at least this amount every year to market your franchise business locally.</p> <p>We highly encourage our Franchisees to participate in their local communities and take advantage of advertising opportunities. We recommend that you spend more than the minimum requirement.</p> <p>We may require you to contribute all or a portion of your local marketing to a regional cooperative. We may increase the required local marketing amount.</p>
Software/Technology Fee	Initial setup \$500. Monthly payments to cover costs. Currently, \$250 per month.	Initial deposit due upon signing the agreement for software and technology services. Payable monthly by the 7 <sup>th</sup> day of each month.	<p>Your payments will begin upon your first day of operation and paid to us or our affiliate.</p> <p>We may require you to use new technologies we implement. You are required to use our programs. This fee may increase over time.</p>
Marketing Cooperative	As voted by franchisees in the local advertising cooperative, and can range from 1-3% of gross sales.	Payable monthly to the co-op, if established by us, by the 7 <sup>th</sup> day of each month.	<p>If we form a local marketing co-op in your area, any marketing expenditures you pay to the co-op is credited against your minimum local marketing obligation. Company owned franchises, if any, must participate in the co-op if formed, and will not control voting.</p>

<b>Name of Fee</b>	<b>Amount</b>	<b>Date Due</b>	<b>Remarks</b>
Initial Training	No fee for training attendees at your location.	Not Applicable	You must pay all of our travel, lodging and food expenses while we visit your territory for training. If you request additional days of training, there is a fee of \$300/day. See Item 11.
Additional Training <sup>2</sup>	Currently the fee is \$300 per day for each attendee, plus travel, lodging, other expenses.	As incurred - Before opening or after you open your franchise for business.	You must give us not less than 35 days prior written notice of your desire to receive additional training at our location. The duration of training is negotiable depending upon your needs. You will not receive any compensation for services rendered by the trainee during this or any other training. We may designate qualified franchisees or master franchisees to conduct some or all of your training. You must pay all of your travel, lodging and food expenses for yourself and attendees.
Additional On-Site Assistance <sup>2</sup>	Currently the fee is \$300 per day per corporate representative, plus travel, food, and lodging expenses of our representative(s) or the current fee in effect at the time.	In advance	We can adjust this fee at any time. The current fee will be listed in the manuals. We provide additional on-site consulting assistance as reasonably requested by you, or as required by us. See Item 11.
Cost to Attend Annual Convention and Trade Show	Currently, \$500 Convention Fee Per Person	In advance	You are required to attend our annual convention and trade show. The amount in the chart is the convention fee paid to us, which may increase from time to time. However, we estimate the cost for you to attend the convention is between \$1,000 and \$3,500 for your travel, food and lodging. These amounts are paid to

<u>Name of Fee</u>	<u>Amount</u>	<u>Date Due</u>	<u>Remarks</u>
			third party vendors. These amounts may increase over time. Travel and lodging costs, including plane fares, may vary greatly based on your franchise location and the distance to the location of the annual convention.
Annual Convention and Trade Show Non-Attendance Fee	\$500	Upon demand	This fee is only charged if you are not in attendance for the convention.
Renewal Franchise Fee	You will pay a renewal franchise fee of \$5,000 plus applicable taxes.	Prior to your entering into a renewal franchise agreement.	Payable prior to you entering into a renewal franchise agreement if you elect to continue your franchise after the initial term. Renewal is available to you only if you meet each of the requirements for renewal described in the franchise agreement at the time the renewal election must be made.
Relocation Fee	Reasonable out-of-pocket expenses and costs we incur.	Prior to relocation	Payable if you request to relocate your premises to a new territory or adjacent territories.
Accounting Services	Currently, approximately \$450 per month.	Monthly	You must use QuickBooks Online and EZ Accounting Pros for your accounting system. This fee may increase over time as set by the vendors.
Transfer Fee	\$5,000	Before transfer	The Transfer Fee will be paid by delivering on the closing date of the transfer. This fee will reimburse us for our reasonable legal, accounting, credit check, and investigative expenses that may result from the transfer request.  You cannot sell or transfer an undeveloped territory. The franchise unit must be

<b><u>Name of Fee</u></b>	<b><u>Amount</u></b>	<b><u>Date Due</u></b>	<b><u>Remarks</u></b>
			open prior to any sale or transfer to a third party.
Transferee Commission	\$5,000, upon completion of your transfer of the franchise to a transferee.	As incurred.	This fee applies to a franchise transfer wherein we find the buyer/transferee for you to transfer your franchise agreement, acting in a similar capacity to a private business broker for your proposed transaction.
Late Charge	Currently the fees are: \$10 per day for each late payment or report, plus 1.5% interest per month (or the maximum allowed under state law (whichever is less))	As incurred	Charges and interest begin to accrue after the due date of any royalty, fee report or other required payment. We can adjust these fees at any time.
Call Center Fee	\$350 - \$500 depending on use	Payable monthly by the 7 <sup>th</sup> day of each month.	We provide a call center to help you manage telephone calls from your customers and potential customers. You will pay to us the reasonable cost for this call center service. The amount in the table is a range based on your usage of this service. This amount may adjust on a monthly basis and increase over time. We may adjust this fee as our costs for the call center service increase or decrease. Your payments will begin upon your first day of operation.
Fees on Default and Indemnity <sup>3</sup>	Attorney's fees, costs, and interests	On demand, as incurred	Paid in addition to other payments to us.
Audit <sup>6</sup>	Our reasonable costs for the audit should an audit be deemed necessary for proper business function	Immediately upon demand	Payable only if an audit shows an understatement of 2% or more of gross sales or records are unavailable.
Operation of your business in the event of your incapacity or death; interim management fee <sup>2</sup>	Our then-current fee; currently the fee is \$300 per day, per representative, or our then current rate, plus	Time of service	If we elect to operate your business during your unapproved closing, unapproved absence, incapacity, death, or if you

<b>Name of Fee</b>	<b>Amount</b>	<b>Date Due</b>	<b>Remarks</b>
	food, travel and lodging for our representative(s) and other expenses which may be incurred by us to perform such services.		are not in compliance to prevent harmful interruption of your business. We can adjust this fee at any time.
System non-compliance fines and charges <sup>2</sup>	Amount to be specified in the manual. Currently ranges between \$50 and \$1,000.	As incurred	To be paid in accordance with our electronic funds transfer or automatic withdraw program. Payable upon demand if you fail to correct deficiencies or non-compliance with our system.
Consumer Complaint Resolution Fee	\$250 per incident, plus our costs	When we receive customer complaint	If you do not resolve a customer complaint and we are required to assist them, you must reimburse us for any of our costs to respond to and compensate complaints from your customers.
Post-Termination Fees	Varies	As incurred	You will be responsible to pay us any post-termination expenses, including attorney's fees and costs to enforce your post-term obligations.
Fees for Non-Competition Violation	Fees may include: revenue from competing business; royalty and marketing fees that would have been collected; damages of \$150,000 per year of competition; and/or attorneys' fees, costs, and interest	On demand, as incurred	Payable if you have a competing business.

**NOTES**

<sup>1</sup>Royalty and Other Fees. Except as shown in the remarks column, all fees are imposed and payable to us. All fees are uniform and non-refundable. If a sales or similar tax is assessed on the royalties or marketing fees, you may be required to pay us or the taxing authority the amount of this tax. We have the right to require you to establish a bank, sweep, draft or other similar type of electronic funds transfer ("EFT") account in which you must deposit the gross sales of your outlet (not including local sales & use taxes) which account we may automatically access for any payment due to us. We require the royalties and other fees to be paid in

accordance with our electronic funds transfer or automatic withdrawal program. We reserve the right to collect this fee weekly in the future.

<sup>2</sup>Fee Increases. Any ongoing fee payable to us, other than Royalty and Brand Management Fees, may be increased by us, but this increase will be no more than 10% annually and we will provide 30 days prior notice.

<sup>3</sup>Indemnity. You must indemnify us from and against any and all claims or damages regarding the conduct and operation of your franchise.

<sup>4</sup>Reports. You must submit to us, as outlined in the manual, an itemized report of your Gross Revenue for the preceding quarter, no later than 15 days following the end of the previous calendar quarter. The report must be in the form we designate. We may require you to prove that you have paid the required local advertising expenditures. "Revenue" means all receipts generated by the franchise from any source including sales, exchanges, repairs, services, labor, service charges, etc. Credit sales shall be calculated as of the date of sale without deduction for uncollected credit accounts. "Revenue" shall not include bona fide credits for returns of merchandise, promotional discounts, or the amounts collected and paid to appropriate governmental authorities under the provisions of any Sales Tax, Retailer's Occupation, or similar Act. The proceeds from any business interruption insurance or eminent domain recovery you receive are included in "Revenue." "Gross Revenue" means your total Revenue for each calendar month or other specified period where noted.

<sup>5</sup>Brand Management Fee. We reserve the right to temporarily lower, suspend, or rebate the Brand Management Fee at any time, upon prior written notice to you and to our other franchisees. The Brand Management Fee currently in place may be found in the manual, and, may be modified upon our delivery of a notice of updated fee to you. The Brand Management Fee payments are in addition to and exclusive of any sums that you may decide or be required to spend on local advertising and promotion. We have sole discretion over the creative ideas, materials, endorsements, media, placement, and allocation of monies related to use of the Brand Management Fee. If we elect to offer a rebate or refund of any of the monies collected as Brand Management Fees, eligibility for such an offer will be conditioned upon being in good standing under the provisions of your Franchise Agreement.

The Brand Management Fee is used to maintain, administer, direct, prepare, and review national, regional, and local advertising materials and programs and to cover our related overhead as we in our sole discretion deem necessary. We are under no obligation to administer the Brand Management Fee to ensure that expenditures are proportionate to contributions of our franchisees for any given market area or that any franchise benefits directly or proportionately from the development or placement of advertising. We are not obligated to expend all or any part of the Brand Management Fee during any specific time. There will be no audit of the Brand Management Fee.

<sup>6</sup>Audits. We may audit your reports, books, statements, business records, cash control devices, and tax returns at any time during normal business hours. Audits will be conducted at our expense unless you fail to deliver any required report of Gross Revenue or any required financial statement in a timely manner. In the event of an understatement or failure to deliver, you will reimburse us for all audit costs. These will include, among other things, the charges of any independent accountant and the travel expenses, room, board, and compensation of our employees incurred in connection with the audit. You will immediately pay all Royalty Fees, Brand Management Fees, Local Advertising expenditures, any other fees due, and late

payment charges that the audit determines are owed. These payments will not prejudice any other remedies we may have under the Franchise Agreement or by law.

## ITEM 7 ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT (Standard Franchise)

<u>EXPENDITURE</u>	<u>AMOUNT</u> <sup>19</sup>	<u>PAYMENT METHOD</u>	<u>WHEN DUE</u>	<u>TO WHOM</u>
Initial Franchise Fee <sup>1</sup>	\$50,000	Cash	The entire Initial Franchise Fee is due and payable as a lump sum upon execution of the Franchise Agreement	Us
Travel and Living Expenses while Training <sup>2</sup>	\$1,500 - \$4,000 based on your and our actual travel costs	Cash	As Incurred	Us and travel providers
Business Address <sup>3</sup>	\$0 - \$5,000	As incurred	As incurred	Landlord, Utility Companies and Suppliers
Franchise Premises Deposits and Rent <sup>4</sup>	\$0 - \$5,000	As incurred	Monthly	Landlord
Grand Opening Marketing Plan and Assistance (Including Website and Initial Online Lead Management) <sup>5</sup>	\$10,000 - \$30,000	Cash	As incurred	Us or Approved Suppliers
Contractor License <sup>6</sup>	\$0 - \$1,500	As incurred	Before Opening	State Administrators
Supplies and Equipment <sup>7</sup>	\$0 - \$2,000	As incurred	Before Opening and As Incurred thereafter	Suppliers
Computer Equipment <sup>8</sup>	\$450 - \$5,000	As incurred	Before initial training	Approved Suppliers. See requirements under Section 8.9 of Franchise Agreement



<u>EXPENDITURE</u>	<u>AMOUNT</u> <sup>19</sup>	<u>PAYMENT METHOD</u>	<u>WHEN DUE</u>	<u>TO WHOM</u>
Dedicated Business Cell Phone <sup>9</sup>	\$0 - \$750	As incurred	Before Starting Operations	Suppliers
Clothing and Uniforms <sup>10</sup>	\$500 - \$1,500	As incurred	Before Opening	Us or Approved Suppliers
Vehicle <sup>11</sup>	\$0 - \$15,000	As incurred	Before Opening	Suppliers
Car Wrap <sup>12</sup>	\$1,000 - \$9,000	As incurred	Before Opening	Us or Approved Suppliers
Signs <sup>13</sup>	\$300	As Incurred	Before Opening	Us or Approved Suppliers
Licenses and Bonds <sup>14</sup>	\$0 - \$1,500	As incurred	Before Opening	Government agencies, etc.
Insurance <sup>15</sup>	\$1,000 - \$3,000 (for a 6-month period)	As incurred	Before Opening	Insurers
Miscellaneous Opening Costs <sup>16</sup>	\$200 - \$600	As incurred	As incurred	Suppliers, Utilities, etc.
Additional Funds – 6 months <sup>17</sup>	\$7,500 - \$30,000	As incurred	As incurred	Employees, Suppliers, Utilities, etc.
<b>*TOTAL</b> <sup>18</sup>	<b>\$72,450 - \$164,150</b>	<b>*Does not include royalties or Brand Management Fund fees and does not include the cost to purchase a location.</b>		

You should anticipate the preceding initial expenditures in connection with the establishment of a PaintEZ® franchise business. Additional factors related to each expenditure category are described in the following notes.

#### NOTES

<sup>1</sup> Franchise Fee. The initial franchise fee is due as a lump sum at the signing of the franchise agreement. It is not refundable, and we do not finance this fee. The availability and terms of financing will depend on various factors including the availability of financing generally, your credit worthiness, security available to you, lending institution policies concerning the type of business to be operated by you, and other comparable elements.

<sup>2</sup> Training. You are responsible to pay all travel, living, and other associated training expenses (yours and ours) for us to come to your location during training, and for you to attend your week-long session with a mentor franchisee. These expenses include reimbursement for our costs for hotels, airlines, restaurants, rental car companies, etc. It may cost us more to travel to your location for training depending on where you are located.

<sup>3</sup> Business Address. We strongly recommend that you register the franchise business from a small office location to start, which may be a home office, virtual office, or other. The purpose of the location is for all online business listings and registrations. We must approve of your location. The typical approved location will need a specified address (mailbox) for the use of a business listing, registration, and SEO purposes. We

recommend that you do not lease or purchase office warehouse space during the initial 6-month start-up phase. If you choose to lease or purchase warehouse or office space, you are solely responsible for obtaining and paying for the location. Your office must be located within the purchased territory. The cost of purchasing or leasing warehouse or office varies with the location and size of the premises.

<sup>4</sup> Franchise Premises Rent. Costs of commercial property or leases and improvements vary widely based on location, terms of the lease, the total area of your space as well as construction and material costs. You should review these costs with a local contractor, commercial real estate agent, architect and other professionals. We do not anticipate a lot of tenant improvements, so your main cost will be rent paid to the landlord. Your location may range from a small office to a larger warehouse type facility depending on if you have employees who are providing the painting services or if you just use subcontractors. We do not provide standard plans and specifications for construction of improvements, so you must retain an architect to help with the design; however, all plans must be approved by us.

<sup>5</sup> Grand Opening Marketing Plan. We provide a grand opening marketing plan in which you will be responsible to pay us and the various marketing vendors. This estimate includes the costs of what you pay us for the marketing materials in your opening inventory package and your grand opening marketing and the costs of additional marketing and promotional materials used for in-house marketing such as website management, management of paid advertisements, post card creation, design work, brochure design work, materials containing the trademarks, etc., as well as general and promotional marketing for at least 3 months. This amount also includes the required purchase of a minimum number of online leads and online lead management services (SEO, PPC, LBL) for your 3-month start-up phase. We must approve all marketing in writing. You cannot establish a website or social networking site, or market on the Internet without our prior written approval.

<sup>6</sup> Contractor License. You must obtain all permits, certificates or licenses necessary for the full and proper conduct of the franchise in your territory.

<sup>7</sup> Supplies and Equipment. You will be required to purchase certain supplies and equipment for conducting the franchise business as set forth in our manual. You may choose to lease some of the equipment for a monthly cost rather than paying for it upfront. The lower number reflects this option. You must negotiate all purchase agreements or leases with suppliers. For any items purchased from us, if any, we require immediate payment.

<sup>8</sup> Computer Equipment. You are required to have an Apple iPad tablet with cellular internet capabilities. The Apple iPad must be at least 10<sup>th</sup> generation or newer model and in good working condition. Use of a computer may be needed for office work. The lower number reflects you already owning this computer equipment.

<sup>9</sup> Dedicated Business Cell Phone. You are required to have a smart cell phone with internet capabilities that is dedicated solely to the franchise business. Our call center will assist with assigning your dedicated franchise business phone number. If the franchise agreement is terminated for any reason, you must transfer this dedicated franchise business phone number to us.

<sup>10</sup> Clothing and Uniforms. You are required to purchase uniforms and branded clothing items from us or our approved suppliers. This estimate includes the items that you purchase from us for your opening inventory package.

<sup>11</sup> Vehicle. You must have a reliable vehicle, that is approved by us, for your franchise business. The lower number reflects you already owning the vehicle we approve. The higher number reflects costs for monthly payments or a lease on a vehicle.

<sup>12</sup> Car Wrap. You must purchase a car wrap from us or our approved suppliers. The car wrap must be professionally installed on your vehicle. We have the right to inspect your car wrap and, if we disapprove, have your vehicle re-car wrapped by a professional of our choice, at your expense.

<sup>13</sup> Signs. You must purchase yard signs to display by the customer's home while working in the home from us or our approved suppliers. This amount is for the required initial lot of yard signs. You must continue to purchase these yard signs as needed.

<sup>14</sup> Licenses and Bonds. You must obtain all licenses and/or bonds necessary for the full and proper conduct of the franchise in your territory.

<sup>15</sup> Insurance. You must obtain comprehensive general liability insurance, workers' compensation insurance and other insurances we specify in the franchise agreement and the manual. This amount is an estimate for 6 months of insurance coverage. Insurance rates in your territory may vary.

<sup>16</sup> Miscellaneous Opening Costs. These miscellaneous costs include business entity organization expenses, employee training, and deposits.

<sup>17</sup> Additional Funds. This estimates other initial start-up expenses that you may incur. You also need to budget for salaries and labor. Subcontractor or Employee compensation is between you and your subcontractor/employee and may vary widely. Therefore, this compensation cannot be accurately estimated. In addition, you should include an amount of compensation payable to you. A minimum of \$7,500 working capital is strongly recommended. You will have the other usual expenses involved in establishing a business. These expenses vary greatly, including, but are not limited to, attorney fees, license fees, deposits, sales tax bonds where required, pre-opening advertising and recruiting expenses. You must also pay all taxes required by local, state or federal laws related to the services furnished or used in connection with the operation of your franchise.

<sup>18</sup> Total. These figures are estimates for the development of one franchise unit for approximately 6 months, unless noted otherwise, and you may have additional expenses starting your franchise business. Your costs will depend on factors such as: how well you follow our method and procedures; your management skill, experience and business acumen; geographic area; local economic conditions; the local market for our services; the prevailing wage rate; competition; and the sales level reached during the initial period. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not offer direct or indirect financing for any item. Financing sources may reduce your initial cash requirements, and the availability and terms of financing to any individual franchisee will depend upon factors including the availability of financing in general, your credit worthiness, the collateral security that you may have and policies of lending institutions concerning the type of business to be operated by you. We relied on the experience of our principals and franchisees to compile these estimates. We do not guarantee that you will not have additional and different expenses than those we have identified in this table. If you are purchasing multiple franchises, you will incur the estimated initial expenditures for each franchise you operate.

Multi-Units. If you purchase 3 territories, the total initial investment will be \$149,450 to \$241,150. This includes the initial franchise fees for the 3 territories and the opening inventory package for the 3 territories.

<sup>19</sup> Refunds. Unless indicated otherwise, none of these payments are refundable.

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

After the initial training is completed you will be presented a digital PaintEZ® operating manual as described in Item 11, below. We may amend the PaintEZ® manual, including changes that may affect minimum requirements for your franchise operations. You will strictly follow the requirements of the PaintEZ® manual as we amend it. You will carry out immediately all changes at your cost, unless we otherwise specify. We reasonably may designate minimum standards for operations and designate guidelines, as specified in the PaintEZ® manual. The PaintEZ® manual is confidential and our exclusive property and should not be shared with anyone outside our organization.

The PaintEZ® manual contains the PaintEZ® Operating System and related specifications, standards, operating procedures, accounting and bookkeeping methods, marketing programs and ideas, advertising layouts, advertising guidelines, operation requirements, public relations guidelines, service guidelines and other rules that we may prescribe.

You may not sell any products, services or activities other than those specifically recognized and approved by us as part of our franchise system without our prior written approval.

### Products Purchased from Designated Suppliers

You must purchase the following products and services from sources designated or approved by us:	Is the franchisor or an affiliate an approved supplier of this item?	Is the franchisor or an affiliate the only approved supplier of this item?
Accounting Services	No*	No*
Uniforms	Yes	Yes
Software & Applications	Yes	Yes
Call Center Services	No	No
All products bearing our trademarks	Yes	No
Grand Opening Marketing Plan	No	No
Paint (Sherwin Williams / Benjamin Moore)	No	No
Credit Card Processing	No	No
Painting equipment	No	No

\* These services are provided by EZ Accounting Pros, Inc. which is owned by one of our officers.

All approved suppliers are made available to you before the beginning of operations. If a designated supplier cannot supply a product, we will provide you with specifications for the product and/or designate a new designated supplier. You may be assessed fines and charges, in accordance with our operations manual, for purchasing, using or selling unapproved products or using unapproved or undesignated suppliers.

You must purchase all PaintEZ® advertising materials from us or our approved suppliers to ensure uniformity and quality of the advertising. Any equipment, products, inventory, or other items that bear our logos and/or trademarks must be bought from us or an approved supplier.

We have established an accounting service and computer software system. You are required to use our accounting service and software systems as designated and identified in the PaintEZ® manual.

We reserve the right to derive income through mark-ups in prices we charge to you for goods and services sold or provided by us or affiliates and from payments from suppliers for purchases made by you. We negotiate purchase arrangements with suppliers, including price terms for the benefit of our franchisees. We have entered into agreements with Sherwin Williams, Benjamin Moore, Behr, Home Depot, credit card processing, where our franchisees may receive a 0-50 percent discount on various products. Sherwin Williams, Benjamin Moore, and Behr are the preferred and approved suppliers of paint and related application products to our franchisees. These suppliers may also pay us a rebate on all franchisee purchases based on a percentage of sales such suppliers make to our franchisees. Currently these rebates are between 0% - 5%. Currently we have not been charging markups for products purchased from us, but we reserve the right to do so in the future and expect that it would not be more than 25%.

At this time we do not have any purchasing or distribution cooperatives related to our franchise system. In the future, we may enter into other contracts with suppliers for items or services. Pursuant to these arrangements or contracts, you will be required to purchase these goods from the designated supplier.

We estimate that the purchase of products from designated or approved sources will represent approximately 30% to 40% of your overall purchases in opening your franchise business and 85 % to 95% of your overall purchases in operating your franchise business.

In the year ending December 31, 2022 our revenues from the sale of products and services to franchisees was \$0, or 0% of our total revenues of \$239,857.

We are not the supplier for required products and services for the franchise. However, EZ Accounting Pro., our designated supplier of accounting services, is owned by Jessica Mason, who is Jay Mason’s spouse. Jay Mason is our Chief Executive Officer. Other than those mentioned, none of our officers own an interest in any supplier.

Products Purchased Using Specifications

You must purchase the following products and services in accordance with specifications and standards we provide to you:	Is the franchisor or an affiliate an approved supplier of this item?	Is the franchisor or an affiliate the only approved supplier of this item?
Advertising/Marketing print materials	Yes	No

Vehicle	No	No
Vehicle wraps	No	No
Electronic equipment (iPad/computer/phone, etc.)	No	No

All specifications are made available to you before the beginning of operations.

Specifications and standards are provided to you through our manual and may be updated or modified by us periodically. Our specifications include standards for delivery, performance, quality, design and appearance. We will use our best judgment in setting and modifying specifications to maintain quality and integrity of the franchise system. We consider our specifications to be of critical importance to the success of the system.

We have negotiated some purchase arrangements with suppliers, including price terms, for the benefit of franchisees. We do not provide material benefits to franchisees based on the franchisee's purchase of particular products or services or use of particular suppliers (for example, grant renewals or additional franchises to franchisees based on purchases).

#### Non-Approved Suppliers

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

You may establish suppliers on the approved list by making appropriate application to us. The following general criteria is used in considering whether a supplier will be designated as an approved source: the ability of the supplier to make the product to our standards and specifications; a willingness by the supplier to cooperate and work with you and other franchisees; the supplier's professional competence and performance abilities; the suppliers' production and delivery capabilities and the financial condition of the supplier; the quality, durability, value, cleanliness, composition, and strength of the product; the suppliers' capacity and facility to supply your needs in the quantities, at the times, and with the reliability necessary for efficient operation.

If you desire to purchase any of these items or services from an unapproved supplier, you will submit to us a written request for this approval or request the supplier itself to do so. We may require you to submit sufficient information, data, and samples to permit us to ascertain whether any supplier meet our specifications. Before testing, reviewing and approval, you will be required to pay a testing and reviewing fee covering our reasonable expenses and costs of testing. The testing fees are not refundable whether or not we approve of a supplier. We will notify you in writing, within 60 days as to whether these services or products meet our specifications. We may, occasionally, make changes or alterations in the standards and specifications for the above items and approved suppliers. At our discretion, we may revoke our approval from an approved supplier upon 30 days written notice to you. Our confidential requirements, systems, and formulas will be revealed to potential suppliers only after we have received reasonable evidence that the proposed supplier is trustworthy and reputable; has the capacity to consistently follow our standards, requirements and testing procedures; will maintain the confidentiality of the designs, systems and formulas; and will adequately supply your reasonable needs.

We, or our agents, may inspect any approved manufacturer, supplier or distributor facilities and products to assure proper production, processing, packaging, storing, and transportation. Permission for inspection will be a condition of our continued approval of any manufacturer, supplier or distributor. If we find from any inspection that a manufacturer, supplier or distributor fails to meet our specifications and standards, we will give written notice describing this failure to you and to the manufacturer, supplier or distributor, with a notice that unless the failure or deficiency is corrected within 30 days, the manufacturer, supplier or distributor will no longer be approved.

### Insurance

In addition, you are required at your own expense to keep in full force, by advance payment(s), during the entire term of the franchise the following minimum insurance policies, which minimums may be adjusted periodically to keep pace with regular business practice and prudent insurance custom:

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

(b) Automobile liability insurance, including owned, non-owned, leased and hired vehicle coverage, with a combined single limit of at least \$1,000,000 for death, personal injury and property damage.

(c) Worker's compensation and employer's liability insurance, and other insurance required by statute or rule of the state and/or locality in which the franchise is located and operated.

(d) Business interruption and lost profit insurance.

(e) Employer practice liability insurance.

(f) Key man insurance.

These policies will insure both you and us and our officers and directors and nominees as additional insureds against any liability which may accrue by reason of your ownership, maintenance or operation of the franchise business wherever it may be located. These policies will stipulate that we will receive a 30-days written notice of cancellation, modification or termination. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance acceptable to us must be furnished to us together with proof of payment within 30 days of issuance. These insurance coverage requirements are only minimums. You need to make an independent determination as to whether increased amounts or additional types of insurance are appropriate.

If you fail to obtain insurance and keep the same in full force and effect, we may obtain this insurance at our discretion and you will pay us the premium costs upon our demand. Failure to obtain and maintain the required insurance constitutes a material breach of the franchise agreement entitling us to terminate the agreement. Maintenance of the required insurance will not diminish your liability to us under the indemnities contained in this Agreement. The policy or policies will insure against our vicarious liability for actual and, unless prohibited by applicable law, punitive damages assessed against you.

You must also procure and pay for all other insurance required by state or federal law. We may periodically increase the amounts of coverage required and/or require different or additional coverage. We do not derive revenue as a result of your purchase of insurance.

## ITEM 9 FRANCHISEE 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.**

	<u>Obligation</u>	<u>Section in Franchise Agreement</u>	<u>Disclosure Document Item</u>
a.	Site selection and acquisition/lease	Section 5.1, 5.2, and 5.3 of the franchise agreement	Item 11
b.	Pre-opening purchases/leases	Sections 8.2, 8.6, 8.7, and 8.9 of the franchise agreement	Item 8
c.	Site development and other pre-opening requirements	Section 5.2, 5.4, and 5.6 of the franchise agreement	Items 7 and 11
d.	Initial and ongoing training	Sections 9.1 and 9.2 of the franchise agreement	Item 11
e.	Opening	Sections 5.5 and 9.2 of the franchise agreement	Item 11
f.	Fees	Article III of the franchise agreement	Items 5 and 6
g.	Compliance with standards and policies/operating manual	Sections 6.6, 8.2, 8.3, 8.8, and 8.11 of the franchise agreement	Items 8 and 11
h.	Trademarks & proprietary information	Article VI of the franchise agreement	Items 13 and 14
i.	Restrictions on products/services offered	Article X of the franchise agreement	Item 8
j.	Warranty and customer service requirements	Sections 8.2, 8.3, 8.4, and paragraph 9.2(iii) of the franchise agreement	Item 11
k.	Territorial development and sales quota	Not Applicable	Item 12
l.	Ongoing product/service purchases	Article X of the franchise agreement	Item 8



	<b><u>Obligation</u></b>	<b><u>Section in Franchise Agreement</u></b>	<b><u>Disclosure Document Item</u></b>
m.	Maintenance, appearance and remodeling requirements	Sections 8.2 and 8.3 of the franchise agreement	Item 11
n.	Insurance	Section 8.7 of the franchise agreement	Item 8
o.	Advertising	Article XI of the franchise agreement	Items 6 and 11
p.	Indemnification	Article XX of the franchise agreement	Item 6
q.	Owner's participation/management/staffing	Sections 8.5 and 8.6 of the franchise agreement	Items 11 and 15
r.	Records and reports	Sections 3.4 and 3.6 of the franchise agreement	Item 6
s.	Inspections and audits	Sections 3.6 and 8.11 of the franchise agreement	Items 6 and 11
t.	Transfer	Article XV of the franchise agreement	Item 17
u.	Renewal	Section 4.2 of the franchise agreement	Item 17
v.	Post-termination obligations	Section 13.1 of the franchise agreement	Item 17
w.	Non-competition covenants	Article XVI of the franchise agreement	Items 14, 15 and 17
x.	Dispute resolution	Article XIX of the franchise agreement	Item 17
y.	Compliance with Government Regulations	Paragraph 8.1(v) of the franchise agreement	Item 12
z.	Guarantee of Franchisee Obligations	Section 8.12 of the franchise agreement	Item 15

## **ITEM 10 FINANCING**

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

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

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

### **A. Pre-Opening Obligations:**

#### **Before you open your franchise, we will:**

- 1) Designate your franchise territory in the Franchise Agreement before the Franchise Agreement is executed. (Franchise Agreement, Sections 1.1, and 1.3.)
- 2) Make available to you general specifications for the items and services indicated in Item 8, including, layout, signs, equipment, and décor. (See Franchise Agreement, Article IX.)
- 3) Provide initial orientation and training to you and your manager(s), if concurrent. All follow-up trainings will be at our discretion or according to the additional training fees as previously outlined. (Franchise Agreement, Section 9.1 and 9.2).
- 4) Provide you with the names of approved and designated suppliers.
- 5) Provide you with a list of specifications for approved products, equipment, supplies and materials. (Franchise Agreement, Section 9.1)
- 6) We do not offer assistance in delivery or installation of any of these items.
- 7) You are required to work directly with the manufacturer or servicer of any required or approved products, equipment, supplies and materials (Franchise Agreement, Paragraph 8.11.1 and Section 9.1.)
- 8) We will provide some opening assistance. (Franchise Agreement, Section 9.1.)
- 9) We will consult with you on planning your grand opening marketing and provide access to our online marketing materials. (Franchise Agreement, Paragraph 9.2(i))
- 10) Provide electronic access to our confidential operations manual containing mandatory policies, operating procedures, rules, employee guide, and other information. The operations manual is confidential and will remain our property. You must keep the contents of the manuals confidential. You may not copy any part of the manuals, either physically or electronically. The operations manuals may be developed, modified and supplemented periodically, and the term “manuals” includes all of those documents, as so modified and supplemented. (Franchise Agreement, Article IX.) The table of contents of the operations manual is described on Exhibit G to this disclosure document. The operations manual is in electronic format and is approximately 104 pages.
- 11) You will have 90 days to purchase or enter into a lease agreement for the operation of your franchise business. We may, in our sole discretion, grant you an extension on this deadline if you have made a good faith effort to find a location. (Franchise Agreement, Section 5.1).
- 12) We do not provide you with preliminary design plans for your franchise location. Also, we do not provide assistance for the construction or remodeling of your franchise. You are solely responsible for conforming your franchise location to meet local ordinances, building codes, and obtaining any required permits. You should commence construction within 90 days from the signing of the franchise agreement and should commence business within 120 days of the signing of the franchise agreement. (Franchise Agreement, Sections 5.1, 5.2, 5.4, and 5.5.)

#### **Site Location**

- 1) We do not assist in locating a site. That is your responsibility. We do not lease properties to you. We must review and approve your proposed site for the operation of the franchise business. If you cannot find an approved site, we may, in our discretion, terminate the franchise agreement or grant you an extension. (See Franchise Agreement, Paragraph 5.1.1.)
- 2) We do not assist you with constructing or remodeling your site.
- 3) You do not need to use a local broker in your site selection.
- 4) Our approval is based upon the following general criteria: access, appearance, traffic, general population, number and type of businesses in the territory, parking, square feet, and general vicinity. We do not prepare demographic studies or otherwise evaluate the potential success of your proposed site, nor do we provide you with a site checklist or other similar information, nor do we warrant or guarantee the success of your location. You will have 90 days from the date of the franchise agreement to lease a site for your franchise. Site approval should be completed by us and notice provided to you in writing, within 4 weeks or less after you have selected a prospective location. (See Franchise Agreement, Paragraph 5.1.1.)

### **Time to Open**

The typical length of time between the signing of the Franchise Agreement or first payment of consideration for the Franchise and the opening of the Franchise for business is about 60 - 120 days. You are expected to complete the mandatory training and commence your franchise business operations within 120 days after you sign the franchise agreement. Factors that may affect this time are finding and negotiating for the franchise premises, arranging for the training session, equipping the Franchise, financing and business permit requirements, and your personal operational needs. Any failure caused by a war or civil disturbance, a natural disaster, a labor dispute, shortages or other events beyond your reasonable control will be excused for a time that is reasonable under the circumstances.

If the commencement of operation obligation is not fulfilled, we may terminate the Franchise Agreement by refunding one-quarter of the Initial Franchise Fee. We may retain the remaining portion of the Initial Franchise Fee. You then are required to return any product or equipment you have obtained from us. (Franchise Agreement, Section 5.5).

### **Training**

We will give you an approximately 15-day training and familiarization program before the start of your business. Training will be held online, at a location designated by us, and at your location before and during the opening of your franchise. The training program will be held as needed. The initial training will take place over three sections. The first section of training will be approximately 1 week of online virtual training prior to your opening. The second section of training will be approximately 3-5 days in another franchisee's market focused on observing operations prior to your opening. You are responsible for all costs to attend this training. The third section of training will be approximately 5 days where we will travel to your location and assist you with the opening of your location. When we travel to your location, you must pay all of our expenses incurred with such training, including travel, meals, and hotel expenses. You and your manager (if applicable) must successfully complete section 1 and section 2 of initial training prior to opening your Franchise Business which includes all training programs demonstrating your knowledge of basic policies and procedures, daily operations, record keeping, computer system competency, estimating, sales techniques, marketing plans and techniques, administration and bookkeeping controls, service methods, deployment of labor, maintenance of quality standards and customer service. (Franchise Agreement, Section 9.1).

The initial training program is included in the Initial Franchise Fee, but you must pay your and our costs for travel, lodging, and living expenses while training. The training program must be completed by all franchisees, unless, at our reasonable discretion, based upon a franchisee’s experience, it is deemed unnecessary. As of the date of this Disclosure Document, the current agenda for the training includes:

**TRAINING PROGRAM**

<b><u>Subject</u></b>	<b><u>Hours of Classroom Training</u></b>	<b><u>Hours of On-the-Job Training</u></b>	<b><u>Location</u></b>
Introduction to System	1.5	0.0	Online and/or your territory
Job Management	1.0	10	Online and/or your territory
Painter Management	1.0	6.0	Online and/or your territory
Customer Service	2.0	4.0	Online and/or your territory
Marketing	2.5	4.0	Online and/or your territory
Sales	2.0	10	Online and/or your territory
Software	8.0	4.0	Online and/or your territory
Estimating (Interior & Exterior)	5.0	12	Online and/or your territory
Paint Products	4.5	3.0	Online and/or your territory
Finance/Accounting	1.5	0.0	Online and/or your territory
Goal Setting	1.0	0.0	Online and/or your territory
<b>TOTAL</b>	<b>30</b>	<b>53</b>	

\*The Training Schedule may be amended from time to time, or to accommodate travel schedules.

Our training supervisor is Jay D Mason. Mr. Mason has worked in the painting sales and application industry since 1998. Mr. Mason has also worked within architectural coating sales with Sherwin Williams Paint, and with another national painting franchise where he trained and mentored new franchisees while supporting them long-term as well.

Jessica Mason may also assist with training. Ms. Mason has over 20 years of accounting experience working with small, medium, and large sized businesses.

We may use other training personnel, with at least one year experience, under Mr. Mason’s supervision for aspects of the training program. They use the PaintEZ® manual for instructional material.

You must request to schedule a training session for you or your manager at least 30 days before the session is to start. Training is scheduled and held on an “as needed” basis depending on the number of franchisees requesting training in a particular time frame and the franchisor’s training personnel’s availability. The on-site portion of the training session must be completed after the location is open for business for best productivity of the training.

You are responsible for all expenses you and your employees incur to attend the initial training, including transportation, meals, accommodations, and entertainment.

You, or one of your employees, must complete initial training within 120 days of the signing date of the franchise agreement.

If you desire to have more than two individuals receive the initial training, these additional individuals will be accommodated at our convenience. We reserve the right to charge a reasonable fee for the provision of the training regardless of when and where the individuals participate in the initial training.

We may at any time during initial training inform you that an individual attending training on your behalf is not suitable due to criminal activities, disruptive behavior, poor attendance, or other reasons. Upon that notice, our obligations to train that individual will be deemed to have been discharged.

If the franchise is managed by any persons other than you, you must notify us of the identity of the managers. Each manager as hired must successfully complete the mandatory training program within one month after being hired. You will pay for this training at our then current fee.

**B. Our Obligations DURING the Operation of Your Franchise Business**

**After you open your franchise, we will:**

- 1) We may hold an annual convention or conferences to discuss improvements, new developments, mutual concerns and business issues. Attendance is mandatory. Currently, the convention fee is \$500, and you must pay all your travel and living expenses. These conventions will be held at various locations chosen by us. (Franchise Agreement, Section 8.10.)
- 2) Establish policies, procedures, standards, specifications, products and services for the operation of your franchise business. We may change, modify or update these procedures, standards, specifications, products and services at our discretion. All modifications will be posted on an online site or through email. You must strictly follow these procedures, standards and specifications as they develop. Failure to do so is grounds for termination of your franchise. (Franchise Agreement, Paragraphs 8.11.3, 8.11.4 and 8.11.6.)
- 3) Replace defective products or inventory items purchased directly from us, based on our standard limited warranty. We do not provide a standard limited warranty on any required purchases not purchased from us. (Franchise Agreement, Paragraph 9.2(iii).)
- 4) At your option and upon not less than thirty-five days prior written notice to us, you may receive additional training at our training center, or at your location, or at other agreed upon locations or virtual locations. All expenses of this training will be borne by you, including but not limited to our or your travel, lodging, meals, compensation, and our reasonable costs and expenses including a reasonable training fee at our then current rates. This additional training consists of visits to our franchises, work experience and observation of franchise operations. The duration of training is negotiable depending upon your needs. You will not receive any compensation for services rendered by the trainee during this or any other training (Franchise Agreement, Section 9.2(iv)).
- 5) From time to time we may provide refresher training programs or seminars and may require that you or your managers attend and complete them to our satisfaction. These programs and seminars will be held at locations we designate. Currently, we are not charging a fee to attend these seminars but you will be exclusively responsible for paying all travel, living and other expenses and compensation of attending these programs and seminars. Each year, you or the designated managers of your Franchise will be required to attend up to 20 hours of programs and seminars, depending upon program and seminar availability. In addition, we may deem it appropriate or necessary to provide additional training and supervision to you and your managers and employees at your franchise location. If so, you will fully participate in and complete this additional training and supervision, including additional or revised training programs and processes that may be added to the PaintEZ®

manual in the future. We may charge a reasonable Training Fee for these additional training sessions (Franchise Agreement, Section 8.10 and Section 9.2(iv)).

- 6) Administer our advertising program and formulate and conduct national and regional promotion programs. (Franchise Agreement, Section 11.1).
- 7) Inspect the Franchise and conduct activities to ensure compliance with the terms of the Franchise Agreement and PaintEZ® manual to assure consistent quality and service throughout our franchise system (Franchise Agreement, Section 5.5 and Paragraph 8.11.4).
- 8) We may provide other supervision, assistance, or services although we are not bound by the Franchise Agreement or any related agreement to do so. These may include among other things: advertising materials, literature, additional assistance in training, promotional materials, bulletins on new products or services, and new sales and marketing techniques or developments.

## **Advertising**

We are not obligated to conduct advertising. However, we do maintain and administer Brand Development Fund for local or national advertising, marketing or public relations program as we, in our sole discretion, may deem necessary or appropriate to market and promote the brand – see below for more details. We direct all national or regional marketing and marketing programs, with sole discretion over: 1) the creative concepts, materials, endorsements and media used regarding these programs (which may include television, radio and print marketing as funds permit); 2) the source of the marketing or public relation efforts (which may be in-house or through an outside agency located locally, regionally or nationally); 3) the placement and allocation of these programs (which will be local or regional); and 4) the composition of all geographic territories and market areas for the development and implementation of these programs. We are not required to spend any amount on marketing directly in the area or territory where you are located. (See Franchise Agreement, Section 3.3 and Article XI.)

We provide you online access to marketing materials developed by us. You may also develop marketing materials for your use, at your cost but all marketing material developed or used by you must have our prior written approval. Any marketing you create automatically becomes our property and will be considered “works-for-hire” that may be made available for use by us or other franchisees without a fee and without compensation to you. If you do not receive written approval or disapproval within 10 days of the date we received your submission, the materials submitted are deemed approved. (See Franchise Agreement, Section 11.4.)

You may not create a website or social networking site or engage in marketing on the Internet, including posting for re-sell, items on third party re-sell or auction style websites such as eBay™, craigslist or Amazon.com without our permission. If you receive permission for your own website or social networking site from us, all content placed on the site must be pre-approved by us, in writing. You may be allowed to place pre-approved information concerning your franchise business on our website and social networking sites such as Facebook, as developed by us. You are required to provide us all usernames, passwords and account information and any other information related to any of your websites and social media and social networking site accounts immediately upon our request. You must strictly comply with the policies and procedures established by us regarding websites, social networking sites, and Internet marketing. Failure to do so may result in termination of your franchise agreement. (See Franchise Agreement, Section 11.5.)

No franchisee advertising council is anticipated at this time.

We may, in the future, cause the formation of local and/or regional cooperative marketing associations covering those areas as we, in our discretion, deem appropriate, and we may disperse those funds as we believe appropriate from the marketing fund to any local and/or regional cooperative marketing associations for local and/or regional marketing. The area of any cooperative marketing association will be based on geographic regions determined by us. Your geographic area is defined as a market with multiple franchise businesses in the same television, radio and newspaper market. Upon the formation of a local or regional cooperative marketing association, you will be deemed a member of that association as covers the area in which your franchise business is located and you will be bound by any decisions made by the association upon a majority rule by voting members. You and other franchisees in the cooperative will be responsible for the administration of the association. We will develop governing documents and make these governing documents available to all franchisees within the cooperative area. At this time these governing documents are not available. Voting will be on the basis of one vote per franchise business in good standing that a franchisee has within the association. You will be required to contribute marketing fees to any local or regional cooperative marketing associations as determined by the cooperative members, but any contribution will not exceed the amount of gross sales required to be spent by you locally. All franchisees or company owned franchises, if any, within the marketing cooperative area will be required to join and contribute to the fund on the same basis or rate. We and our affiliates contribute to this cooperative on the same basis as the franchisees. The cooperative will be required to prepare annual financial statements and these will be available to all franchisees in the cooperative and us, for review. We have the power to require cooperatives to be formed, changed, dissolved or merged at any time. (See Franchise Agreement, Section 11.1.)

Currently we promote our franchises through print, internet, and direct mail media. Advertising programs may be implemented locally and regionally through advertising cooperatives. We may use in-house advertising departments and may use regional advertising agencies. We will provide to you advertising materials and point of sales aids for you to use in your local advertising and promotional efforts. We may use your Brand Management Fees to manage your website, SEO, create and place advertising in geographic areas as we deem to be in the best interest of our franchisees and our franchise system.

### **Advertising Funds**

You are required to pay us 1% of gross revenue each month as a Brand Management Fee (see Item 6, above). We reserve the right to temporarily lower, suspend, or rebate the Brand Management Fee at any time, upon prior written notice to you and to our other franchisees. We will administer the capital we receive as Brand Management Fees and direct all regional and national advertising programs with sole discretion over the creative ideas, materials, endorsements, placement, and allocation of overhead expenses. We may use the Brand Management Fee to hire staff needed to maintain, administer, direct, prepare, and review national, regional, or local advertising materials and programs as we, in our sole discretion, deem proper. We are under no obligation to administer the Brand Management Fee to ensure that expenditures are proportionate to contributions of franchisees for any given market area or that any franchise benefits directly or proportionately from the development or placement of advertising. We shall not be obligated to expend all or any part of the Fees we receive during any specific period.

Each of our company owned PaintEZ® operations offering products and services similar to our franchisees will make contributions to the fund equivalent to the contribution percentage required of our franchisees.

Any Brand Management Fees not used in the fiscal year in which they were contributed will be applied and used for advertising expenses in the following year.

We do not use any of the Brand Management Fee to advertise our franchise opportunity, although we will place notices that franchises are available on advertising materials and on the internet. While advertising materials note that franchises are available from us, no advertising fees, or assessments we collect from our franchisees are used for advertising that is principally a solicitation for the sale of franchises.

We have and will contribute our own funds to cover the excess of expenses over advertising fee contributions. Franchisees do not owe additional fees to us to cover these expenses. Any losses arising out of such excess fund contributions to meet actual expenses may be carried forward until such time as they have been recouped. The Brand Management Fees are administered by us. The Brand Management Fees are not audited. Neither we nor any of our affiliates or owners receive any payment for providing goods or services paid for by the Brand Management Fees. You may obtain an accounting of the most recently released annual report of Brand Management Fees and expenditures upon written request to us.

### **Local Advertising Expenditures**

In addition to your obligation to pay the Brand Management Fees, each month you will expend in your local market at least 5% of your gross sales, or \$20,000 annually, whichever is greater, to advertise and promote your franchise. You will report the nature, extent, and amount of these local expenditures in the form and at the times we require in the manual.

Company-owned businesses contribute to this fund on the same basis as the franchisees. We do not have any franchise businesses that do not contribute to the fund, but we may have franchisees that contribute at a different rate. Franchisor-owned outlets must contribute to the fund on the same basis as franchisees. We and our affiliates contribute to this fund on the same basis as the franchisees. We are responsible for administering the marketing fund. We may use the marketing fund to offset a portion of direct costs to manage and maintain the fund, including the payment of staff salaries and other expenses for those employees who may be involved in marketing fund activities. We are not required to spend any amount on marketing directly in the area or territory where you are located. The marketing fund is unaudited. You may receive an unaudited annual report of marketing expenditures within ninety (90) days of the end of each year, if requested by you in writing. During the 2022 fiscal year, the marketing funds were used in the following ways: 80% for employees, 15% for advertising, and 5% for online marketing.

### **Promotional Materials**

You will submit to us all advertising copy and other advertising and promotional materials before you use them in your local advertising program(s). You will not use any advertising copy or other promotional material until we approve it. You specifically acknowledge and agree that any website will be deemed “advertising” under the Franchise Agreement and will be subject to, among other things, our approval, restrictions, and requirements outlined in the PaintEZ® manual. The term “website” means an interactive electronic document contained in a network of computers linked by communications software you operate or authorize others to operate that refers to the franchised business, proprietary markets, us, or the Method of Operation. The term website includes, but is not limited to, Internet and World Wide Web home pages. You will be given access to a localized social media accounts. Any ad copy that you use in posts needs to be approved prior to posting on the social media platforms.

### **Computer Systems**



We will require you to have an Apple iPad with accounting and business control capacities. You are required to have an Apple iPad tablet with cellular internet capabilities. The Apple iPad must be at least 10<sup>th</sup> generation or newer model and in good working condition. Use of a computer may be needed for office work. You must also have a smart phone (Apple preferred). You must lease, purchase, or otherwise acquire, from sources of your choice and at your expense, hardware which strictly conform to our specifications. You must use our software and reporting systems. To ensure consistency throughout the franchise system, you will be required to use our software for all estimating (Franchise Agreement, Section 8.9).

We require that your computer and communications systems include the following hardware and software:

Minimum Hardware:

- Apple iPad tablet (10<sup>th</sup> generation or newer) with cellular internet capabilities (estimate \$459 - \$1,299)
- Smart phone with designated business phone number (estimate \$0 - \$1,000)

Minimum Software:

- QuickBooks Online access / EZ Accounting Pro (Estimate \$450 / month)

We may require you to use an information processing and communication system that is fully compatible with any program or system which we, in our sole discretion, may employ. If we require, you must record and transmit all financial information using this system and our designated ISP or other communication vendors. We may at our discretion change standards for reporting to provide effective technology for the entire system. We will have full ability to poll your data, system, and related information by means of direct access whether in person or by telephone/modem. We will have independent access to the information that will be generated and stored in your information processing and communication system. We will have access to all of your PaintEZ<sup>®</sup> data and there will be no contractual limitation on our right to access this information or data. We will not implement any electronic system that will disrupt or damage your electronic system, and our access will be read-only.

We may require updates and upgrades to your iPad and smart phone during the term of the franchise agreement. The maintenance, repair, and upgrade of your hardware and software is at your expense. We require updates and upgrades to the computer software as it becomes available. Neither we, our affiliate or a third party is required to provide on-going maintenance repairs, upgrades or updates on software or hardware. There are no contractual limitations to the frequency and cost of the obligation to upgrade the POS or computer system. We have no obligations to provide technical support, maintenance or repair the POS, or computer system.

Other than any proprietary software referenced above, none of the hardware or software you are required to obtain is proprietary to us. Any hardware and software that is functionally equivalent and fully compatible to that listed may be used, except for your estimating software.

You must pay us for upgrades to any proprietary software we may implement. The cost of those upgrades will not exceed \$500 during any calendar year. Other than the required upgrades to our proprietary software, you may, but are not obligated to, update or upgrade hardware and/or software during the term of the agreement. We estimate that these optional updates or upgrades will be approximately \$0 to \$250 per year. This hardware and software is used for communications, accounting and record keeping. We do not now have, but may in the future require, independent access to and use of the information and data on your computer systems. There are no contractual limits on such access and use.

We will give you free technical software support for so long as we deem necessary for you to sufficiently understand our software. We will give you 45 days advance notice when we deem it reasonable for you to pay a reasonable technical support fee to receive additional technical support. We estimate that the technical support fee would be no more than \$250 per month.

**E-Problem Disclaimer:** Computer systems are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, the Year 2000 and similar date related problems, and attaches by hackers and other unauthorized intruders (“E-Problems”). We have taken reasonable steps so that E-Problems will not materially affect our business. We do not guarantee that information or communication systems that we or others supply will not be vulnerable to E-Problems. It is your responsibility to protect yourself from E-Problems. You should also take reasonable steps to verify that your suppliers, lenders, landlords, customers, and governmental agencies on which you rely have reasonable protection from E-problems. This may include taking reasonable steps to secure your systems including firewalls, password protection, and anti-virus systems, and to provide backup systems.

**C. Miscellaneous**

We may approve exceptions to our changes in the uniform standards for you or any other franchise that we believe are necessary or desirable based on particular circumstances. You have no right to object to this variance yourself. We may deny any or all of the above services to you while you are in breach of the franchise agreement or in default in the discharge of any of your obligations to us. (See Franchise Agreement, Paragraph 8.11.2. and Section 21.17)

**D. Employment Matters**

We do not assist you with the hiring, firing, managing or compensation of your employees. That is your responsibility. Other than initial and ongoing management training, we do not assist you with the training of your employees. We may provide you with an employee guide or manual, but it will only be a sample of certain employment matters unless otherwise indicated by us. It is your responsibility to comply with local and federal employment laws.

## **ITEM 12 TERRITORY**

**Franchise Territory**

Under the franchise agreement, we will grant you the exclusive right to use the system and proprietary marks solely within a specific geographic area, the boundaries of which will be negotiated prior to signing and described in the franchise agreement. Your franchise must be operated only from a single location within the territory as approved by us. The location of your franchise business may not be changed without our prior written consent.

We and our affiliates, either personally or through agents and representatives, reserve the right to sell PaintEZ® outlets through non-traditional franchises at our discretion, both within and without your territory, without paying compensation to you. These franchises may include locations at convention centers, sporting arenas, airports, military bases or other similar locations. We and our affiliate also reserve the right, to sell, market and distribute PaintEZ® products and products under other brands we control both within and outside your territory using other marketing strategies and distribution channels, such as catalogs and other direct

sales methods, to or through grocery and convenience stores and wholesale outlets, co-branding with other outlets and the Internet, etc. We do not pay you for soliciting or accepting orders or selling any products or services through other channels inside your territory. Neither we, nor an affiliate operates, franchises or has a plan to operate or franchise a business that sells or will sell goods or services similar to those sold in your franchise, but we reserve the right to do so in the future.

You must obtain our prior written permission if you want to relocate your franchise. Approval to relocate is based upon the same criteria used in approving a new franchisee's proposed site (See Item 11).

Other franchisees may not market within your territory and you may not market within other territories. You may provide services to locations within another franchisee's territory, but only if that has come from a referral of relationship you built in your territory and you have provided notice to the other franchisee. You may service customers in areas that have not been awarded to another franchisee, but your marketing is restricted to your territory. You do not receive the right or option to acquire additional franchises, but you may purchase another territory upon meeting certain requirements (staff, marketing plan, etc).

The specific size of your territory is negotiable between you and us based upon the population density, the population base in the territory, whether your location is in a metropolitan or rural area, the type of franchise, and other comparable factors. But generally, depending on the density of the population, your territory will have a population base of approximately 300,000 people. The written boundaries of your territory will be included in your franchise agreement. You are restricted to operations from the franchised premises and may not, without our prior written approval, open or operate another franchise business whether inside or outside the territory. You must actively market, promote, develop and sell your franchise products and services in your territory.

### **Continuation of Your Franchise**

Your territorial exclusivity is not dependent upon achievement of a certain sales value, market penetration, or any other contingency. There are no other circumstances that permit us to modify or alter your territorial rights during the term in your Franchise Agreement.

### **First Right of Purchase and Right of First Refusal**

You do not receive the right to acquire additional franchises or grant sub franchises within the franchise territory or in contiguous territories. You have not been extended options, rights of first refusal, or similar rights to acquire additional franchises or grant sub franchises within the franchise territory or in contiguous territories.

### **Minimum Sales Quota**

There are no minimum sales quotas required by EmeraldPro Franchising, Inc. nor your Franchise Agreement.

### **Our Use of the Trademarks and PaintEZ® Products and Services**

We retain all rights not specifically granted to you in the Franchise Agreement. This includes our right to use or license the use of our service marks and trademarks to others. Neither we nor our affiliates are restricted from participating in other distribution methods, whether or not within the franchise territory including Internet, other forms of media now or in the future developed, wholesale and mail order channels, whether under our principal marks or under marks and product configurations different than those offered through your franchise.

We retain the sole right to market on the Internet, including all use of websites, domain names, URL's, linking, meta-tags, advertising, auction sites, e-commerce, and co-branding arrangements. You will provide us content for our Internet marketing and follow our Intranet and Internet usage requirements. We also retain the sole right to use our marks on the Internet, including on websites, as domain names, directory addresses, meta-tags, and in connection with linking, advertising, co-branding, and other arrangements. We retain the right to approve any linking or other use of our website. You may not establish a presence in your market using the Internet except as we may specify, and only with our prior written consent. We intend that any franchisee website be accessed only through our home page. Subject to the terms of use on our website, we may gather, develop and use in any lawful manner information about any visitor to the website, including but not limited to your customers, franchisees, or prospective franchisees regardless of whether they were referred to you via the website or were otherwise in contact with you.

We have not established and do not intend to establish other franchises or company-owned outlets selling similar products or services under a different method of operation, trade name or trademark.

We may purchase or be purchased by, or merge, or combine with, competing businesses, wherever located.

#### **Your Use of the Trademarks and PaintEZ® Products and Services**

Except with our prior written permission, you will not place, under any circumstances, advertisements using our marks in or originating from any area other than the franchise territory.

Except as otherwise provided in the Franchise Agreement or the manual, you may not directly market to, or solicit customers whose principal home address or place of business is outside the franchise territory. You may not advertise in any media whose primary circulation is outside the franchise territory, except with our prior written permission and the prior written consent of any of our franchisees whose territory is reached by that media. All Internet marketing is part of our marketing programs described in the manual and defined in the Franchise Agreement; and must be coordinated through us and approved by us. You may not market independently on the Internet or acquire an independent Internet domain name or website. You may not solicit or accept orders outside your franchise territory under other channels of distribution (such as the Internet, other forms of media now or in the future developed, wholesale and mail order channels) without our prior written approval.

Only we may place national or regional advertising.


## **ITEM 13 TRADEMARKS**

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

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

Registration/ Serial Number	Word or Design Mark	Registry	Registration/ Filing Date	Status
6986821	PaintEZ®	Principal	February 21, 2023	Registered.

We do not have a federal registration for our logo listed below. Therefore, our logo does not have many legal benefits and rights as a federally-registered trademark. If our right to use the logo is challenged, you may have to change to an alternative logo, which may increase your expenses.

Registration/ Serial Number	Word or Design Mark	Registry	Registration/ Filing Date	Status
97900738	 ™	Principal	April 21, 2023	Pending Registration.

The following trademarks have not been registered with the United States Patent and Trademark Office and we do not plan on filing application with the United States Patent and Trademark Office for these trademarks. Therefore, this trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

“ROOMS FOR HOPE™”

“MAKE ROOM FOR HOPE™”

You must use all trademarks in strict compliance with our manuals and the PaintEZ® system. You must modify or discontinue the use of a trademark at your cost, if we modify or discontinue it. You are prohibited from using any trademark as part of your corporate name, but you must use the name PaintEZ® as part of an assumed name or dba registered with the applicable governmental authority. This use is non-exclusive. You cannot make application for registration or other protection of PaintEZ® names, derivatives or any other trademark used by us.

You may only use the trademarks with the letters “TM” or “SM” or “®” as appropriate. You are prohibited from using any trademark in the sale of any unauthorized product or service or in any manner not expressly authorized in writing by us. You are required to adhere fully and strictly to all security procedures required by us for maintaining the secrecy of proprietary information.

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

There are presently no superior rights in or infringing uses of the trademarks that could materially affect your use of the trademarks in your territory.

We may make modifications or discontinue the use of any of our trademarks. In the event that our trademarks, service marks, logos, font, symbols, or any other identifying mark is modified or discontinued, you are required to make all changes that we request, and you will be responsible for any costs associated with trademark modification or termination.

You are obligated to immediately notify us when you learn about an infringement of or challenge to your use of our trademarks. We will have the discretion to take the action we deem appropriate. We are not obligated to protect any rights which you have to use the trademarks, or to protect you against claims of infringement or unfair competition. You are given the right to protect yourself, at your sole cost, from any of these claims if we elect not to prosecute the claim of infringement or unfair competition; however, we have the right to control any administrative proceedings or litigation involving the trademarks, and you will proceed in strict coordination and oversight by us. You may not act contrary to our rights in the marks. We are not required to defend or indemnify you for expenses or damages if you are party to an administrative or judicial proceeding involving the licensed trademarks.

You may not contest, directly or indirectly, our right and interest in our trademarks, names or marks, trade secrets, methods, and procedures which are part of our business and agree to execute documents and assurances necessary to effectuate these provisions. Any goodwill associated with the trademarks or system belongs exclusively to us.

All goodwill associated with the trademarks, including any goodwill that might be deemed to have arisen through your activities, will accrue directly and exclusively to our benefit, except as otherwise provided by applicable law.

You may not use or give others permission to use the trademarks, or any colorable imitation of them, combined with any other words or phrases.

We claim common law rights to the trademarks and any other marks used by us in interstate commerce in the United States. This claim is based upon our widespread use of the names in interstate commerce.

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

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

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

You can use the proprietary information in our manual but only in connection with the system. The manual may not be copied. The manual must be returned to us upon termination of your franchise. As mentioned above, portions of the “system” are a trade secret or confidential and proprietary to us. You must also promptly tell us when you learn about unauthorized use of the manual and any other proprietary information.

We are not obligated to take any action but will respond to this information, as we believe appropriate. If applicable, we have the right to control any administrative proceedings or litigation. We are not required to defend or indemnify you for any damages from a proceeding based on copyright. You must modify or discontinue the use of any copyright, at your cost, if we modify it, in our reasonable discretion.

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

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

There are presently no superior rights in or infringing uses of the copyrights or patents that could materially affect your use of the copyrights or patents in your territory.

## **ITEM 15**

### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

We recommend that you or one of your owners if you are a corporation or partnership, participate fully in the actual day-to-day operation of the franchise business. However, you are not required to participate in the day-to-day operations of your franchise by the Franchise Agreement or any other contractual obligation with us. You may designate a manager to assume responsibility for day-to-day operations. We do not impose any restrictions on who may serve as a manager of your franchise; however, you should exercise reasonable care in selecting your employees. Any managers you employ to help you to operate the franchise must successfully complete the mandatory training program described in Item 11 before they can manage the franchise business. Your manager is not required to have an equity interest in your franchise. The manager and all of your owners must agree to be bound by the confidentiality and non-competition provisions of the Franchise Agreement in writing.

Each of your owners must assume and agree to discharge all of your obligations under the franchise agreement.

You must understand clearly that the risks, financial and otherwise, which are inherent with the beginning of any new business, are yours alone. We, as a matter of policy, will not assist you in any decision-making process which may affect your business operations. The success or failure of your franchise as a business enterprise is for the most part dependent on your efforts. Purchase of this franchise should not be considered by anyone who is unfamiliar with standard business practices or is unwilling to accept the responsibilities associated with running a small business.

Neither you nor your management employees can have an interest in or business relationship with any competing business. Your on-premises designated manager does not need to have an ownership interest in your franchise business. You, your partners, directors, members, shareholders and your manager and other

principal employees will be required to sign standard confidentiality agreements to protect and keep confidential our trade secrets and confidential information described in Item 14 and to conform with the covenants not to compete described in Item 17. Your employees may also be required to sign confidentiality agreements. You, your partners, directors, members, shareholders and your manager and other principal employees, however, will be required to sign a standard confidentiality to protect and keep confidential our trade secrets and confidential information described in Item 14 and to conform with the covenants not to compete described in Item 17 and our confidentiality agreement (see Exhibit A-4). Your employees will also be required to sign covenants not to compete and confidentiality agreements (see Exhibit A-5).

You must maintain sufficient supplies and materials and employ adequate personnel to operate the franchise business at maximum efficiency. You must keep free from conflicting enterprises or any other activities which would be detrimental to or interfere with your franchise business or the franchise system. You must conduct frequent inspections of the facilities to ensure the highest standards of cleanliness and general pleasant appearance, as well as frequent inspections of the operations to ensure compliance with our approved methods.

Failure to provide the required on-premise supervision is considered a default under the franchise agreement and may result in terminating your franchise. In addition, if we or our independent service provider find that you are not in compliance, we have the option, at our discretion, to manage the franchise until you have found a suitable replacement to act as your manager. For this you will be charged our then-current fee, (currently \$300 per person per day), plus travel and living expenses for our representatives and you will remain responsible for all royalties, marketing fees, and all other fees required under the franchise agreement.

Any individual who owns a 5% or greater interest in the franchise business, and his or her spouse, must personally guarantee the performance of all your obligations under the franchise agreement and agree to be personally bound by, and liable for, the breach of every provision of the franchise agreement.

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

You must provide and sell only those products and services specified and approved by us in writing. No product or service may be added to, altered, or discontinued by your franchise business unless it is first approved by us in writing. You must offer all products and services required by us. We reserve the right to add, modify, or delete products and/or services that you will be required to offer. There are no limits on our right to do so. You must strictly follow our policies, procedures, specifications, methods and techniques concerning all of our products and services. There are no limits to customers to whom franchisee may sell goods and services.

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

### **THE FRANCHISE RELATIONSHIP**

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

<b><u>Provision</u></b>	<b><u>Section in Franchise Agreement</u></b>	<b><u>Summary</u></b>
a. Length of the franchise term	Section 4.1	Term - 10 years.



<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
b. Renewal or extension of term	Section 4.2	If you are in good standing, you may renew for periods of 10 years under the terms of our then current franchise agreement forms that may have materially different terms and conditions than your original contract.
c. Requirements for franchisee to renew or extend	Section 4.2	“Renewal” means that you, upon the expiration of the original term of the franchise agreement, have the right to enter into a new agreement according to our then-current franchise agreement forms that may have materially different terms and conditions than your original contract. You must give notice at least three and not more than 6 months before expiration of the initial term; faithfully perform under the initial agreement; refurbish the Franchise and replace obsolete equipment; sign general release; sign a new agreement; pay \$5,000 renewal fee
d. Termination by franchisee	Section 12.1	You may terminate the Franchise Agreement if you comply with the terms of the Franchise Agreement and if we substantially breach any material provision of the Agreement and fail to cure or reasonably to begin to cure that breach within 90 days after receipt of written notice specifying the breach. Termination will be effective 10 days after you deliver to us written notice of termination for our failure to cure within the allowed period.
e. Termination by franchisor without cause	Section 12.2	We must have cause to terminate the agreement (see below).

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
f. Termination by franchisor with cause	Sections 12.2	We can terminate the franchise agreement if you are in default of any agreement with us. There are certain specified breaches for which we can terminate without giving you an opportunity to cure (see (h) below).
g. "Cause" defined – curable defaults	Paragraphs 12.2.1	You have certain number of days to cure any default of the franchise agreement.
h. "Cause" defined – non-curable defaults	Paragraphs 12.2.2	Non-curable defaults: conviction of felony, fraud, repeated defaults even if cured, harm the public, abandonment, trademark misuse, and other defaults listed in the franchise agreement.
i. Franchisee's obligations on termination/non-renewal	Section 13.1	De-identification, return of manuals, release of phone numbers and listings, de-identification of your franchise equipment and premises, payment of sums owed, confidentiality, and non-competition (see also (r) below).
j. Assignment of contract by franchisor	Section 15.1	There are no restrictions on our right to transfer, including merging with, acquisition by, or sale to a competing company.
k. "Transfer" by franchisee – defined	Section 15.2	Restrictions apply if you sell, transfer, assign, encumber, give, lease, or sublease (collectively called "transfer") the whole or any part of: the franchise agreement, substantial assets of the franchise, or ownership or control of you.
l. Franchisor approval of transfer by franchisee	Section 15.3	We must approve all transfers, but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Section 15.6	You are not in default, all fees are current, new franchisee qualifies, transfer and training fee paid, purchase agreement approved, training arranged, new transferee signs the then-

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
		current franchise agreement, and a release is signed by you (see state specific addenda).
n. Franchisor’s right of first refusal to acquire franchisee’s business	Section 15.8	If you receive an offer, we will have the right to purchase on the same terms and conditions as offered to you, 60-day notice and right to decide.
o. Franchisor’s option to purchase franchisee’s business	Article XIV	Upon termination, we can buy your assets at fair market value.
p. Death or disability of franchisee	Section 15.10	<p>Within 180 days, your heirs, beneficiaries, devisees or legal representatives may apply to continue to operate the franchise, or transfer Franchise interest.</p> <p>We may operate your franchise business until a personal representative is approved and a new manager trained, or the franchise must be assigned to approved buyer within a reasonable time. Upon death or incapacity, we have the right but not the obligation to operate your franchise business for a fee until a trained manager is in place. You will be charged a per day/per representative fee (currently \$300 per person per day), plus our costs, for us to manage your franchise business during this time.</p>
q. Non-competition covenants during the term of the franchise	Section 16.1	No involvement in competing business anywhere without our written consent. You may not disclose confidential information or compete.
r. Non-competition covenants after the franchise is terminated or expires	Sections 16.1 – 16.7	No competition is allowed for 2 years within the Territory, within a 100-mile radius of the Territory, within a 100-mile radius of any location where we operate or have granted the franchise to operate a PaintEZ® business. If you compete within

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
		the time period then this non-compete time period will be extended for the period of your competition plus 6 months.
s. Modification of the agreement	Section 21.11	No modifications generally, unless made in writing and signed by both parties, but policies and procedures are subject to change by us.
t. Integration/Merger clause	Section 21.1	Only the terms of the franchise agreement are binding (subject to state law). All representations and promises outside the disclosure document and franchise agreement may not be enforceable. Our integration/merger clause does not disclaim the representations in this disclosure document.
u. Dispute resolution by mediation and/or arbitration	Article XIX	Except for certain claims, all disputes must be brought in Salt Lake County, State of Utah, except as stated in State Addenda to this Disclosure Document. The Franchise Agreement prohibits disputes from being litigated on a class or consolidated basis.
v. Choice of forum	Section 18.2	Litigation must be in Utah, except as stated in State Addenda to this disclosure document (subject to applicable state law).
w. Choice of law	Section 18.1	Utah law applies except as otherwise provided in the Franchise Agreement and subject to state laws in those states whose laws require exclusive application and except to the extent governed by the United States Trademark Act.

See State Law Addendum for additional, state-specific disclosures.

## ITEM 18 PUBLIC FIGURES

No public figures are involved in our franchise program.

## 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.

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

### Financial Performance Representation

The following tables are historical financial performance representations about some of our system’s existing franchisees in the United States.

We are only including franchises that have been open and operating for 12 full months as of December 31, 2022 with the same operator. We do not include any company or affiliate owned franchises.

As of the end of the 2022 reporting period, there were 9 franchise territories and 1 company or affiliate owned territories in the United States. Of the franchise territories, there were 8 franchisees that were open and operating with the same owner for the entire 2022 year. The data used to generate the figures in the following tables was not audited.

### PaintEZ® Financial Performance Data for Franchisees for the 12-Month Period Ending December 31, 2022

	FRANCHISEE 1		FRANCHISEE 2		FRANCHISEE 3	
		% of Revenue		% of Revenue		% of Revenue
<b>Total Revenue</b>	<b>\$746,719.42</b>	<b>100%</b>	<b>\$352,457.54</b>	<b>100%</b>	<b>\$453,872.14</b>	<b>100%</b>
<b>Costs of Goods Sold*</b>						
Material and Other Project Costs	\$140,356.56	18.8%	\$42,470.71	12%	\$72,605.89	16%
Subcontractor Expenses	\$288,652.57	38.7%	\$140,075.50	39.7%	\$180,430.00	39.8%
<b>Total Costs of Goods Sold*</b>	<b>\$429,009.13</b>	<b>57.5%</b>	<b>\$182,546.21</b>	<b>51.8%</b>	<b>\$253,035.89</b>	<b>55.8%</b>

<b>Gross Profit</b>	<b>\$317,710.29</b>	<b>42.5%</b>	<b>\$169,911.33</b>	<b>48.2%</b>	<b>\$200,836.25</b>	<b>44.2%</b>
<b>Total Expenses**</b>	<b>\$134,761.43</b>	<b>18%</b>	<b>\$87,288.18</b>	<b>24.8%</b>	<b>\$57,824.92</b>	<b>12.7%</b>
<b>Net Income</b>	<b>\$182,948.86</b>	<b>24.5%</b>	<b>\$82,627.42</b>	<b>23.4%</b>	<b>\$143,011.33</b>	<b>31.5%</b>
<b>Net Profitability</b>	<b>25%</b>		<b>23%</b>		<b>32%</b>	
<b>Management Model</b>	Owner Operator		Owner Operator		Owner Operator	

	FRANCHISEE 4		FRANCHISEE 5		FRANCHISEE 6	
		% of Revenue		% of Revenue		% of Revenue
<b>Total Revenue</b>	<b>\$964,759.86</b>	<b>100%</b>	<b>\$741,258.89</b>	<b>100%</b>	<b>\$348,775.94</b>	<b>100%</b>
<b>Costs of Goods Sold*</b>						
Material and Other Project Costs	\$160,620.34	16.6%	\$89,999.01	12.1%	\$56,802.24	16.3%
Subcontractor Expenses	\$424,138.95	44%	\$295,234.50	39.8%	\$142,337.00	40.8%
<b>Total Costs of Goods Sold*</b>	<b>\$584,759.29</b>	<b>60.4%</b>	<b>\$385,233.51</b>	<b>52%</b>	<b>\$199,139.24</b>	<b>57.1%</b>
<b>Gross Profit</b>	<b>\$380,000.57</b>	<b>39.4%</b>	<b>\$356,025.38</b>	<b>48%</b>	<b>\$149,636.70</b>	<b>42.9%</b>
<b>Total Expenses**</b>	<b>\$228,595.38</b>	<b>23.7%</b>	<b>\$90,232.77</b>	<b>12.2%</b>	<b>\$68,826.99</b>	<b>19.7%</b>
<b>Net Income</b>	<b>\$151,405.19</b>	<b>15.7%</b>	<b>\$265,792.61</b>	<b>35.9%</b>	<b>\$80,809.71</b>	<b>23.2%</b>
<b>Net Profitability</b>	<b>16%</b>		<b>36%</b>		<b>23%</b>	
<b>Management Model</b>	Owner Operator with Project Manager		Owner Operator		Owner Operator	

	FRANCHISEE 7		FRANCHISEE 8 (2 Territories)	
		% of Revenue		% of Revenue
<b>Total Revenue</b>	<b>\$682,492.69</b>	<b>100%</b>	<b>\$1,659,483.66</b>	<b>100%</b>
<b>Costs of Goods Sold*</b>				
Material and Other Project Costs	\$103,988.73	15.2%	\$252,069.89	15.2%
Subcontractor Expenses	\$341,350.00	50%	\$654,931.15	39.5%
<b>Total Costs of Goods Sold*</b>	<b>\$445,338.73</b>	<b>65.3%</b>	<b>\$907,001.04</b>	<b>54.7%</b>
<b>Gross Profit</b>	<b>\$237,153.96</b>	<b>34.7%</b>	<b>\$752,482.62</b>	<b>45.3%</b>
<b>Total Expenses**</b>	<b>\$134,919.58</b>	<b>19.8%</b>	<b>\$464,578.96</b>	<b>28%</b>
<b>Net Income</b>	<b>\$102,234.38</b>	<b>15%</b>	<b>\$287,903.66</b>	<b>17.3%</b>
<b>Net Profitability</b>	<b>15%</b>		<b>17%</b>	
<b>Management Model</b>	Owner Operator		Owner Operator with Project Manager	

\* Cost of Goods sold includes subcontractor costs and material costs.

\*\*Total expenses include advertising, royalties, auto/truck expenses, technology, and payroll expenses, etc.

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

Other than the preceding financial performance representation, EmeraldPro Franchising, Inc. dba Paint EZ 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 Jay D Mason at 138 E. 12300 S. Unit #393 Draper, UT 84020, (833) PAINT-EZ, or info@paintEZ.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

## **ITEM 20 OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
SYSTEMWIDE OUTLET SUMMARY  
As of December 31 for Years 2020, 2021, and 2022**

<b><u>Outlet Type</u></b>	<b><u>Year</u></b>	<b><u>Outlets at the Start of the Year</u></b>	<b><u>Outlets at the End of the Year</u></b>	<b><u>Net Change</u></b>
Franchised**	2020	9	8	-1
	2021	8	8	0
	2022	8	9	+1
Company or Affiliate Owned*	2020	0	1	+1
	2021	1	2	+1
	2022	2	1	-1
<b>Total Outlets</b>	<b>2020</b>	<b>9</b>	<b>9</b>	<b>0</b>
	<b>2021</b>	<b>9</b>	<b>10</b>	<b>+1</b>
	<b>2022</b>	<b>10</b>	<b>10</b>	<b>0</b>

\*The "affiliate-owned" outlets are owned and operated by our CEO, Jay D Mason.

\*\*Some of the franchises in this chart are still operating under the prior EmeraldPro Painting® trademark.

**Table No. 2  
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS  
As of December 31 for Years 2020, 2021, and 2022**

<b><u>State</u></b>	<b><u>Year</u></b>	<b><u>Number of Transfers</u></b>
Colorado	2020	0
	2021	1
	2022	0
<b>Total</b>	<b>2020</b>	<b>0</b>
	<b>2021</b>	<b>1</b>
	<b>2022</b>	<b>0</b>

**Table No. 3**  
**STATUS OF FRANCHISED OUTLETS**  
**As of December 31, for Years 2020, 2021, and 2022**

<u>State</u>	<u>Year</u>	<u>Outlets at the Start of the Year</u>	<u>Outlets Opened</u>	<u>Terminations</u>	<u>Non-Renewals</u>	<u>Reacquired by Franchisor</u>	<u>Ceased Operations – Other Reasons</u>	<u>Outlets at End of the Year</u>
Arizona	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Colorado	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Idaho	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Nebraska	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
North Carolina	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
South Carolina	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Tennessee	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Utah	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
<b>Total</b>	<b>2020</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>8</b>
	<b>2021</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8</b>
	<b>2022</b>	<b>8</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9</b>



**Table No. 4**  
**STATUS OF COMPANY-OWNED OUTLETS**  
**As of December 31, for Years 2020, 2021, and 2022**

<u>State</u>	<u>Year</u>	<u>Outlets at the Start of the Year</u>	<u>Outlets Opened</u>	<u>Outlets Reacquired from Franchisees</u>	<u>Outlets Closed</u>	<u>Outlets Sold to Franchisees</u>	<u>Outlets at End of Year</u>
Arizona	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1
Utah	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	1	0
<b>Total*</b>	<b>2020</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2021</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
	<b>2022</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>

\*These “company-owned” outlets are owned and operated by our CEO, Jay D Mason. Prior to franchising, Mr. Mason owned an EmeraldPro® location in Greensboro, North Carolina with a partner. He and his partner entered into an agreement where Mr. Mason exited the business, but the partner was able to continue to operate and use the name EmeraldPro®, but he is not a franchisee.

**Table No. 5**  
**PROJECTED OPENINGS AS OF DECEMBER 31, 2022**

<u>State</u>	<u>Franchise Agreements Signed BUT Outlet Not Operating</u>	<u>Projected New Franchised Outlets in the Next Fiscal Year</u>	<u>Projected New Company-Owned Outlets in the Next Fiscal Year</u>
Alabama	0	1	0
Colorado	0	2	0
Florida	0	2	0
Georgia	0	1	0
Idaho	0	0	0
Illinois	0	1	0
Indiana	0	1	0
Massachusetts	0	1	0
Michigan	0	1	0
Minnesota	0	1	0
Missouri	0	1	0
Nebraska	0	0	0
Nevada	0	1	0
New Jersey	0	1	0
New York	0	1	0
North Carolina	0	1	0
Ohio	0	1	0
Oklahoma	0	1	0
Pennsylvania	0	1	0
South Carolina	0	1	0

<u>State</u>	<u>Franchise Agreements Signed BUT Outlet Not Operating</u>	<u>Projected New Franchised Outlets in the Next Fiscal Year</u>	<u>Projected New Company-Owned Outlets in the Next Fiscal Year</u>
Tennessee	0	1	0
Texas	1	2	0
Utah	0	0	0
Wisconsin	0	1	0
<b>TOTALS</b>	<b>1</b>	<b>24</b>	<b>0</b>

\*NOTE: These are projections of the number of new franchises we expect will open in the next fiscal year. It is, however, only a projection. The chart shows those states which we consider priority states, however, we do not plan to sell franchises in all of those states in the upcoming year. We continue to look for new franchisees throughout the United States and will open locations in any state in which we find qualified purchasers. Therefore, the actual number of new franchisees in any state that open in the next fiscal year could vary from the number described above.

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

Exhibit D contains a list of our current franchisees and affiliate owned units.

No franchisees have signed confidentiality clauses during the last three fiscal years which would limit their ability to speak openly with you about their experience with us. We do not know of any trademark specific franchisee organizations associated with our system that are required to be disclosed in this item.

## **ITEM 21 FINANCIAL STATEMENTS**

Our fiscal year ends on December 31 of each year. Attached as Exhibit C is our audited financial statement dated December 31, 2022.

## **ITEM 22 CONTRACTS**

We have attached the following contracts: as Exhibit A, the Franchise Agreement; as Exhibit B, the Statement of Prospective Franchisee; and as Exhibit H, the Release Agreement. All other contracts and agreements are to be entered into with persons of your choice and therefore cannot be attached.

## **ITEM 23 RECEIPTS**

The last two pages of this disclosure document contain a receipt, in duplicate. The receipt is a detachable acknowledgement that you have received this franchise disclosure document. Both receipts should be signed and one copy should be returned to us. Please sign and date the receipts and return one copy to us and keep the other for your records. You may return the signed and dated receipt either by mailing it to us at 138 E. 12300 S. Unit #393 Draper, UT 84020, or by emailing a copy to us at [info@paintEZ.com](mailto:info@paintEZ.com).

**EXHIBIT "A"**  
**TO THE FDD**  
**FRANCHISE AGREEMENT**



# FRANCHISE AGREEMENT

By and Between

**EMERALDPRO FRANCHISING, INC.  
(Franchisor)**

and

---

**(Franchisee)**

**Date of Agreement:** \_\_\_\_\_

**EMERALDPRO FRANCHISING, INC.  
FRANCHISE AGREEMENT  
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**EXHIBITS**

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- A-9 Authorization Agreement for Electronic Funds Transfer
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## DEFINITIONS

1.1 “Confidential Information” means any information proprietary to PaintEZ® and Includes the following: any standards, documents, or trade secrets approved for use in the System or in design, construction, renovation, or operation of the franchise, product formulas, profit margins, marketing or promotional strategies, pricing information, distributor lists, discount structures, new product lines, commission schedules, customer lists, correspondence between PaintEZ® and its existing or potential customers and distributors, suppliers, documents of any description or kind prepared by PaintEZ®, any other confidential information, knowledge, trade secrets, business information, know-how obtained by PaintEZ®, and any other information proprietary to PaintEZ® which is not in the public domain.

1.2 “Franchisor” Includes an individual, corporation, partnership, limited liability company, or other legal entity.

1.3 “Franchisee” Includes any individual, corporation, partnership, limited liability company, individual, combination of individuals, or other legal entity that owns a majority interest of Franchisee, or in which Franchisee owns a majority interest and Includes all persons who succeed to Franchisee’s interest by transfer or by operation of law.

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

1.5 “Intellectual Property” Includes the following, regardless of form or medium: Marks, names, copyrights, trade names, service marks, trade dress, trade secrets, inventions, software, operations, all parts of the System, and any other intangible proprietary information.

1.6 “Manuals” shall refer to Our guides, manuals, policies, and procedure documents, bulletins, or other written materials developed by Us and distributed to You. We may require You to access these documents electronically.

1.7 “Marks” means any names, slogans, service marks, logos, symbols, words, designs, insignia, emblems, devices, and registered or common law trademarks owned by Us or Our parent, now or later developed, and licensed to You to be used only in connection with Your Franchise Business.

1.8 “Social Media” shall include all websites, internet pages, social media sites, apps, online interactions, online marketing, or any other form of online communications.

1.9 “System” means the standards, Products, advertising, sales and promotional techniques, Intellectual Property, Confidential Information, other proprietary rights, design, layout, formulas, procedures, guidelines, processes, personal training, trade dress, color schemes, specifications, methods of inventory, operational control, accounting, bookkeeping, Manuals, and other distinct elements or characteristics which Franchisor, or its affiliates, have developed, designed, or adopted for the operation of its franchises and will continuously be developed by Franchisor, or its affiliates, to enhance the reputation and goodwill of Franchisor.

1.10 “Transfers” shall mean all sales, pledges, assignments, conveyances, encumbrances, bequests, trades, exchanges, leases, co-ownership with a spouse, gifts, and any other transfers, whether voluntary or involuntary, and whether or not for consideration.

1.11 “We,” “Our(s),” or “Us” Includes Franchisor and its predecessors, parents, affiliates, subsidiaries, officers, directors, shareholders, members, managers, employees, agents, and a person or entity directly or indirectly controlling, controlled by or under direct or indirect common control by Franchisor.

1.12 “You” or “Your(s)” Includes Franchisee, all signers of this Agreement, Including all guarantors and Includes all current and subsequent members, owners, partners, shareholders, managers, directors, officers, owners, agents, affiliates, principal employees, and a person or entity directly or indirectly controlling, controlled by or under direct or indirect common control by You.



**PAINTEZ®**  
**FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (“Agreement”) is entered into and made effective as of this \_\_\_ day of \_\_\_\_\_ 20\_\_\_ (“Effective Date”) by and between EMERALDPRO FRANCHISING, INC. dba PAINT EZ, a Utah corporation (“PaintEZ®” or “Franchisor” or “We/Us/Our”), and \_\_\_\_\_,LLC/INC. a \_\_\_\_\_ [state] limited liability company/corporation (“Franchisee” or “You” or “Your”).

**RECITALS**

- A. As a result of the expenditure of time, skill, effort, and money, Franchisor has developed and owns a certain unique, comprehensive, and distinct System and method for the establishment, development, and operation of a residential and commercial painting business (the “PaintEZ® Business” or the “Franchise Business”).
- B. The System Includes standards relating to the franchise operations, procedure, guidelines, Products, advertising, sales and promotional techniques, Intellectual Property, Confidential Information, and other proprietary rights, processes, personnel training, trade dress, design, color schemes, layout, formulas, specifications, methods of inventory, operation, control, accounting, bookkeeping, Manuals covering practices and policies, and other matters relating to the operation and promotion of a PaintEZ® franchise that have been developed by Franchisor, and its affiliates, is comprehensive and will continuously be developed, (collectively known as the "System"), all of which are designed to enhance the reputation and goodwill of PaintEZ® operations. Franchisee acknowledges and agrees that PaintEZ® is the exclusive holder of all rights under the System.
- C. Franchisor owns or has the right to license certain Intellectual Property Including trademarks, trade names, service marks, and other source indicators, PaintEZ® and other Marks that Franchisor may introduce from time to time (collectively known as the “Marks”), which are used in connection with PaintEZ® operation and PaintEZ® Products. Franchisee hereby acknowledges the distinctiveness and value of the Marks. For purposes of this Agreement, "Products" Includes all products and goods that bear the Marks, and other goods, products, and services designated or approved by Us from time to time for use, sale or otherwise to be provided at the Franchise Business.
- D. Franchisor grants to persons, who meet Franchisor's qualifications and who are willing to undertake the investment and effort, a license to establish and develop a business under Franchisor’s brand.
- E. Franchisee wishes to obtain the right to use the System for the operation of a PaintEZ® Business and to operate such business under and in compliance with the operating procedures developed by Franchisor and to avail itself of the benefits of the System, subject to the terms and provisions of this Agreement as set forth below. Franchisee recognizes the benefits derived from utilizing the System and being identified under the PaintEZ® name

as it encompasses brand recognition which signifies quality products and services to customers. Franchisee agrees to use commercially reasonable efforts to provide excellent customer service to maintain Franchisor's goodwill and superior brand.

- F. Franchisee agrees and declares: (i) it has conducted an independent investigation and is familiar with the essential aspects and purposes of the PaintEZ® Business and System; (ii) it recognizes the potential benefits to be derived from being able to utilize the System and the Marks, but also understands that an investment in a franchise involves business risk and the success of the venture is largely dependent upon the business abilities and efforts of the Franchisee; (iii) it understands the System is intended and designed to protect PaintEZ®'s standards, procedures, policies, and Marks, and not to control the day-to-day operation of the Franchise Business, which will at all times be under Franchisee's control, and Franchisee will be responsible for the day-to-day operation of its Franchise Business; (iv) it has had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Agreement by counsel of Franchisee's own choosing; (v) based upon such investigation and review of the System and this Agreement, Franchisee desires a franchise to own and operate under the PaintEZ® name pursuant to this Agreement at the Territory specified hereafter; and (vi) it has had a copy of between EMERALDPRO FRANCHISING, INC.'s Franchise Disclosure Documents for at least 14 calendar days, or 10 business days, whichever is applicable in Franchisee's state, prior to signing this Agreement and prior to making any payments to Franchisor.
- G. PaintEZ® expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, expressed or implied, as to the revenues, profits or success of the Franchise Business contemplated by this Agreement. Franchisee acknowledges that it has not received or relied upon any representations about the franchise by the Franchisor, its officers, directors, employees or agents that are contrary to the statements made in the Franchise Agreement or to the terms herein; and further represents to the Franchisor, as an inducement to its entry into this Agreement, that Franchisee has made no misrepresentations to obtain the grant of the franchise.
- H. Franchisee hereby acknowledges that it has read this Agreement and that it accepts the terms, conditions, and covenants contained herein as being reasonably necessary to maintain the Franchisor's high standards of quality and service and the uniformity of those standards of operations that are associated with the PaintEZ® name in order to protect and preserve the goodwill associated thereof. Franchisee understands that it is necessary to prescribe conditions to govern the operation of the franchise so that the public will come to rely on a high measure of excellence from each franchise operating under the PaintEZ® name and that Franchisee's adherence to such standards and requirements will enhance the business prospects and profitability for all franchisees.

## **AGREEMENT**

NOW, THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

### **ARTICLE I: GRANT OF RIGHTS AND RESTRICTIONS ON RIGHTS**

1.1 Grant of Rights. Subject to all of the terms and conditions of this Agreement, PaintEZ® hereby grants to Franchisee, who accepts the privilege of, the non-exclusive, non-transferable, non-sublicensable personal right to establish and conduct a single PaintEZ® franchise solely in Your Territory, unless other locations are approved in writing by Us, (“Premises”) and to use the Marks and System to operate such business in strict compliance with the terms and conditions of this Franchise Agreement and the Manuals. We make no representations or warranties as to the potential or success of any franchise location.

1.2 Restrictions on Grant of Rights. The rights and privileges granted to You under this Agreement are personal rights. The rights granted under this Agreement are solely for the purpose of a franchise in Your Territory set forth in Exhibit “A-1” and will not extend to the operation of a franchise or any other use of the System from any other location within or outside Your Territory or in any other manner, except as may be allowed by this Agreement. You acknowledge that We own the sole rights in and to the System and that Your right to use the System is granted by Us solely pursuant to the terms of this Agreement. You acknowledge and agree that the franchise granted herein relates solely to the Franchise Business and that Franchisee shall not, without the express written authorization of PaintEZ®, do any of the following:

- i. conduct the Franchise Business outside Your Territory;
- ii. conduct any activities through the Franchise Business other than as expressly permitted hereunder;
- iii. sell or distribute Products through any means other than through the Franchise Business, Including through Social Media site or the internet; and
- iv. engage in direct or indirect sales or distribution of Products to a third party for resale, retail or further distribution through any channel of trade.

1.3 Reserved Rights. We retain all rights not specifically granted to You in the Franchise Agreement. We reserve all rights to operate and to authorize others to operate PaintEZ® franchises outside Your Territory. You agree that You have no expectation of any reserved location or protected area to operate Your franchise beyond Your defined Territory. Furthermore, We and Our affiliates expressly reserve the right to sell, market, and distribute all PaintEZ® Products in Your Territory and elsewhere using other marketing strategies and distribution channels Including by catalog sales, direct sales to and through stores, the Internet, and/or co-branding with others without compensation to You. You may not sell Our Products and/or services using such reserved marketing strategies and distribution channels without Our prior written permission. You expressly

acknowledge and agree that this license is non-exclusive, and that We retain the right in Our sole discretion: (i) to grant other franchises or licenses for Our trademarks in addition to those already granted to existing franchisees; (ii) to develop and establish other franchise or licensed systems for the same or similar products or services utilizing similar marks, or any other marks and to grant franchises or licenses thereto; and (iii) to use Our Marks in connection with the manufacture and sale of products at wholesale and at retail.

1.4 Entity Franchisee. If You are operating as a partnership, corporation, or limited liability company, You must designate the principal contact in connection with Your Franchise Business. This principal contact must be a general partner, manager, or controlling shareholder, and must be listed on Exhibit “A-3.” Such representative will have the authority to speak for and bind You in all matters pertaining to this Agreement and Your Franchise Business. You agree not to use Our Marks or any other name similar thereto in the name of any corporation, partnership or other entity owned or formed by You, whether to own or operate Your Franchise Business or otherwise. However, You are required to file a DBA as set forth in Section 7.2 below.

1.5 Relocation of Franchise. You must receive PaintEZ®’s written consent before You may relocate Your Franchise Business. You are responsible for all costs or expenses related to such relocation. In order for relocation to be approved, the proposed site to relocate must satisfy Our then-current franchise placement and demographics criteria, as expressed in the most current version of Our Manual. We will notify You in writing on whether the relocation is approved or whether the relocation is denied.

1.6 Franchisor Mergers & Acquisitions. You agree that Our System must be flexible to merge or acquire other businesses that are in a similar or different industry. Such mergers and acquisitions are potentially beneficial to all parts of the System. Therefore, You agree that We reserve the right to merge, acquire, license, enter into agreements with or engage in other business arrangements with other parties, regardless of whether or not they are competitive with Your Franchise Business. You agree to fully cooperate with any such proposed merger and conversion at Your expense.

1.7 Conduct of Business. You agree to be strictly limited to the operation of the franchise as set forth and permitted herein or in Our other written directives and in Our high expectations. You shall not operate any other business or conduct any sales or other activities whatsoever, either from Your Territory or elsewhere, without prior written approval from Us. You agree to offer all services that We may require the franchise to offer.

1.8 Termination of Rights. The rights granted to You under this Agreement are of limited duration and, upon expiration or termination of this Agreement, all rights to operate the franchise under the PaintEZ® name and participate in the System developed by Us shall immediately cease, and thereafter, Franchisee shall not hold itself out in any way as affiliated with Franchisor, the PaintEZ® name, or as a past or present participant of the System.

## ARTICLE II: TERRITORY

As used in this Agreement, the term “Territory” means the geographic area that is granted to You and is described in the attached Exhibit “A-1”.

2.1 Territory Rights. PaintEZ® agrees to grant You a Territory for Your Franchise Business, as detailed in Exhibit “A-1,” which will generally have a population base of approximately 300,000 people. Other franchisees may not market within Your Territory and You may not market within other franchisee’s territories, You may provide services to locations within another franchisee’s territory, but only if that has come from a referral or relationship You built in Your Territory and You have provided notice to the other franchisee. You may service customers in areas that have not been awarded to another franchisee, but Your marketing is restricted to Your Territory. Any rights not expressly granted to You are expressly reserved for Us.

## ARTICLE III: FEES, REPORTS, AND STATEMENTS

3.1 Initial Franchise Fee. In consideration of the grant of rights hereunder, Franchisee shall pay Us, upon the execution of this Agreement an initial franchise fee in the amount of Fifty Thousand Dollars (\$50,000) for a single territory, Forty Thousand Dollars (\$40,000) for a second territory, Thirty Thousand Dollars (\$30,000) for a third territory, and any other additional territories beyond three will be an additional Thirty Thousand Dollars (\$30,000) (“Initial Fee”), in one lump sum at the time of execution of this Agreement in return for which Franchisee shall receive all the rights as defined herein to operate a residential and commercial painting business under the PaintEZ® name, subject to compliance with the terms of this Agreement. This Initial Fee is fully earned upon the acceptance of this Agreement by Franchisor and is non-refundable. The Initial Fee must be paid in full before any right or privileges exist for Franchisee under this Agreement.

3.2 Royalty. In consideration of Your right to use PaintEZ®’s Intellectual Property and System in accordance with this Agreement, You shall pay Us a non-refundable continuing monthly royalty, in accordance with Paragraph 3.4.2 below, as follows:

6% of Your annual Gross Sales if Your annual Gross Sales are from \$0 to \$1,000,000;

5% of the portion of Your annual Gross Sales that are from \$1,000,001 to \$2,000,000;

4.5% of the portion of Your annual Gross Sales that are from \$2,000,001 and above.

For example, if You make \$100,000 in Gross Sales for eight consecutive months, Your monthly royalty would be 6% or \$6,000 per month. If in month nine, You make \$300,000 in Gross Sales, You would pay 6% on \$200,000 and 5% on \$100,000, for a total royalty of \$17,000 for that month. If in month ten, You again make \$100,000 in Gross Sales, You would pay 5% or \$5,000 in royalties for that month.

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

3.3 Marketing Fees. In consideration of Our marketing and promotional programs that may benefit Your Franchise Business, You agree to pay Us a monthly marketing fee of one percent (1%) of Your Gross Sales, in accordance with Paragraph 3.4.2 below (“Brand Management Fees”), and You also agree to spend at least an additional five percent (5%) of Your monthly Gross Sales, or Twenty Thousand Dollars (\$20,000) annually, whichever is greater, for local marketing and promotional programs in Your Territory (“Local Advertising Requirement”). We encourage You to spend more than the above minimum on local marketing and promotional programs in Your Territory. The Brand Management Fee and Local Advertising Requirement are collectively referred to herein as the Marketing Fees. The Marketing Fees are subject to change, at Our discretion, for the best interest of the System.

3.3.1 Grand Opening Marketing Plan. We will provide you with a grand opening marketing plan, in which you will be responsible to pay Us and the various marketing vendors, for an estimated cost rand of Ten Thousand Dollars to Thirty Thousand Dollars (\$10,000 - \$30,000). This estimate for the grand opening marketing plan includes the costs for marketing and promotional materials used for in-house marketing such as website management, management of paid advertisements, post card creation, design work, brochure design work, materials containing the trademarks, etc., as well as general and promotional marketing for at least 3 months. This also includes the required purchase of a minimum number of online leads and online lead management services (SEO, PPC, LBL) for Your 3-month start-up phase.

3.3.2 Marketing Cooperative. If a local marketing cooperative is formed, You are required to contribute as calculated by the cooperative. This contribution will not exceed Your required annual Local Advertising Requirement in a single year, unless a majority of franchisees in Your marketing cooperative agree to increase the contribution amount. Your contribution may be counted as part of Your Marketing Fees (discussed in Section 3.3 above).

3.4 Financial Reports. Your royalty and Marketing Fees (specified in Sections 3.2 and 3.3 respectively) are to be made according to the calculation, reporting, and payment as follows:

3.4.1 Gross Sales Report. The “Gross Sales Report” will consist of all money received or accrued, sales or other services performed and such other information concerning Your financial affairs as We may require. We generally produce the Gross Sales Report based on Our access, however, We may require You to produce Your Gross Sales Report in the future, if so, You agree to send Us a “Gross Sales Report” no later than 15 days following the end of the previous calendar month, or as We so require.

3.4.2 Payment Due Date. Payment of all fees are to be made by electronic funds transfer from Your Operating Account to Our pre-authorized account, or as specified by Us. The

royalty and Marketing Fees as shown on the Gross Sales Report are due no later than 3:00 pm Mountain Standard Time on 7<sup>th</sup> day of each month for the previous month's sales ("Due Date"). Our current ACH agreement is attached as Exhibit "A-10" and may be modified at any time in Our sole discretion. We may require daily or weekly payment of royalty, marketing, and other fees in the future. You agree to only have one Operating Account.

3.4.3 Late Fees and Interest. If You fail to provide Us with the Gross Sales Report or fail to make any payment for fees by the Due Date, You agree to pay a late fee of Fifty Dollars (\$50) per day for each day the report or fees are not received by Us or ten percent (10%) of the fees due, whichever is greater, up to a maximum of Two Hundred Dollars (\$200) per month per late fee or report. These late fees are due five (5) days after You have received notice from Us. We have the right to adjust these late fees. In addition to any late fees, You agree all fees not paid when due will be subject to interest at the rate of eighteen percent (18%) per annum or the maximum rate allowed by law, whichever is less. Unpaid interest charges will compound annually.

3.5 Taxes. You shall pay, when due, any and all federal, state, and local taxes. If royalties or Marketing Fees are assessed a tax, of any nature, against Us, You agree to pay the taxing authority, or Us, a sum equal to the assessed tax for royalties or Marketing Fees.

3.6 Financial Statements. You agree to provide Us quarterly financial statements within fifteen (15) business days after the end of each quarter. These statements include a profit and loss statement and a balance sheet. Additionally, within ninety (90) days after the end of each calendar year, You agree to submit to Us a complete financial statement for the preceding calendar year which includes a profit and loss statement and balance sheet that has been reviewed and certified by an independent public accountant.

3.6.1 Access to Financial Records. You agree to allow Us or Our certified public accountant, or other authorized agent, to conduct computer and other audits for Your Franchise Business during normal business hours. This Includes the right to examine and make copies of Your books, records, financial statements, balance sheets, sales, and income tax returns for Your Franchise Business. You agree to keep complete and accurate records for Your Franchise Business.

3.6.2 Audits. If any audit, or other investigation, reveals a deficiency of two percent (2%) or more of the Gross Sales used to calculate the payment of the royalty or Marketing Fees due to Us, You agree to immediately pay Us the deficiency, the appropriate fine for late fees (as discussed in Section 3.4.3), and You agree to reimburse Us for the total expense of the audit or investigation which include the accountant's fees, travel expenses, room, board, and all other costs reasonably incurred in connection with the audit. If You fail to report Your Gross Sales or You fail to keep organized and readable records, it will be considered an understatement by more than two percent (2%).

3.7 Application of Payments. We may apply any payments received by You in any manner We prefer Including to any past due or then-current indebtedness of Yours for any fees or interest due under this Agreement.

3.8 Non-Refundable Fees. All fees set forth in this Agreement, including royalty and Marketing Fees, are not refundable.

3.9 Funding. You take full responsibility for obtaining all necessary funding for Your Franchise Business. If You fail to acquire adequate funding to open Your Franchise Business, it will be considered grounds for terminating this Agreement.

3.10 Customer Complaints. You agree to pay Us a fine of Two Hundred Fifty Dollars (\$250) each time We handle a customer complaint against You, plus You must reimburse Us for Our costs in resolving the matter. For example, if You have met with Your customer numerous times without a resolution being had by both parties, We may, at our option, step in and help with these matters and You will be charged this fee.

3.11 Non-Compliance Fines. If You do not comply with Our policies or procedures, You will be subject to fines and charges set forth in Our Manuals. These fines and charges for non-compliance are due upon receipt.

#### **ARTICLE IV: TERM AND RENEWAL**

4.1 Initial Term. This Agreement, unless previously terminated, shall continue for an initial period of ten (10) years (“Initial Term”). If the law requires Us to provide You with notice before the termination or expiration of this Agreement and We fail to provide such notice, this Agreement remains in effect on a month-to-month basis until We have given You the required notice.

4.2 Renewal. If You are not in default under this Agreement, We may renew Your Franchise Business for additional ten (10) year terms (“Renewal Term”), if You provide Us with written notice of Your intent to renew at least one hundred eighty (180) days and not more than one (1) year prior to the expiration date of Your current term, provided the following are satisfied:

- i. You have complied with and timely met material terms and conditions of this Agreement throughout the term;
- ii. You have complied with Our material operating and quality standards and procedures and any required modification to such standards and procedures;
- iii. You have timely paid all monetary obligations owed to Us during the term of this Agreement;
- iv. You are not subject to any pending litigation or governmental proceeding which could have a material adverse effect upon You or Your Franchise Business;
- v. You agree to execute Our then-current Renewal Franchise Agreement (defined in Section 4.4), which may contain different performance standards, fee structures, and/or increased fees;



vi. You agree to pay Us a non-refundable renewal fee of Five Thousand Dollars (\$5,000) (“Renewal Fee”), payable in full at the time the Renewal Franchise Agreement is executed. Additionally, You agree to pay royalties, Marketing Fees, and other continuing fees charged by Us at the then-current levels under the then-current franchise agreement for new franchisees;

vii. You agree to execute a general release, in a form satisfactory to Us, of any and all claims against Us, Our parent, subsidiaries or affiliates and their officers, members, directors, attorneys, shareholders, and employees;

viii. You agree that We can require You, at Your expense, to reasonably renovate, remodel, redecorate, re-fixture and/or refurbish Your franchise to conform to Our then-current standards that Our new franchises must meet at the time the renewal takes effect; and

ix. You and Your manager(s) agree to attend and successfully complete any training, certification, or other programs that We may reasonably require. Additionally, You agree that You are responsible to pay for expenses Including those for travel, meals, lodging, and other related costs for such training.

4.3 Notice of Non-Approval. If, after receipt of Your notice to renew, We decide for good cause not to approve the renewal, We will give You such notice of non-approval as required by law.

4.4 Renewal Franchise Agreement. If We approve Your franchise renewal, You will be required to execute Our then-current franchise agreement (“Renewal Franchise Agreement”) which may be materially different from this current Agreement. The Renewal Franchise Agreement will supersede in all respects the terms and conditions of this Agreement, and You will be obligated to pay royalties and other continuing fees at the then-current levels required to be paid by new franchisees. You must sign and return to Us the Renewal Franchise Agreement within ninety (90) days prior to the expiration of the then-current term, or You will, at Our election, be deemed to have withdrawn Your request to enter into a Renewal Franchise Agreement and this Agreement will terminate at the expiration of the term then in effect. You will make all necessary arrangements to continue the occupancy of Your existing franchise location through the renewal term(s), unless We give written permission to relocate Your Franchise Business.

4.5 Refusal of Renewal Franchise Agreement. If You do not enter into a Renewal Franchise Agreement for any reason and continue to operate Your Franchise Business, We will deem that You have elected to renew on a month-to-month basis and You agree to accept to pay Our then-current fees, Including royalty fees, Marketing Fees, and other fees described in Our Manuals. Your month-to-month Franchise Business may be terminated by either party upon thirty (30) days written notice.

## **ARTICLE V: CONSTRUCTION, COMMENCING OPERATIONS, AND LEASE**

5.1 Location of Franchise. Our written approval, which will not be unreasonably withheld or delayed, is required before You commit to purchase, lease, or construct real property for Your Franchise Business. Within ninety (90) days of signing this Agreement, You are required

to purchase or lease the real property space where You will operate Your Franchise Business. You are responsible to ensure that Your real property space complies with all local zoning, state, and federal laws, and all rules and regulations. Additionally, You are responsible to obtain any required permits at Your own expense. If You do not sign a lease within ninety (90) days, We reserve the right to terminate this Agreement and You will not receive a refund.

5.1.1 Acceptance of Proposed Location. As stated above, We must accept Your proposed location for Your Franchise Business in writing. Our notice of acceptance or rejection will be provided to You in writing within thirty (30) days after You have notified Us of a proposed location. You must give Us the street address of Your proposed location and any other information that We request, including photographs or existing brochures of the proposed location. We will base Our acceptance of the proposed location on the following: appearance, potential customer base, traffic patterns and generators, proximity of competitors, accessibility, square footage, layout requirements, parking, and visibility. **We do not make any warranties or guarantees as to the potential success of any location regardless of approval or rejection.**

5.1.2 Relocation. You must obtain Our prior written approval before You relocate Your Franchise Business. If We approve Your relocation, You must pay Us Our reasonable out-of-pocket expenses and costs, including any attorneys' fees, that We incur for Your relocation.

5.2 Construction. If Your franchise location requires any type of construction, the construction must commence within ninety (90) days of signing this Agreement. We must be given written notice within five (5) days of You discovering a delay in construction. If the delay in construction is common and foreseeable, such as if the delay is due to good faith efforts to obtain necessary permits, We might grant You an extension, in Our sole discretion, by providing You with written notice of such extension which will contain the details outlining the terms of the extension. We reserve the right to inspect and supervise all construction activities. If the construction does not meet Our required specifications, We have the right to terminate this Agreement. If due to Your fault or neglect construction is stopped for thirty (30) or more days, We will determine You abandoned the construction and We retain the right to terminate this Agreement in Our sole discretion.

5.3 Lease. If You are leasing Your franchise Premises, You must provide Us with the location and mailing address of the Premises in writing. We reserve the right to review all lease documents prior to Your execution of any documents. The lease documents must provide a provision allowing the lease to be assigned to Us as detailed in Section 5.3.1 below.

5.3.1. Assignment. If You are the owner of the Premises where You will operate Your franchise, You agree to lease the Premises to Us upon expiration or termination of this Agreement at fair market rental value. If You are leasing the Premises where You will operate Your franchise, You agree to assign and transfer all rights and interests in the lease, at Our discretion, to Us, or a person, entity, or other franchisee We select, if the lease expires or terminates for any reason. The landlord must consent to such assignment by signing the attached Exhibit "A-8". You must send Us an executed copy of all lease documents within fifteen (15) days after the documents are executed. We have the right, but not the obligation, to accept the lease or assignment.

5.3.2 Assumption of Lease. Upon forty-five (45) days from the date of expiration or termination of this Agreement or the lease agreement, We will determine whether or not to exercise Our right and option to lease or assume the assignment, whichever is applicable, of Your franchise Premises. If We exercise the option, You agree to make all Your obligations under the lease current as of the date We take possession of the Premises. You agree to indemnify Us against all losses and costs incurred by You during Your lease term. We will not pay Your arrearages. In exchange, We agree to indemnify You against all losses and costs incurred by Us during Our lease term. You agree that We do not owe You any payment for the lease and the lease will transfer to Us without any costs, unless the Premises is owned by You.

5.4 Design. You agree to abide by Our interior and exterior design specification, as stated in Our Manuals, if any, for Your franchise solely at Your own expense.

5.5 Commencing Operations. You are required to begin operating Your franchise within one hundred twenty (120) days of signing this Agreement. We require at least thirty (30) days written notice prior to the commencement of Your franchise. We reserve the right to inspect and approve Your Premises before opening. If You need an extension for these deadlines, provide Us with written notice of Your good faith efforts and We might grant You an extension, at Our sole discretion, of up to one hundred twenty (120) days. If You fail to meet these deadlines, We have the right to terminate this Agreement.

5.6 Equipment and Opening Inventory. You are responsible for purchasing or leasing all equipment, tools, and inventory as We specify and as may be necessary for the operation of Your franchise. You must maintain all equipment and tools in good working order.

5.7 Limitations. You may not sell any other products or perform any other services from Your franchise Premises other than those products and services associated with Us and allowed under Our Manuals and this Agreement.

## **ARTICLE VI: INTELLECTUAL PROPERTY**

6.1 Intellectual Property. We and Our affiliates have the sole right to license, own, and control all the Intellectual Property relating to the franchise, Including the Marks, trademarks, service marks, System, copyrights, Confidential Information, trade names, trade dress, design, inventions, software, operations, and the like. You also agree this Intellectual Property will remain under Our sole and exclusive ownership and control. The parties hereto stipulate that as between them, such Intellectual Property is important, material, and gravely affects PaintEZ®'s goodwill Including the effective and successful conduct of the business of PaintEZ®.

6.2 Restriction on Use of Intellectual Property. You understand and agree that You will not acquire any rights to Our Intellectual Property. You also agree that neither You nor any of Your principals or agents will take any action that would prejudice or interfere with Our rights to Our Intellectual Property. You also understand that We are granting You a non-exclusive right to use Our Intellectual Property only in connection with Your Franchise Business, awarded to You under this Agreement, in compliance with Our Manuals, this Agreement or with Our written

permission. This grant of this non-exclusive right to use Our Intellectual Property and System is temporary and will expire when this Agreement terminates. Nothing in this Agreement gives You any right, title, or interest in any of Our Intellectual Property except to use such Intellectual Property in accordance with the terms and conditions of this Agreement. Any goodwill arising from Your use of Our Intellectual Property will inure solely and exclusively to the benefit of Us or Our affiliates and upon expiration or termination of this Agreement, no monetary amount will be attributable to any goodwill associated with Your use of Our Intellectual Property. You understand and agree that any use of Our Marks, other than expressly authorized in this Agreement or with Our written permission, will constitute a breach of this Agreement and trademark infringement. You agree that during this Agreement and after it terminates:

i. You will not directly or indirectly contest or assist in contesting Our ownership of the Intellectual Property described in this Agreement;

ii. You will not use Our Marks in any way that may cause them to be viewed negatively by the public;

iii. You will not use Our Marks, without Our written permission, in any of the following ways:

a. as part of Your entity, legal business name, or on internal business documents such as on checks, bank accounts, or documents used for employee correspondence;

b. with any modifying terms, words, prefix, suffix, designs, or symbols;

c. for selling any unauthorized services or products in any location; or

d. as part of any domain name, electronic address, or search engine listing that You control on the Internet.

iv. You will not use Our Marks in any matter not authorized by this Agreement. When Our Marks are authorized for Your use, You agree to only use Our Marks with the letter “TM”, “SM”, or “®” as instructed by Us;

v. You will not in any manner interfere with or try to disallow Our use of the Intellectual Property, including all derivatives or any other name, trademark, or service mark that is now or later becomes part of Our System; and

vi. You will not interfere with the use of the Intellectual Property by Our other franchisees or licensees at any time.

6.3 Control of Marks. You agree that We own the Marks and derivatives and that Our Marks are valid trade names, trademarks, and service marks. You agree not to apply for any registration or other protections for any of Our Intellectual Property. Also, You agree that We have the sole control over any legal or administrative action concerning Our Intellectual Property. You agree to notify Us in writing, within three (3) days, of any claim, demand, or suit by any person,

corporation, or entity that pertains to Our Intellectual Property. You must not communicate with any person other than Us, Our counsel, or Your counsel regarding any such apparent infringement, challenge, or claim to Our Marks. We will have complete discretion to take any action We deem appropriate in connection with any infringement, challenge, or claim to any Mark and the We retain the sole right to enter into any settlement, litigation, or other proceeding arising out of any such alleged infringement, challenge, or claim related to any Mark. If We decide to defend or prosecute these claims or demands, You agree to complete all documents and do any such action that We, or Our counsel, deems to be necessary to carry out the defense or prosecution. If You would like to defend or prosecute a claim or demand, You must receive Our written consent to do so, and You agree to bear all costs for such proceedings and agree to Our oversight during all stages of the proceeding.

6.4 Copyrights. We, and Our affiliates, are the exclusive owners of all rights, titles, and interests in all materials We require or provide to You, Including all artwork, design, copyright, trademark, or other rights that We created and that are used in association with Our System. You acknowledge and agree that all materials created by You, other persons, entities, or those employed by You or Us, during the term of this Agreement, are to be regarded as “works made for hire” under the copyright laws of the United States and are Our sole and exclusive property which We can use and license others to use. Our rights include the right to own and register all foreign and domestic intellectual property rights (and renewals and extensions thereof) related to Our Marks or System and the right to use and change them in any manner We determine. In the event that any materials created by You, or Your affiliates, are not determined to be “works made for hire”, for any reason, You hereby irrevocably and unconditionally assign all rights to Us and agree to execute such additional documents as may be requested by Us to evidence Our ownership of the rights. You hereby expressly waive any “moral rights” or similar claims that You may have in connection to any materials. In the event that materials are not copyrightable, You irrevocably assign any and all ownership to Us.

6.5 Preserving Secrecy. You agree that it is vital to all of Our success that Our Confidential Information remains secret. In order to preserve the secrecy of Our Confidential Information, You agree to:

- i. stringently adhere to all security procedures and practices ordered by Us;
- ii. only to disclose information to the extent necessary to Your employees in order to market services and Products;
- iii. not use any Confidential Information in any manner not specifically authorized or approved by Us in writing; and
- iv. use the highest degree of carefulness and make every commercially reasonable effort to maintain the absolute secrecy of all Confidential Information during and after the term of this Agreement.

6.6 Manuals. In order to protect Our reputation and goodwill and to maintain standards of operation under the Marks, You shall conduct Your Franchise Business under Our System in accordance with Our Confidential Operations Manual (“Manuals”), which is on loan to You during

the term of this Agreement. You agree that the Manuals will remain Our exclusive property. You agree that Our materials and the content of the Manuals, as well as Your knowledge of Our materials Including processes, services, Products, know-how, and the System are secret, unique, and confidential and that they contain trade secrets and other material proprietary to Us. You agree to keep the Manuals confidential and that You will not disclose the content of the Manuals and proprietary items or materials, to unauthorized person(s) and will prevent unauthorized disclosure to any person(s) as disclosure would cause irreparable harm. You agree to only make the Manuals available to employees who must have access in order to operate the Franchise Business. We have the right to modify or update the Manuals from time to time to change operating procedures, maintain the goodwill associated with the Marks, and enable the System to remain competitive. You shall at all times ensure that You are using the most current version of Our Manuals and You agree to make any changes to Your Franchise Business that are required by the updates to Our Manuals. Any dispute related to the contents of the Manual will be controlled by the terms of the most current copy of the Manual. The contents of the most current Manual Including specifications, procedures, and rules will constitute provisions of this Agreement as if they were set forth herein. You agree not to copy or duplicate in any format Our Manual or other proprietary documents or information. Upon the termination or expiration of this Agreement, or upon Our request, You agree to return all Manuals and documents that contain confidential or proprietary information to Us.

6.7 Modifications. You agree that We retain the right to make modifications or discontinue the use of any of Our Marks. In the event that Our trademarks, service marks, logos, font, symbols, or any other Mark is modified or discontinued, You agree to make all changes that We request and You agree that You are responsible for any costs associated with the aforementioned modification or termination.

6.8 Improvements. If during the term of this Agreement, You develop any improvements to the System or other Intellectual Property, You will fully disclose the improvements to Us, and not to others, and will obtain Our written approval before implementing these improvements. You agree that any improvements that You might develop may be used by Us and all other franchisees without any obligation to compensate You. You also agree that We have complete ownership and control over any improvements, and You will assign to Us all rights, titles, or interests You may have in these improvements. We reserve the right to apply for and own any Intellectual Property rights related to the improvements and You will assist Us in securing these rights.

6.9 Products with Marks. You agree that We have the right to require You to purchase all items and goods bearing Our Marks, other trademarks, service marks, or private label from Us or a business designated and approved by Us. We may obtain income through marking up items or goods or We may receive fees or other consideration from suppliers.

6.10 Use of Marks in Marketing. We grant You the right to use Our Marks for marketing purposes in Your Territory. Our Marks must only be used for the sale of products or services authorized in the Manuals, or with Our written permission.

6.11 Customer Data. We grant You a royalty-free non-exclusive right to use Our Customer Data during the term of this Agreement. Our Customer Data includes any goodwill related to potential or actual customers and is Our sole property. You agree to comply with all laws pertaining to the privacy of consumers, employees, and transaction information. If We permit You to use Our Customer Data, by written consent, to advertise to current or potential customers, You will be solely responsible to abide by all applicable laws Including the CAN-SPAM Act of 2003.

6.12 Additional Documents. You agree that You will complete any additional papers, documents, or assurances that are requested by Us in connection with Our Intellectual Property. You also agree to fully cooperate with Us and any of Our other franchisees or licensees in obtaining required consents of any state agency or legal authority for use of Our Intellectual Property now owned or later obtained.

## **ARTICLE VII: INDEPENDENT CONTRACTOR**

7.1 Independent Contractors. The only relationship between Franchisor and Franchisee created by this Agreement is that of independent contractor. You and We agree that this Agreement does not create any fiduciary, special, or other similar relationship and that You are not an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of PaintEZ® for any purpose whatsoever. You agree, in all dealings, You are an independent contractor. You shall disclose in all dealings with third parties, such as employees, suppliers, and customers, that You are an independent entity licensed by Us, Including by placing notices of independent ownership on forms, business cards, stationery, advertising, websites, and on Your Franchise Business' Premises. Further, You agreed that You are not an affiliate of Franchisor and neither party is liable for any debts, liabilities, taxes, duties, obligations, defaults, compliance, acts, negligence, or any other errors or omissions of the other party. You are to exercise sole control and have complete responsibility for all labor relations and the conduct of Your agents and employees Including the daily operations of the franchise; hiring, supervising, and terminating employees; and paying all expenses for Your Franchise Business. You will notify each of Your employees that they are only an employee of You and not an employee of Franchisor or Franchisor's affiliates for any purpose. Franchisor has no authority to hire, fire, promote, or demote any of Franchisee's employees or take any disciplinary action whatsoever against any of them. Additionally, You must ensure that no payroll checks or other employment-related documents contain or reference the Marks or Franchisor's name.

7.2 Independent Franchise. You must file for a "certificate of assumed or fictitious name" or "doing business as" (DBA) as required by the state law where Your franchise is located, accompanied by Your assigned franchise unit number, within thirty (30) days of signing this Agreement, so that the public is notified that You are operating Your Franchise Business as an independent business pursuant to this Agreement.

7.3 No Authority. You acknowledge and agree that You are an independent contractor and nothing in this Agreement authorizes You to make any contract, agreement, warranty, or representation on Our behalf or create any obligation on behalf of Us. Furthermore, no actions taken by You, Your employees, or Your agents will be attributable to Us or be considered actions obligating Us. In no event will We assume liability for, or be deemed liable under, this Agreement

as a result of any such action, or for any act or omission of You or any claim or judgment arising therefrom.

## **ARTICLE VIII: FRANCHISEE'S REPRESENTATIONS, WARRANTIES, AND COVENANTS**

8.1 Representations, Warranties, and Covenants. During the term of this Agreement, and in addition to other obligations set forth in this Agreement, You represent, warrant, and covenant the following:

i. You agree that no statement that pertains to this Agreement contains or will contain any false statements or omit any material facts;

ii. If You are an entity, You agree that You are duly organized and validly existing under the law of the state of formation. Also, You are duly qualified and authorized to do business in each jurisdiction in which Your business is located. Additionally, You ensure that this Agreement will not violate or breach Your certificate of incorporation, bylaws, or any agreement or contract to which You are a party;

iii. You will use Your best efforts in operating Your franchise and in recommending, promoting, and encouraging support of all franchise locations;

iv. You will not engage, directly or indirectly, as an owner, operator, or in any management position in any business, including any residential or commercial painting business or any other business that offers products or services that are essentially the same as the Franchise Business unless You receive Our permission in writing. It is permissible under this Agreement for You to own equity or securities of any business whose shares are traded on the stock exchange or on the over-the-counter market;

v. You will operate Your franchise in compliance with all local, state, and federal, laws, rules, and ordinances, including all zoning laws. You will comply with all labor regulations including local minimum age and minimum wage requirements. Additionally, You must be in compliance, solely at Your own expense, with the Americans with Disabilities Act, the Patriot Act, OSHA, environmental laws, worker's compensation laws, the Affordable Care Act, and all other applicable laws, ordinances, and regulations;

vi. You will discover and obtain all required permits and licenses for Your Franchise Business, solely at Your own expenses, without any reliance on Us, and You will keep all permits and licenses up to date; and

vii. You will refrain from engaging in any activity that may possibly cause any public criticism of Our System.

8.2 Premises. You will maintain the Premises of Your Franchise Business in a clean, attractive manner and will keep the Premises in good repair, providing prompt attention to any part of the Premises in need of service. If Your Premises is not maintained or is not clean, You will be



subject to fines as provided in Our Manuals and this Agreement may be terminated in Our discretion. Additionally, You agree to:

i. If in the future we require design specifications, You agree to follow the strict format, developed by Us in the Manuals, for arranging the fixtures, signs, furniture, and décor of the franchise. You will work with Our suppliers to provide Your Franchise Business with these items or purchase from sources that We approve in writing;

ii. If in the future we require sign specifications, You agree to follow the sign requirements developed by Us in the Manuals. Additionally, You agree to keep all signage in good condition and ensure repairs or replacement are timely completed at Your sole expense as We reasonably determine to be necessary; and

iii. Work with Our supplier for any deliveries, We will not provide assistance for any deliveries or installation of any required or approved purchases.

8.3 Remodels and Upgrades. You agree that in order to maintain a modern and uniform image, We have the right, at any time, to require You to perform any repairs, replacements, repaints, modernizations, redecorations, or other remodels and upgrades at Your sole expense, in a timely manner that We prescribe, as We deem necessary. Additionally, We reserve the right to change Our Mark and You agree to conform Your Franchise Business to any changes with Our Mark and to keep Your Franchise Business up to date with Our current trade dress. These remodels and upgrades may be a significant capital expenditure that You can expect to incur.

8.4 Customer Service. You must provide prompt, courteous, and efficient customer service to all customers related to Your Franchise Business. You must follow Our policies, practices, and procedures contained in Our Manuals regarding the high standards We have developed for the treatment of customers. You will protect, maintain, and enhance the reputation and goodwill We have developed for the franchise and Our System.

8.5 Day-to-Day Operations. You agree to be responsible for the operation of Your Franchise Business; however, You are not required to personally participate in the direct and on-Premises operation of Your franchise as You may appoint a manager who will give his or her full attention and best efforts to the management of Your Franchise Business. You understand that absentee management may significantly increase the risks associated with Your Franchise Business. Your appointed manager must complete and pass Our initial training program before assuming the role of manager. You must maintain sufficient inventory, supplies, products, and employ adequate personnel so that Your Franchise Business runs at as efficiently as reasonably practicable. You agree to abide by Our operating hours and closing requirements set forth in Our Manuals to maintain uniformity with all other locations. Although You do not have to personally participate in day-to-day operations, You do agree to participate in Your Franchise Business as follows:

i. You agree to attend and pass all Our required training and retraining courses, and attend any annual or special meetings called by Us;

ii. You agree to be responsible for all accounting, reporting, and bookkeeping;

iii. You agree to be directly involved with selecting Your Premises site, construction, remodeling, and all financial elements of Your Franchise Business;

iv. You agree that You and Your manager must be directly involved in all personnel decisions that affect Your Franchise Business; and

v. You agree that You and Your manager will not engage in any conflicting or competing business ventures or any other activities that would be detrimental or interfere with Your Franchise Business.

8.6 Employees. The employees of Your Franchise Business are Your sole responsibility and You are to handle all hiring, firing, compensation, benefits, and training of Your employees. Your employees are not PaintEZ®'s employees for any purpose whatsoever. Therefore, We will not assist You in any area related to Your employees.

8.7 Required Insurance. You, at Your sole expense, beginning the day You use any of Our Marks and continuing throughout the duration of this Agreement, Including any renewals or extensions, agree to obtain and maintain the types of insurance found in Our Manuals or otherwise required by Us in writing and will designate PaintEZ® as an additional named insured, Including at a minimum the following insurance coverages:

i. Employer's liability and worker's compensation insurance as prescribed by law.

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

iii. Automobile liability insurance, including owned, non-owned, leased and hired vehicle coverage, with a combined single limit of at least \$1,000,000 for death, personal injury and property damage.

iv. Business interruption and lost profit insurance.

v. Employer practice liability insurance.

vi. Key man insurance.

vii. Employee insurance, maintained and kept in force, as required under federal and state laws, if any.

These insurance requirements are only minimums and You need to make an independent determination as to whether increased amounts or additional types of insurance are appropriate.

8.7.1 Insurance Rating. All insurance policies carried by You must be written by a responsible insurance company licensed in the state where Your Franchise Business is located

and the insurance company must be rated “A” or better by the A.M. Best Company, Inc. and otherwise reasonably acceptable to Franchisor.

8.7.2 Insurance Compliance. We reserve the right to periodically monitor Your compliance with these insurance requirements and You agree to assist Us by providing any documentation We may request for such monitoring. If You fail to obtain or maintain the required insurance minimums, We may obtain or maintain these insurances for You, at Our discretion, and You will pay Us upon demand the premium costs. Failure to obtain and maintain the minimum required insurances will be deemed a material breach of this Agreement and will allow Us to terminate this Agreement at Our discretion. We reserve the right to increase the amounts of coverage required and/or require different or additional coverage. You will also obtain all other insurance required by city, state, and federal law.

8.8 Pricing. To the extent permitted by law, We may suggest retail prices including maximum and minimum pricing for items or services sold at Your franchise. You may not exceed the maximum price We determine but may charge a price less than the maximum and You may not price items below the minimum price We determine but may charge a price higher than the minimum.

8.8.1 Gift Cards. If We decide to adopt coupons, gift cards, or other discount programs, You are required to implement such programs at Your Franchise Business.

8.9 Computer System. You must purchase or lease, at Your sole expense, a computer system and other computer hardware and software systems designated by Us in strict accordance with Our specifications, including software requirements, that are subject to change at Our discretion. Such changes to software requirements or information technology (“IT”) upgrades may be a significant capital expenditure that You can expect to incur. You must provide Us with full 24-hour 7 days a week access with the right to upload or download information from all of Your computer systems used for Your Franchise Business. You agree that You will not make any claim against Us or Our affiliates for any loss, damage, liability, or expense caused by or related to failures, errors, or otherwise of any computer, hardware, or software system.

8.9.1 Record Retention. You agree to record all sales at the time sold in Your computer system or other system approved by Us in writing. You must retain all computer records, charge account records, invoices, orders, returns, sales tax reports, and all of Your other business records and related back-up materials, tax returns, and financial reports for at least five (5) years, including after the termination of this Agreement.

8.9.2 Merchant Account. You agree to join Our merchant account and other sale programs described in Our Manuals. You must maintain debit card, credit card, and other non-cash payment systems using the merchant account and merchant account services as set forth in Our Manuals.

8.10 Conferences and Seminars. We may hold conferences or seminars, at Our discretion, for all franchisees to discuss topics such as improvements, new developments, mutual concerns, sales techniques, personnel training, bookkeeping, accounting, inventory control, performance standards, marketing, merchandising, etc. Your attendance at these conferences or

seminars is mandatory. We may charge a reasonable fee for attending the conference or seminar and You are responsible for the fee and any costs associated with attendance including meals, lodging, employee wages, and travel.

8.11 Samples, Testing, and Inspections. You agree to strictly follow Our System and Manuals for Products or services of Your Franchise Business and to the following:

8.11.1 Required Purchases. You are required to purchase all of the PaintEZ® products, equipment, logoed and PaintEZ® branded items, and other items and supplies from sources designated or approved by Us. We will provide You with a list of specifications for approved products, equipment, supplies, and materials.

8.11.2 Modifications. We reserve the right to modify, delete, add, or otherwise make changes to Our System, Intellectual Property, Manuals, and operations at any time at Our sole discretion by providing You with written notice of such modifications. You agree to accept and comply with all changes made by Us at Your sole expense by such time that We prescribe in Our written notice of modifications. Such changes may result in a significant capital expenditure that You can expect to incur.

8.11.3 Compliance. If We approve changes to Our uniform standards or System, You have no right to object to such changes and must comply with Our current standards and System at all times. You must maintain a valid email address that is to be used for Us to contact You. You may not alter, change, or modify the System without Our prior written consent.

8.11.4 Inspections. You agree to reasonable inspections conducted by Our agents during normal business hours, without notice, to determine whether samples meet Our then-current standards and specifications.

8.11.5 Defects. You agree to promptly correct any defects that We notify You of from time to time. If You fail to correct such defects, You may receive a fine as set forth in Our Manuals and We may, at Our discretion, terminate this Agreement.

8.11.6 Non-Compliance. If You are found to be in non-compliance with Our System, Manuals, or standards, You will be charged a fine as set forth in Our Manuals. The fine is due upon billing.

8.12 Personal Guarantees. Each person, or entity, who owns five percent (5%) or greater, and his or her spouse, must sign Our non-competition agreement attached hereto as Exhibit “A-4.” Additionally, such person, or entity, must guarantee all obligations under this Agreement and agrees to be personally bound by, and liable for the breach of, every provision of this Agreement by executing Our personal guaranty attached hereto as Exhibit “A-2.”

8.13 Drug Testing. We undertake no obligation to perform drug testing on You or Your employees, but We may require You and Your management employees to submit to random drug testing if We feel it is necessary to ensure compliance with Our policies.

8.14 Vending Machines. No vending machines, cigarette machines, amusement devices, jukeboxes, or other like devices are allowed to be used at Your Franchise Business without Our written consent.

8.15 Disclosure. We are permitted to disclose any information, Including Your name, franchise address, franchise telephone number, franchise general financial information, email address, or other information We deem necessary in Our disclosure document.

8.16 Our Protections. Any required standards are put in place to protect Our interests and not to establish control, or a duty to take control over, any matters that are reserved to You.

## **ARTICLE IX: FRANCHISOR'S OPERATIONAL ASSISTANCE**

9.1 Pre-Opening Assistance. Prior to Your franchise commencing business, We shall provide You with the following pre-opening assistance:

- i. A list of specifications for approved products, equipment, supplies and materials.
- ii. A list of specifications and a list of Our approved Suppliers, which may be updated from time to time at Our sole discretion.
- iii. We will not offer assistance with the delivery or installation of any items.
- iv. Approximately fifteen (15) days of training, which will be held online, at a location designated by Us, and at Your location before and during the opening of Your franchise. The initial training will take place over three sections. The first section of training will be approximately 1 week of online virtual training prior to Your opening. The second section of training will be approximately 3-5 days in another franchisee's market focused on observing operations prior to Your opening. You are responsible for all costs to attend this training. The third section of training will be approximately 5 days where We will travel to your location and assist you with the opening of Your location. If We travel to Your location, You must pay all of Our expenses incurred with such training, Including travel, meals, and hotel expenses. You and Your manager must successfully complete section 1 and section 2 of initial training before opening Your Franchise Business which Includes all training programs demonstrating Your knowledge of basic policies and procedures, daily operations, record keeping, computer system competency, estimating, sales techniques, marketing plans and techniques, administration and bookkeeping controls, service methods, deployment of labor, maintenance of quality standards and customer service.
- vi. One (1) copy of Our Confidential Operations Manual, which shall be amended from time to time at Our sole discretion and returned to Us at the termination of this Agreement.
- vii. Forms to record reporting transactions to Us in accordance with this Agreement.

9.2 Opening Assistance. We shall provide You with the following opening assistance.

i. Consulting with You regarding marketing and prepare a plan for the grand opening of Your Franchise Business. You will be given access to Our online marketing materials.

ii. Making Ourselves available to You for guidance related to general operations of the franchise by telephone or email.

iii. If You need additional in-person assistance beyond the one-week territory opening, We can arrange a time and place with You for a fee of Three Hundred Dollars (\$300) per day per person plus costs of food, travel, and lodging.

iii. Replacing defective products or other inventory items You purchased directly from Us upon prompt notice from You. We will not make any arrangements with Our manufacturers to replace defective equipment, products, software, or other purchased items, You must address the specific manufacturer directly for these types of problems.

iv. Training for new managers at Our location for Our current fee of Three Hundred Dollars (\$300) per person per day, plus expenses. Your new manager must be trained within sixty (60) days of being hired. If You would like Us to train Your new manager at Your location, the fee is Three Hundred Dollars (\$300) per person per day, plus Our expenses Including transportation, food, and lodging. There is no additional cost for additional employees that may be trained by Us at the same time as the training of a new manager. If at any time We determine, at Our sole discretion, additional training is necessary for management or staff, You must comply with Our training demand for the same costs provided in this Section.

v. Inspecting Your Franchise Business periodically at reasonable intervals by Our authorized representative for compliance with Our System, standards, and Manuals. You must comply with all of Our recommendations discovered upon such inspection.

## **ARTICLE X: PRODUCTS**

10.1 Suppliers. You agree to purchase all equipment, inventory, uniforms, advertising materials, services, and other supplies, products, and materials required by Us for the operation of the franchise solely from suppliers who have been approved, in writing by Us, for such items using Our sole discretion. We reserve the right for Us and Our affiliates to derive revenue from the sale of required goods and services through mark-up prices that are charged to You for goods and supplies purchased from Us or We may receive compensation or discounts from suppliers for Your purchase of certain items. You agree We and Our affiliates are entitled to such fees and other consideration. Any funds paid to Us for goods or services are non-refundable.

10.2 Unapproved Suppliers or Products. You must obtain Our written consent if You wish to purchase or sell any items from an unapproved supplier. We may require You to submit to Us samples or any other data relevant to Our decision on whether such items meet Our specifications. Designation or approval of a supplier may be conditioned on factors Including the frequency of delivery, standards of service, inability to maintain quality or an adequate supply of goods, inability to meet or maintain acceptable pricing, payment options, testing, or other

considerations We designate. If We require testing of the item, You may be required, at Our sole discretion, to pay a testing fee of not less than Five Hundred Dollars (\$500) to cover Our reasonable costs and expenses for testing the item. This testing fee is nonrefundable no matter Our decision to accept or reject the item. We will notify You in writing of Our decision regarding the item within a reasonable time. If We approve an item through this process, We may determine that the supplier can provide the item to Your franchise only or to any of Our other franchise locations. Also, if We approve a new item, the rights and title to such items will become Our property. We reserve the right to revoke Our approval of an approved supplier by providing thirty (30) days written notice to You. We may make changes or alterations in the standards and specifications for the above items and approved suppliers from time to time. You are prohibited from selling, leasing, or offering any products, services, or items that have not been authorized by Us in writing.

10.3 Modification in Products. You agree to promptly add, remove, or modify any Product, item, or service offered by Your Franchise Business upon notice from Us at Your sole expense.

## **ARTICLE XI: MARKETING**

11.1 Brand Development Fund. We have the right to institute or maintain a national marketing and development fund (“Brand Development Fund”) as We deem necessary. Brand Management Fees contributing to the Brand Development Fund will be determined by Us when such fund is instituted and Your contributions to the Brand Development Fund may increase over time. We will use all contributions and earnings from the Brand Development Fund that We receive from You, in Our sole discretion, as We deem necessary or appropriate for local, regional, national, internet, or international advertising Including the following:

- i. Maintaining, administering, researching, directing, and preparing advertising for promotional activities Including costs of preparing and conducting internet, telephone, cellular phone, television, radio, magazine, newspaper, or other similar advertising campaigns, public relations programs, or press releases;
- ii. Direct mail, internet, and billboard advertising;
- iii. Marketing research and development Including surveys and public relations activities;
- iv. Marketing materials Including décor, promotional materials, artwork, and advertising services;
- v. Training related to marketing, customer service, and sales augmentation;
- vi. Production and distribution of a periodic newsletter that provides franchise owners with industry news, suggestions, and advice on franchise operations;
- vii. Product development, research, signage, and brand image campaigns;
- viii. Our reasonable salaries, accounting fees, collection fees, legal fees, consulting services, internet fees and services, and any other costs related to marketing or

development. We may include statements regarding the availability of franchises in any advertising and other items produced using the Brand Development Fund.

11.2 Brand Development Fund Administration. We will direct all marketing programs at Our sole discretion. We have no obligation to ensure that expenditures are or will be used equally in each region where franchises are located. We will not be required to spend any amount of marketing directly in Your area. Not all franchisees are required to contribute the same amount to the Brand Development Fund, and We may defer or reduce the amount of contributions for other franchisees in Our sole discretion. We may outsource marketing functions to an external source that We deem fit. We are not liable for any act or omission with respect to the Brand Development Fund. Any unused Brand Development Funds from the calendar year will be applied to the next years' fund.

11.3 Local Advertising Requirement. You are required to market Your Franchise Business locally as described in Section 3.3. We may require You to submit a report to Us documenting Your efforts to market the franchise locally in Your Territory. You agree that Your marketing efforts and materials will be done in compliance with Our Manuals and in good taste that will reflect favorably on Us and other franchises. We may increase the minimum Local Advertising Requirement if We determine, in Our reasonable discretion, that it is in the best interest of the System.

11.3.1 Deficiency in Local Expenditure or Brand Management Fee. In the event that You fail to expend the Local Advertising Requirement or pay Brand Management Fees during any calendar quarter, We may immediately upon notice to You assess You for any such deficiency, which shall be deposited to and become part of the Brand Development Fund if in effect, or shall be expended by Us on national or regional advertising of Our operations.

11.4 Approval for Marketing. You may develop marketing or promotional materials for Your use at Your own cost, if You obtain written approval from Us in advance of creating such materials. All marketing materials must be in good taste and conform to ethical and legal standards and meet our requirements. Any marketing or promotional materials You create will become Our property and will be considered work-for-hire under the copyright laws and may be used by Us or other franchise locations without compensation to You. We reserve the right to reasonably remove Our approval from any marketing materials that were previously approved with reasonable notice to Franchisee.

11.5 Internet Marketing. You are not permitted to create a website or Social Media site for Your franchise to market on the internet unless You receive written permission from Us. If We grant You permission to use internet marketing, all content placed on the site must be pre-approved in writing by Us. All of Your Social Media use pertaining to the franchise must be in good taste and not linked to controversial, unethical, immoral, illegal, or inappropriate content. We may require You to use Our pre-approved website designers for a fee that is to be paid by You. You agree to provide Us with all usernames and passwords to access any internet site related to Your Franchise Business. Failure to comply with Our policies and procedures will be considered a breach of this Agreement.



11.6 Cooperative Marketing. You agree to participate in all cooperative marketing programs as We prescribe from time to time. We will specify all terms for cooperative marketing in Our Manuals.

## **ARTICLE XII: BREACH AND TERMINATION**

12.1 Termination by Franchisee. You may only terminate this Agreement if You are in compliance with this Agreement and We materially fail to comply with this Agreement, which means that We breach in any material respect any of the covenants under this Agreement and fail to cure such breach within ninety (90) days after You give us written notice of the breach. You may not terminate this Agreement so long as We are making a good faith effort to cure or remedy the breach.

12.2 Termination by Franchisor. We may only terminate this Agreement before the expiration of its term if You breach or violate, and fail to cure, if curable, material term(s), condition(s), or provision(s) of this Agreement. The following is a list of curable defaults and a list of non-curable defaults.

12.2.1 Curable Defaults. In the event of any curable default by You, We will provide you with written notice of such default and provide You with directions for how to cure such default. If You do not cure such default to Our satisfaction within the time period required under this Agreement, or any longer time period that applicable law may require, We may elect to terminate this Agreement by providing You with written notice of termination. Alternatively, We may bring an action or claim for monies due or for a temporary or permanent injunction or other remedies allowed by law or equity. All of Our costs and expenses arising from such default(s), Including attorneys' fees and charges for Our employees' time, must be paid to Us within five (5) days following Our written demand. Curable defaults Include the following:

i. You fail or refuse to comply with the System and do not cure such noncompliance within twenty-four (24) hours of Your receipt of written notice of such noncompliance.

ii. You fail to comply with any federal, state, or local law or regulation applicable to Your Franchise Business and do not cure such failure within twenty-four (24) hours of Your receipt of written notice of such failure.

iii. You fail to remedy any threat or danger to public health or other safety hazards Including those that result from construction or the operation of the Franchise Business and such threat, danger, or hazard is not cured within the time period required in the written notice from Us, or, if required in the notice, You fail to immediately close the Franchise Business and remedy the condition upon receipt of written notice of such failure.

iv. You fail to provide Us with written notice when You close any bank account related to the Franchise Business and fail to execute and deliver to Us all documents necessary for Us to begin and continue to make withdrawals from such bank account by electronic funds transfer as permitted under this Agreement and do not cure such failure within ten (10) days of Your receipt of written notice of such failure.

v. You fail to accurately report Your Franchise Business' Gross Sales or fail to make a payment due to Us for royalties, marketing contributions, or any other payment due under this Agreement and do not cure such failure within ten (10) days of Your receipt of written notice of such failure.

vi. You fail to allow Us to inspect Your Premises, books, or records and do not cure such failure within ten (10) days of Your receipt of written notice of such failure.

vii. You misuse or make any unauthorized use of the Marks or otherwise materially impair the goodwill associated thereof or Our rights therein and do not cure such misuse within ten (10) days of Your receipt of written notice of such misuse.

viii. You fail to open Your Franchise Business and commence business within one hundred twenty (120) days of the date hereof or fail to timely register a DBA or similar filing in the state where Your Franchise Business is located and do not cure such failure within thirty (30) days of Your receipt of written notice of such failure.

ix. You fail to execute and/or deliver to Us Your confidentiality and related covenants within ten (10) days after being requested to do so by Us and fail to cure such default within thirty (30) days of Your receipt of written notice of such failure.

x. You fail to complete initial training by You or Your manager and do not cure such failure within thirty (30) days of Your receipt of written notice of such failure.

xi. You fail to employ adequate personnel to conduct Your Franchise Business at a reasonable level and efficiency and do not cure such failure within thirty (30) days of Your receipt of written notice of such failure.

xii. You fail to conform to Our System and specifications Including selling products, goods, or services that are not approved or designated by Us, or You fail to sell products or services designated by Us and do not cure such failure within thirty (30) days of Your receipt of written notice of such failure.

xiii. You fail to use Your best efforts in promoting and developing Your Franchise Business or fail to market as required under this Agreement and do not cure such failure within thirty (30) days of Your receipt of written notice of such failure

xiv. You fail, refuse, or neglect to obtain Our prior written approval or consent any time such approval or consent is required by this Agreement and do not cure such failure within thirty (30) days of Your receipt of written notice of such failure

xv. You fail to maintain insurance that is required and set forth in this Agreement and do not cure such failure within thirty (30) days of Your receipt of written notice of such failure.

xvi. You fail to pay, when due, obligations of taxing authorities, landlords, and other obligations of Your Franchise Business and do not cure such failure within thirty (30) days of Your receipt of written notice of such failure.

xvii. You fail to comply with any other provision of this Agreement and/or the Manuals, except as provided below as non-curable defaults, and do not cure such failure within thirty (30) days of Your receipt of written notice of such failure.

xviii. Your heirs fail to approve a transfer, within a reasonable time of not more than six (6) months after Your death or permanent incapacity and do not cure such failure within thirty (30) days of receiving of written notice of such failure.

12.2.2 Non-curable Defaults. You shall be deemed to be in material default and We may, at Our option, terminate this Agreement and all rights granted hereunder, without affording You any opportunity to cure the defaults under this Section 12.2.2, effective immediately upon Your receipt of written notice of termination for any of the following events:

i. You make any material misrepresentation or omission relating to the acquisition of Your Franchise Business or performance under this Agreement or any other agreement between You and Us or any of Our affiliates.

ii. You become insolvent, unable to pay debts as they become due, make an admission of Your inability to pay debts as they become due, make an assignment for the benefit of creditors, file a petition in bankruptcy, an involuntary petition in bankruptcy is filed against You and is not dismissed within 90 days, a receiver is appointed for the Franchise Business, or if You are an entity, the entity is dissolved.

iii. You duplicate or utilize Our System, Manuals, or any part thereof in connection with another business or entity.

iv. You modify Our System, Intellectual Property, Products, or proprietary information Including the use of any substitutions or altered procedures in violation of Our Manual or this Agreement.

v. You fail to comply with Our approved suppliers or make changes to Our Products or services without obtaining Our written consent.

vi. You use any of Our Marks, proprietary information, or other Intellectual Property other than in connection with Your Franchise Business.

vii. You intentionally or recklessly disclose or use Our Manuals, trade secrets, Confidential Information, or other propriety information in violation of this Agreement.

viii. You, or Your affiliates, fail to comply with Our noncompetition covenant under this Agreement.

ix. You, or Your affiliates, breach in any material respect any of the covenants under this Agreement.

x. You or any of Your owners, managers, or members make disparaging remarks against Us, other franchises, Our employees or management, Our brand, or Our affiliates in a public forum Including through radio, television, newspapers, and/or the internet.

xi. You engage in conduct that reflects negatively on Our System or other franchise locations.

xii. You knowingly or intentionally conceal revenue, maintain false books or records, or submit any report or payment which defrauds Us.

xiii. Your operation or maintenance of Your franchise results in a threat or danger to public health or safety.

xiv. You or any of Your owners, managers, or members is convicted of, or pleads guilty or no contest, to a felony, a crime involving moral turpitude, or any other crime or offense that We believe, in Our discretion, will have a negative effect on Our System, Marks, goodwill, or other interests.

xv. You or any of Your owners, manager, or members use illegal drugs or abuse prescription medication or refuse to submit to Our request for drug testing.

xvi. You attempt to transfer any part of this Agreement, Your Franchise Business, any material property associated with the franchise, or You attempt to license any of the rights of this Agreement without obtaining Our prior written consent and approval.

xvii. You cease to operate the Franchise Business for twenty one (21) consecutive business days in a twelve (12) month period or it is apparent that You have closed or abandoned the Franchise Business and discontinued operations.

xviii. Your lease agreement for Your Premises is terminated, provided that this provision will not apply if within thirty (30) days of the termination You apply for Our approval to relocate or reconstruct and You diligently pursue such reconstruction or relocation. Our approval will not be unreasonably withheld but may be conditioned upon the payment of an agreed minimum fee to Us during the period Your Franchise Business is not operating.

xix. You fail to cure any curable defaults outlined in Section 12.2.1 in the required time period.

xx. You again commit the same curable default, as outlined in Section 12.2.1, within a twelve (12) month period regardless of whether such default was cured.

xxi. You breach this Agreement or Manuals more than three (3) times within a twelve (12) month period regardless as to whether such defaults were curable or if cured.

xxii. You, or Your affiliate, is in default of any other franchise agreement with Us or multi-unit development agreement with Us and fails to cure such default within the required time period, if any.

### **ARTICLE XIII: TERMINATION AND EXPIRATION**

13.1 Obligations and Rights. Termination, expiration, or non-renewal of this Agreement will not affect, modify, or discharge any claims, rights, causes of action, or remedies, which We may have against You, whether under this Agreement or otherwise, for any reason whatsoever, whether such claims or rights arise before or after termination. Upon the termination or expiration of this Agreement for any reason, You shall:

i. Cease to be a franchise owner under this Agreement and cease to operate Your former Franchise Business as a PaintEZ® franchise. You shall not represent to the public, either directly or indirectly, that Your franchise is or was in any way connected to PaintEZ® or hold Yourself out as a present or former franchise owner of PaintEZ® or affiliated with Our System. All rights, privileges, and licenses granted by Us to You shall immediately cease and be null and void and of no further force and effect.

ii. Immediately cancel Your DBA, assumed name, fictitious name, business name, or equivalent registration that uses Our Mark, or a substantially similar derivative of the Mark, by taking all steps necessary to remove Our Mark from being affiliated with You and provide Us with satisfactory evidence of compliance with this obligation within five (5) days of the termination or expiration of this Agreement.

iii. Disassociate Yourself from Our System by immediately and permanently ceasing the use of all signs, displays, advertising materials, and promotional materials.

iv. Immediately terminate all advertising and promotional efforts and any other act that would in any way indicate that You are or were a PaintEZ® franchisee.

v. Immediately and permanently cease to use, in any manner whatsoever, all of Our materials including Our System, Marks, Intellectual Property, trade secrets, Confidential Information, propriety information, methods, procedures, processes, and other property or promotional materials that were provided or licensed by Us.

vi. Immediately destroy all stationery, letterhead, forms, labels, and any other items which display the Marks.

vii. Return Our Manuals, training materials, marketing materials, and all Confidential Information, including not limited to any customer lists, equipment, records, files, correspondence, Software Programs or other property owned by Us, and all copies thereof, at Your sole expense, within ten (10) days of the expiration or termination of this Agreement. You may retain a copy of this Agreement for compliance reference.

viii. Change telephone listing, telephone numbers, internet sites, web pages, and any Social Media accounts. At Our option, assign to Us all rights to the telephone numbers and internet pages of the Franchise Business and any related business listings and execute all forms and documents required by Us and any telephone company or website to transfer such numbers and services to Us. You must thereafter use a different telephone number and internet page(s). You hereby appoint Us as Your attorney-in-fact for the above transfers if You fail to disassociate Yourself from Us.

ix. Alter at Your expense the interior and exterior of Your Premises to Our satisfaction so that it is easily distinguished from the appearance of a PaintEZ® franchise and cease using any materials that are unique to Our System.

x. Under no circumstances use any reproduction, counterfeit, copy, or imitation of the Marks in connection with any other business. Also, You may not use any designation of origin or description or representation which falsely suggests or represents an association or connection with Us constituting unfair competition.

xi. Notify suppliers, utilities, creditors, and others that may be concerned that You are no longer affiliated with Us or Our System and provide Us with these notifications.

xii. Pay all sums due for all products purchased, royalties, marketing contributions, and other charges, fees, or obligations owed to Us, Our affiliates, or Our suppliers within fifteen (15) days of the termination or expiration of this Agreement. You agree to pay all of Our post-term expenses, Including attorney's fees and costs, to enforce Your post-term obligations.

xiii. Comply with the restrictions against the disclosure of Confidential Information and with the non-competition covenant(s).

xiv. Execute a general release by You and any guarantors.

xv. Pay Us all costs, damages, and expenses, Including reasonable attorney's fees, incurred by Us in enforcing any provision of this Agreement.

xvi. Provide Us evidence of compliance with this Section within thirty (30) calendar days after expiration or termination of this Agreement, unless noted otherwise.

13.2 Termination Agreement. You agree that upon termination or expiration of this Agreement that no payment is due to You from any source of goodwill, intangible assets, or other equity arising from Your Franchise Business. You also agree that any goodwill connected with the franchise or Our System belongs exclusively to Us. No fees, charges, royalties, marketing contributions, or other payments of any kind from You to Us are refundable in whole or in part. You no longer will have any equity or continuing rights to use Our System, Intellectual Property, or the goodwill of the franchise. We will not be liable for any of Your debts or liabilities.

13.3 Survival of Provisions. All provisions of this Agreement, which imply they will apply following the termination or expiration of this Agreement, will survive and apply following the termination or expiration of this Agreement, Including Your obligation to pay all monies due,

maintain confidentiality, non-competition covenant(s), and other restrictions of this Agreement regarding arbitration and dispute avoidance.

13.4 Remedies for Unauthorized Continuation. If You continue to conduct Your Franchise Business after the termination or expiration of this Agreement by using any of Our Marks or any aspect of Our System, Confidential Information, or Intellectual Property, Our remedies will include the recovery of the greater of either: (i) all profits earned by You in the unauthorized continuation of Your Franchise Business or of Your business that is similar to Your Franchise Business; or (ii) all royalties, Marketing Fees, and other amounts that would have been due if this Agreement had not terminated or expired. Furthermore, any remedies available under the non-competition covenant(s) will apply.

#### **ARTICLE XIV: RIGHT TO PURCHASE**

14.1 Right to Purchase. Upon the expiration or termination of this Agreement, We will have the option, but not obligation, to purchase Your franchise by providing written notice within sixty (60) days from the date of expiration or termination (known as the “Option Period”). This option will allow Us to purchase all or any part of Your inventory, equipment, furniture, fixtures, signs, accessories, supplies, and any other personal property relating to Your Franchise Business. We may assign this option to purchase to another person or entity of Our choosing. We, or Our assignee, will be entitled to all customary warranties and representations in connection with the purchase, including but not limited to, representation and warranties as to the ownership, condition of title to assets, liens and encumbrances, validity of contracts and agreements, and liabilities affecting the assets. If You do not receive notice of Our intent to exercise the option within the Option Period then You may presume We have elected to not exercise the option and You shall properly dispose of or destroy any remaining items with the Marks and may sell any other items that do not contain the Marks to any person or entity of your choosing

14.2 Purchase Price. If We exercise the option, the purchase price for the assets of Your terminated or expired Franchise Business will be at the then-existing fair market value, less any of Your outstanding liabilities. In the event of a disagreement as to the fair market value, We will select the appraiser and the expenses related to the appraisal will be equally split between You and Us. The purchase price will be paid at the closing of the purchase. We have the right to use Your assets and Your franchise Premises during the Option Period and will pay You fair market value for such use. We have no obligation to pay for goodwill or other intangible assets or costs of Your Franchise Business.

14.3 Lease. We have the right to assume the lease of Your Franchise Business within the Option Period so that We may continue to operate the franchise as discussed in Sections 5.3.1 and 5.3.2. If We elect to assume the lease, We will exercise Our option within forty-five (45) days of the termination or expiration of this Agreement. You hereby appoint Us as Your true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete the assignment of Your interest in any such lease or sublease upon the exercise of Our option. This power of attorney will survive the expiration or termination of this Agreement. If We do not elect to exercise Our option to acquire the lease or sublease of the Premises, You must make such modification or alterations to the Premises as are necessary to distinguish the appearance of the Premises from that of other PaintEZ® franchises, and, if You

fail or refuse to do so, We will have the right to enter the Premises, without being guilty of trespass or any other crime or tort, to make or cause such changes to be made, at Your expense.

## **ARTICLE XV: TRANSFER OR ASSIGNMENT**

15.1 Our Right. This Agreement and all rights and duties hereunder are fully and freely assignable or transferable by Us, in whole or in part, without Your consent, in Our sole discretion, to any person or entity and shall be binding upon and inure to the benefit of Our successor's and assigns. We may be sold, or We may sell any part of Our Intellectual Property or other assets to another entity. We may also go public and engage in public or private offerings of securities or We may merge with any entity, be acquired by any entity, or acquire any entity. We may undertake any refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring or transaction. You agree to waive all claims, demands, and damages with respect to any transaction under this Section. You agree to fully cooperate with any merger, acquisition, conversion, sale, financing, or similar transaction under this Article.

15.2 Your Right. You understand and acknowledge that the rights and duties under this Agreement are personal to You and that We have granted You this franchise based on many factors such as Your character, skill, business, and financial capability. Therefore, You shall not, without Our prior written consent, voluntarily or involuntarily, by operation of law or otherwise, sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any interest in this Agreement or Your Franchise Business including the license and rights granted herein or assets of the Franchise Business. Any alleged transfer or assignment by You without Our prior written consent shall be null and void and considered a material default under this Agreement, however, You will remain obligated under this Agreement until We notify You otherwise. You also shall not offer any securities You have been granted by Us for sale or trade without Our prior written consent. If You wish to transfer or assign any interested Franchise Business under this Agreement, You must apply for Our prior written consent. You agree to provide Us with any information We may require in determining whether to accept any transfer or assignment.

15.3 Requirements. We must give Our written consent to any proposed transfer or assignment by You. Our consent will not be unreasonably withheld if the proposed transferee or assignee meet Our then-current standards for new franchisees, which includes but is not limited to, the following conditions: business experience, financial resources, background, training, reputation, character, purchase price, and the terms and conditions of the transfer.

15.4 Fee. If the transfer or assignment is approved by Us, You agree to pay Our then-current transfer fee ("Transfer Fee"). As of now, Our Transfer Fee is Five Thousand Dollars (\$5,000) but is subject to change at Our sole discretion, therefore, You will need to consult Our then-current franchise agreement to determine Our most current Transfer Fee. The Transfer Fee is non-refundable and is due at the time the transfer is approved.

15.5 Prohibited Transfers. Any transfer or assignment by You without Our prior written consent is not permitted and is not binding on Us. Such prohibited transfers or assignments will be null and void and grounds for terminating this Agreement at Our discretion.



15.6 Conditions for Approval. The following are conditions that must be satisfied before We approve of any transfer or assignment:

i. You are in full compliance with this Agreement Including all Your accounts with Us or Our suppliers are fully satisfied, and You have submitted all required reports, financial statements, and other documents to Us.

ii. The terms and conditions of the proposed transfer have been provided to Us in writing.

iii. Transferee demonstrates to Us that it meets Our then-current qualifications Including having no conflicts of interest, a good credit score, sufficient and competent business experience, appropriate ability, and adequate financial resources.

iv. Transferee signs Our then-current Franchise Agreement which will supersede this Agreement in all respects and its terms may differ from the terms of this Agreement Including higher fees. If the transferee is a corporation, partnership, limited liability company, or other entity, those of transferee's principals who are designated as principals must also execute such agreement and guarantee the performance thereof.

v. Transferee signs a document stating it has received a copy of the franchise disclosure documents at least 14 days, or by the time required by its state, prior to closing and that We have made no representations, promises, or covenants regarding the past or future success of the franchise.

vi. Transferee pays the transfer fee, if applicable.

vii. Transferee, its operating principal, general manager, and any other personnel required by Us shall, at transferee's expense, complete any training programs then required for new franchisees at Our then-current rate for training new managers plus costs of expenses upon such terms and conditions as We may reasonably require.

viii. Transferee agrees to makes any changes to the Franchise Business and Premises Including renovations, modernizations, or other upgrades to meet Our then-current System, image, and standard requirements for new franchisees at its sole expense and within a reasonable time frame required by Us.

ix. Transferee enters into a written agreement, in a form satisfactory to Us, assuming full, unconditional, joint and several, liability for, and agreeing to perform from the date of the transfer, all obligations, covenants, and agreements of Franchisee under this Agreement. If the transferee is a corporation, partnership, limited liability company, or other entity, those of transferee's principals who are designated as principals, also must execute such agreement and guarantee the performance thereof.

x. You execute a general release, in a form satisfactory to Us, which releases Us from any claims You may have against Us or Our affiliates, officers, directors, shareholders,

partners, members, agents, representatives, independent contractors, servants, and employees, past and present, in their corporate and individual capacities Including claims arising under this Agreement and any other agreement with Us or Our affiliates, and under federal, state, or local laws, rules, regulations, and orders.

xi. You agree to remain liable for all of Your obligations to Us under this Agreement incurred prior to the effective date of the transfer and must execute any and all instruments requested by Us to evidence such liability.

xii. You agree that the non-competition, indemnity, confidentiality obligations, dispute resolutions, and any other portion of this Agreement that is intended to survive the termination or expiration of this Agreement will survive after such transfer.

xiii. If the transfer relates to the grant of a security interest in any of Your assets, We may require the secured party to agree that, in the event of any default by You under any documents related to the security interest, We will have the right and option, but not obligation, to be substituted as obligor to the secured party and to cure any of Your defaults.

15.7 Non-Controlling Interest. If any person holding a non-controlling interest in Franchisee (other than one that signed the Principals Guaranty, attached hereto as Exhibit “A-2”) proposes to transfer such interest, then You must promptly notify Us of such proposed transfer in writing and provide such information relative thereto as We may reasonably request prior to the transfer. The transferee must not be one of Our competitors and may be required to execute a confidentiality agreement and non-competition agreement(s) in the form then required by Us. We reserve the right to require such transferee to sign the Principal Guaranty.

15.8 Right of First Refusal. If You decide to transfer or assign Your interests under this Agreement, Your entire Franchise Business, or an ownership interest in Your Franchise Business, You agree to grant Us the right of first refusal. You shall provide Us with a copy of any bona fide written offer (which by definition, must include an earnest money deposit which is not less than five percent (5%) of the offered price), from a fully disclosed third party. The offer must include the terms and conditions of the transfer Including assets proposed, the purchase price, any financing terms being extended by You, the date of the proposed transfer, and any other pertinent provisions of the proposed transfer. We will have the right, but not obligations, to purchase such interest for the same price and with the same terms and conditions contained in the offer by sending You written notice of Our decision within thirty (30) days of receipt of the offer. We may substitute cash for any form of payment proposed in the offer. Our credit will be deemed equal to the credit of any proposed purchaser. You agree that We are entitled to receive all customary representations and warranties given by the seller of assets of a business, capital stock, or ownership interest in an entity, Including representations and warranties as to: ownership, condition of and title to stock or other form of ownership interest and assets; liens and encumbrances relating to the stock or other forms of ownership interest and assets; and the validity of contracts and liabilities. Each party must bear its own legal and other costs associated with the transaction contemplated in this Section. Failure to comply with this Section will constitute a material default under this Agreement.

15.9 Non-Election or Change of Terms. If We do not exercise Our right of first refusal, You may complete the sale to the third-party purchaser pursuant to the exact terms of the offer, subject to Our prior written approval as set forth above in this Article. If the sale is not completed within one hundred twenty (120) days after delivery of such offer to Us, or if there is a material change in terms of the sale, We will have an additional right of first refusal for a thirty (30) day period following either the expiration of the one hundred twenty (120) day period or the material change in terms of sale, either on the terms originally offered to Us or the modified terms, at Our option. Our failure to exercise the option will not constitute a waiver of any other provision of this Agreement.

15.10 Death or Incapacity. We must be promptly notified of any death or claim of permanent disability of Franchisee, its principal, or any person who has managerial responsibility for the operation of the Franchise Business. Upon the death or mental or physical incapacity, as reasonably determined by an independent third party such as a doctor, for a period of sixty (60) or more consecutive days, of You or any person who has managerial responsibility for the operation of the Franchise Business, the executor, administrator, or personal representative of such person shall transfer his or her interests under this Agreement to a third party approved by Us within six (6) months after the death or finding of incapacity, with the transfer being subject to the same conditions as any other transfer. If the heirs or beneficiaries are unable to meet the transfer conditions set forth in this Article, We may terminate this Agreement. We have the right, but not obligation, to step in and manage Your Franchise Business for a fee of Three Hundred Dollars (\$300) per day per representative plus Our costs of travel, food, and lodging.

15.11 No Waiver. Our consent to the transfer or assignment of any interest hereunder will not constitute a waiver of any claims which We may have against You nor will it be deemed a waiver of Our right to demand You comply with any of the terms of this Agreement.

## **ARTICLE XVI: NON-COMPETITION COVENANT**

16.1 Non-Competition Covenant. You agree that during the term of this Agreement, and for a period of two (2) years after the termination or expiration of this Agreement, You and Your principals, officers, directors, holders, members, general partners, any limited partners, and their respective spouses and immediate family members covenant and agree, pursuant to this Agreement, that they will not, directly or indirectly, own, operate, lease, franchise, conduct, consult, engage, connect, assist, have any interest in, or provide loans to any person or entity engaged in or as an owner, employee, consultant, partner, officer, director, shareholder, participant, or share the earnings or profits of any person, firm, entity, partnership, corporation engaged in any residential and/or commercial painting business or other business offering products or services the same or substantially similar to the Franchise Business or Our System that is located within a one hundred (100) mile radius of any of Our franchises, companies, or affiliate owned operations, whether then in existence or under construction, unless with Our prior written consent. In the event that You violate this Article XVI and compete during the non-competition period, the non-competition period will be extended by the amount of time You competed plus an additional six (6) months thereafter. A Principal Confidentiality & Non-Competition Agreement, Exhibit "A-4, hereby incorporated hereto, must be completed by all of Your owners, principals, members, directors, officers, managers, and shareholders and returned to Us within one (1) week of being

signed. The restrictions of this Section 16.1 are not applicable to owners of shares that represent two percent (2%) or less of the issued or outstanding securities of that class of security. This Section 16.1 will survive the expiration, termination, or transfer of this Agreement.

16.2 Confidentiality. You acknowledge and agree that all information relating to the System and all other Confidential Information is considered to be proprietary and trade secrets of Franchisor. You also agree that We are the sole exclusive owners of Our System and Our Confidential Information and You agree to never contest that We are the exclusive owners of Our System and Our Confidential Information. The parties hereto stipulate that as between them, Franchisor's Confidential Information is important, material, and gravely affects PaintEZ®'s goodwill including the effective and successful conduct of the business of PaintEZ®. You agree that all Confidential Information is to be held in the strictest of confidence during and after the term of this Agreement and is not to be divulged to anyone, directly or indirectly, at any time, except to Franchisee's employees or others who need to know the information to operate the Franchise Business. You agree that You, or any of those whom You have control, will never make any unauthorized disclosures of Our Confidential Information. You acknowledge that We disclose Our Confidential Information to You for guidance and assistance with Your Franchise Business and that You are not to ever use this information in the operation of any other residential and/or commercial painting business or other business and to maintain absolute confidentiality of the Confidential Information during and after the term of this Agreement. You, or any of those whom You have control, except as We may grant permission in writing, will not, at any time, make any unauthorized copies, duplicates, records, reproductions, and will not download, print, transmit via facsimile, email, text, or any other means reproduce or copy all or parts of the Confidential Information that We provide to You. You agree to implement reasonable procedures, and adopt all of Our confidentiality procedures, to prevent unauthorized use or disclosure of Confidential Information. This Section 16.2 will survive the expiration, termination, or transfer of this Agreement or any interest herein and will perpetually be binding upon You.

16.3 Covenant Reasonableness. You agree that the covenants in this Article contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor and other franchisees. You acknowledge that if You violate any part of this Article it is likely to cause Us substantial and irreparable harm.

16.4 Modifications to Ensure Survival. Each such covenant will be construed as independent of any other covenant or provision of this Agreement. You agree that each covenant is reasonable. However, if any court finds any covenant or any portion of any covenant to be unreasonable, the court may reduce the scope and/or duration of the covenant to the extent necessary to render it enforceable while still providing the greatest restriction allowable.

16.5 Remedies. As the damages arising out of any such breach of this Section would be difficult to ascertain, You agree that, in addition to all other remedies provided by law or in equity, We, in the event of a breach or threatened breach of the covenants herein contained, shall be entitled to seek immediate equitable remedies, without proof of actual damages that may be caused by such breach and without the requirement of posting bond, including, but not limited to, restraining orders, preliminary and permanent injunctions in order to prevent Your, or Your

partners, members, officers, directors, trustees, or employees from continuing to breach the covenants contained herein. Additionally, You agree that the following remedies will also apply.

16.5.1 Profits for Non-Competition Violations. If You violate the non-competition covenants in this Agreement, Including any of its Exhibits, by entering into or engaging with a competing business, You agree to pay Us one hundred percent (100%) of the amount of revenue generated by Your competing business in addition to liquidated damages (discussed in Section 16.5.2 below)

16.5.2 Liquidated Damages for Non-Competition Violations. If You violate the non-competition covenants in this Agreement, Including any of its Exhibits, by entering into or engaging with a competing business, You agree that We will be entitled to liquidated damages in the amount of One Hundred Fifty Thousand Dollars (\$150,000) per year of operation for each competing business until the end of Your franchise-term, plus a one (1) year post-termination non-compete term, and You shall also pay Our then-current royalty rate for all gross sales from the competing business.

16.5.3 Alternative Remedies. If this Article XVI is unenforceable, for whatever reason, after the expiration or termination of this Agreement and the remedies ordered are unacceptable to Us, You will be required to pay Seventy-Five Thousand Dollars (\$75,000) per each competing business location, and for one (1) year after the expiration or termination of this Agreement, You agree to pay one-half (1/2) of the royalties and Marketing Fees, as a fee to Us, which would be payable if the competing business location were a PaintEZ® franchise.

16.6 Costs. You agree to pay all costs and expenses Including reasonable attorneys' fees, and interest on such fees, costs, and expenses, incurred by Us in connection with the enforcement of this Article XVI. If You violate any restriction contained in this Article XVI, and it is necessary for Us to seek equitable relief, the restrictions contained herein shall remain in effect until one (1) year after such relief is granted. If You contest the enforcement of Article XVI and the enforcement is delayed pending litigation, and if We prevail, the period of non-competition shall be extended for an additional period equal to the period of time that enforcement of this Article XVI is delayed.

16.7 Survival. The provisions of this Article XVI will survive the termination, expiration, or transfer of this Agreement or any interest herein.

## **ARTICLE XVII: NOTICES**

17.1 Notices. Any notice required to be given under this Agreement must be in writing and delivered, to such address as listed below, by either certified mail, return receipt requested; personal delivery; recognized courier service; or email when confirmed by receipt verification.

**FRANCHISOR:**

EMERALDPRO FRANCHISING, INC. dba PAINT EZ  
Address: 138 E. 12300 S. Unit 393  
Draper, UT 84020  
Email: info@paintEZ.com

(or Our then-current headquarters)

**FRANCHISEE:**

\_\_\_\_\_, LLC/Inc.  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Email: \_\_\_\_\_

17.2 Delivery. Any notice delivered by mail as specified herein will be deemed received three (3) days after mailing. If You refuse or fail to accept any certified or overnight delivery, acceptance will be deemed to have occurred forty-eight (48) hours after rejection or failure to accept such notice.

17.3 Listed Addresses. The address specified above for service of notices may be changed at any time by the party making the change by providing written notice to the other party by certified mail or as otherwise agreed by the parties.

**ARTICLE XVIII: JURISDICTION**

18.1 Governing Law. This Agreement shall be governed by and interpreted and construed under the laws of the State of Utah, without reference to conflict of law provisions.

18.2 Jurisdiction. You consent to the jurisdiction of the State of Utah in all lawsuits, arbitrations, or mediations relating to or arising out of this Agreement and hereby waive any defense You may have regarding lack of jurisdiction or venue for Disputes arising out of this Agreement. This consent to jurisdiction is crucial so that franchise issues will be determined in a consistent manner for application throughout Our System.

**ARTICLE XIX: DISPUTES**

19.1 Quick Resolution. As We and You understand, there is always a possibility of difference of opinion or other disagreements in business relationships. We and You agree that it is important to resolve any disputes amicably, quickly, inexpensively, and professionally so that We and You can return to business as soon as possible. We and You have agreed that the provisions of this Article XIX support these mutual objectives and, therefore, agree to the following.

19.2 Dispute Resolution. We and You agree that any dispute, controversy, issue, claim, or action whatsoever (“Dispute”) between You, Us, affiliates, shareholders, members, managers, officers, directors, agents, employees, and attorneys arising out of or relating to this Agreement, or any other agreement between You and Us, the Franchise Business, or any of PaintEZ® operations, except those outlined under Section 19.5, will be exclusively processed in the following manner:

19.2.1 Face-to-Face Meeting. The dispute shall first be discussed in a face-to-face meeting between You and Us in Salt Lake City, Utah or at Our then-current headquarters. This face-to-face meeting will be held within thirty (30) days of You or We providing written notice to the other requesting such meeting. We have the right, in Our sole discretion, to waive this requirement.

19.2.2 Mediation. If the face-to-face meeting has not resolved the matter successfully, either You or We may submit the matter to non-binding mediation before the Franchise Arbitration and Mediation Services (“FAM”) or as otherwise agreed. You and We will split the costs and each will bear their own expenses of any mediation. The mediation will be conducted exclusively in Salt Lake City, Utah. If either party chooses arbitration as provided below, the mediation and arbitration may proceed at the same time. The mediator will be disqualified as a witness, consultant, expert, or counsel for either party for the matter in dispute and any related matters. If You and We agree not to participate in mediation, then the matter may proceed to arbitration as provided below.

19.2.3 Legal Proceeding. If the mediation has not resolved the matter successfully, or mediation is waived, either You or We may institute a legal suit, action, or proceeding, exclusively in Salt Lake City, Utah, against the other party to enforce this Agreement or obtain any other remedy regarding any breach of this Agreement. The prevailing party in the suit, action, or proceeding is entitled to receive, and the non-prevailing party shall pay, in addition to all other remedies to which the prevailing party may be entitled, the costs and expenses incurred by the prevailing party in conducting the suit, action, or proceeding, including attorneys’ fees and expenses and court costs, even if not recoverable by law, Including all fees, taxes, costs, and expenses incident to appellate and post-judgment proceedings.

19.3 Contractual Statute of Limitations. You and We agree that any action in relation to this Agreement or the parties’ relationship, except for such claims under Section 19.5, shall be commenced within one (1) year of the alleged breach or event giving rise to the Dispute, without regard to the date any alleged Dispute was discovered. Any action not brought within the one (1) year time period shall be barred. The parties expressly waive any right to claim enforcement of or reliance upon any discovery rule or tolling or similar legal doctrine or statute to avoid enforcement of this waiver.

19.4 Waiver of Certain Damages and Jury Trial. Each party waives, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special, consequential or other similar damages, Including loss of profits, against the other and agrees that, in the event of a dispute between them, the party making a claim will be limited to equitable relief and to the recovery of actual damages sustained, without limiting Your obligation to indemnify Us

pursuant to this Agreement. Each party irrevocably waives any right to a jury trial for Disputes arising or related to this Agreement to the fullest extent permitted by law and hereby stipulate that any such trial will occur without a jury.

19.5 Exceptions to Mediation. You agree that nothing in this Agreement requires Us to mediate Disputes related to any of the following: (1) the validity of Marks, trademarks, service marks, or other Intellectual Property; (2) rights to obtain a writ of attachment or other prejudgment remedies; or (3) Disputes solely for fees and other funds owed by one party to the other under this Agreement.

19.6 Dispute Fees. The parties to the Dispute will share the expenses equally and pay for their own fees, except for appeal fees shall be paid by the party requesting the appeal. The prevailing party in any arbitration or mediation, Including appeals, will be awarded attorney's fees and costs.

19.7 Liquidated Damages. You and We recognize the difficulty of calculating damages caused by lost future royalties, but nevertheless, recognize and agree that such damages could arise, and You and We hereby agree to the following formula as a compromise on the calculation of such damages. If this Agreement is terminated, other than for non-renewal or mutual termination, in addition to other remedies available under this Agreement, We will be entitled to liquidated damages, not as a penalty, but solely to compensate Us for lost future royalties. These liquidated damages will be equal to the average royalty payment from the previous twelve (12) months multiplied by the lesser of thirty-six (36) months or the remaining term of this Agreement. You and We agree that such amount will be reduced to the present value of such payments as of the date of termination utilizing an interest rate of five percent (5%). Such liquidated damages only cover Our damages for lost royalties and do not cover any other damages under this Agreement, at law, and in equity and are not a waiver of any other right. You agree that these liquidated damages do not give Us an adequate remedy at law for any other default under any provision of this Agreement other than lost royalties.

19.8 Fees for Non-Compliance; Payment of Our Costs in Securing Compliance. In addition to any other remedy We may have under this Agreement and under law, in the event You fail to comply promptly with any of Your post-termination obligations: (a) You agree to pay Us Five Hundred Dollars (\$500) per day for each day that You are in default (“Daily Post-Termination Non-Compliance Fee”), as a reasonable estimate of the damages suffered by Us; and (b) to prevent further injury, We may hire a third-party or use Our own personnel to de-identify Your Franchise Business Premises and/or to carry out any other post-termination obligations on Your behalf, for which costs You will be responsible. These costs will Include any attorneys' fees and costs incurred and associated with enforcing Your post-termination obligations. We have the right to automatically debit by EFT or other electronic withdrawal means, Your bank account for these payments. This Daily Post-Termination Non-Compliance Fee obligation will not affect Our right to obtain appropriate injunctive relief and other remedies under this Agreement Including to enforce this Article, Our trademark rights, or the non-competition covenants.

19.9 Additional Non-Compliance Costs. In addition to the Daily Post-Termination Non-Compliance Fee, You agree to pay Us: (a) the amount of expenses reasonably incurred by Us to



perform any obligation that You failed to perform, calculated on hourly rates of Our personnel, and time, travel, lodging, food, and other expenses where applicable; and (b) all damages, costs, and expenses, Including attorneys' fees and costs incurred by Us in obtaining injunctive or other relief. Upon Your termination, We have the right to transfer from Your account by EFT or other electronic withdrawal means, a payment of Ten Thousand Dollars (\$10,000) in respect and anticipation of the Daily Post-Termination Non-Compliance Fee and expenses. Upon completion of the de-identification of the Premises to Our reasonable satisfaction and payment of the expenses provided in this Section, We will refund to You any unused remaining portion of the Ten Thousand Dollars (\$10,000). If the Ten Thousand Dollars (\$10,000) is insufficient to satisfy Your monetary obligations to Us, You will pay the balance owed to Us within thirty (30) days of Your receipt of Our invoice.

## **ARTICLE XX: INDEMNIFICATION**

20.1 Indemnification. You agree to protect, defend, indemnify, and hold harmless Us and Our affiliates, Including principals, directors, officers, employees, agents, members, attorneys, accountants, shareholders, interest holders, successors, spouses, assigns, and any directly or indirectly controlling entity ("Indemnitees") against, and to reimburse any one or more of the Indemnitees for, any and all claims, losses, liabilities, acts, damages, costs, and expenses, Including attorneys' fees in any way related to, directly or indirectly arising out of or in conjunction with the operation of the Franchise Business, Your employer/employee relationships, and/or Your breach of this Agreement, without limitation and without regard to the cause(s) thereof or the negligence or strict liability of Us or any other party in connection therewith, Including the Indemnitees. Notwithstanding the foregoing, this indemnity will not apply to any liability arising from Our gross negligence or willful misconduct, except to the extent that joint liability is involved, in which event the indemnification provided herein will extend to any finding of comparative or contributory negligence attributable to Franchisee, Franchisee's owners, principals, officers, directors, employees, independent contractors, shareholders, interest holders, affiliates, spouses, and any directly or indirectly controlling entity. For purposes of this indemnification, "claims" shall Include all obligations, actual, consequential, exemplary, or other damages, and costs reasonably incurred in the defense of any claim against any of the Indemnitees, Including accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration, or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim of Franchisee. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration, termination, or transfer of this Agreement or any interest herein.

20.2 Defense of Claim. You and each of Your principals, officers, directors, partners, shareholders, interest holders, affiliates, spouses, and any directly or indirectly controlling entity agree to provide Us with immediate notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation. At Your risk and expense, We may elect to assume, but are not obligated to undertake, or associate counsel of Our own choosing with respect to, the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry, or investigation. If We elect, such option will not in any manner or form diminish Your obligation to indemnify the Indemnitees and hold them harmless.

20.3 Remedial Action. In order to protect persons or property, or Our reputation or

goodwill, or the reputation or goodwill of others, We may, at any time and without notice, as We, in Our judgment deem appropriate, consent or agree to settlements or take such other remedial or corrective action as We deem expedient with respect to the action, suit, proceeding, claim, demand, inquiry, or investigation if, in Our sole judgment, there are reasonable grounds to believe that any claim described in this Article XX has occurred or any such claim may result directly or indirectly in damage, injury, or harm to any person or property.

20.4 Contributory Negligence. The Indemnitees do not assume any liability for acts, errors, or omissions of those with whom You or Your principals, officers, directors, partners, shareholders, interest holders, affiliates, spouses, and any directly or indirectly controlling entity may contract, regardless of the purpose. You and Your principals, officers, directors, partners, shareholders, interest holders, affiliates, spouses, and any directly or indirectly controlling entity will hold harmless and indemnify the Indemnitees as set forth herein; provided, however, this indemnification shall not apply to acts of willful misconduct or gross negligence of the Indemnitees.

20.5 No Duty to Mitigate; Survival of Obligations. Under no circumstances will We or any other Indemnitee(s) be required to seek recovery from any insurer or other third-party, or otherwise mitigate Our or Your losses and expenses, in order to maintain and fully recover a claim against You. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts We or another Indemnitees may recover from You. You agree the terms of this Article XX will continue in full force and effect notwithstanding the termination, expiration, or transfer of this Agreement or any interest herein.

## **ARTICLE XXI: MISCELLANEOUS**

21.1 Entire Agreement. This Agreement, Exhibits, and Schedules hereto supersede all other agreements, written or oral, that may have been made or entered into by the parties hereto concerning the subject matter hereof. All Exhibits and Schedules are made a part of this Agreement by reference. This Agreement is intended to state the entire understanding of the parties regarding the subject matter herein. Nothing expressed or implied in this Agreement is intended or shall be construed so as to grant or confer on any person, firm, or corporation other than the parties hereto, any rights or privileges hereunder.

21.2 Headings. The table of contents, headings, and captions appearing in this Agreement are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or extent of such paragraph or in any way affect such paragraph.

21.3 Contents. Words and terms in any gender will be deemed to include the other genders. The singular will be deemed to include the plural and vice versa. The parties agree that each section of this Agreement shall be construed independently of any other section or provision of this Agreement.

21.4 No Third-Party Benefits. You and We agree not to intend to confer benefits or rights on any person or entity not a party to this Agreement and no third parties shall have any rights, claims, or benefits under this Agreement.

21.5 Joint and Several Liability. If two or more persons or entities sign this Agreement the liability of each will be joint and several. All members that are part of the franchise are jointly and severally liable for Your performance under this contract.

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

21.7 Severability. Except as expressly provided to the contrary herein, each portion, section, part, and provision of this Agreement will be considered severable. In the event that any portion, section, part, and provision of this Agreement shall be unenforceable or invalid under any applicable law or be so held by applicable court decision, such enforceable or invalidity shall not render this Agreement unenforceable or invalid as a whole, and, in such event, such portion, section, part, or provision shall be changed and interpreted so as to best accomplish its objectives within the limits of applicable law or applicable court decisions.

21.8 Waiver. No failure, refusal, or neglect by Us to exercise any right, power, remedy, or option reserved to Us under this Agreement, or to insist upon strict compliance by You with any obligation, condition, specification, standard, or operating procedure in this Agreement, shall constitute a waiver of any provision of this Agreement and Our right to demand exact compliance with this Agreement, or to declare any subsequent breach or default or nullify the effectiveness of any provision of this Agreement. Subsequent acceptance by Us of any payment(s) due to Us under this Agreement shall not be deemed to be a waiver by Us of any preceding breach by You of any terms, covenants, or conditions of this Agreement.

21.9 Consent. Whenever this Agreement requires Our prior approval or consent, You must make a timely written request to Us, and such approval or consent must be obtained in writing. Except as otherwise provided in this Agreement, no waiver, approval, consent, advice, or suggestion given to You, and no neglect, delay, or denial of any request therefor, will constitute a warranty or guaranty by Us, nor do We assume any liability or obligation to You or any third-party as a result thereof.

21.10 Survival. Any obligation of Yours that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of You therein, will be deemed to survive such termination, expiration, or transfer.

21.11 Amendment. This Agreement may be amended only by a written instrument signed by duly authorized representatives of both parties.

21.12 Binding. This Agreement is binding upon the heirs, administrators, personal representative, assigns, and renewals in interest to the parties hereto.

21.13 No Partial Payments. All payments made by You of any amount required to be paid under this Agreement shall be for the full amount due regardless of any endorsements or written communication contained on any such payment.

21.14 No Withholdings. You agree that You will not offset or withhold payments of any royalties, fees, payments of any other amounts due to Us, Our affiliates, or suppliers on the grounds of alleged non-performance by Us of any covenants or obligations under this Agreement.

21.15 Force Majeure. If either party hereto shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, strikes, walkouts, labor troubles, inability to procure materials, restrictive governmental laws, or regulations or other cause without fault and beyond the control of the party obligated, performance of such acts shall be excused for the period of delay, and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. Upon the occurrence of an event of Force Majeure, the party affected thereby must give prompt notice thereof to the other party, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of this Agreement to be affected, and a plan for resuming operation under this Agreement, which the party must promptly undertake and maintain with due diligence.

21.16 No Representations. You understand that the success or failure of Your Franchise Business depends primarily upon Your efforts not upon Our efforts. You agree that We have not made, nor have You depended upon, any promise to the success or failure of Your Franchise Business. You agree that You have had the chance to independently investigate the franchise opportunity presented herein, understand the risks that could result in losses, and have not received or relied upon any representations or guarantees outside of Our franchise disclosure document. You understand that no payments are refundable at Your option and We will not repurchase any rights granted by this Agreement. You understand that We make no promises or guarantees that: (1) You will achieve any particular sales, income, or other levels of performance in Your Franchise Business; (2) that the location will be successful; or (3) that You will be awarded additional franchises or other rights except as set forth in a written notice signed by Us. You understand that You will not receive any assistance regarding marketing, development, operation, or otherwise that is not expressly contained in this Agreement. You also understand that You will not have any exclusive rights other than those contained in this Agreement.

21.17 Variance in Offers. You understand and agree that We may offer franchises, in the past, present, or future, on other terms and conditions that may differ from Your terms and conditions contained in this Agreement and that You have no right to object to such variance in offers or obtain the same variances for Your Franchise Business.

21.18 No Misrepresentations. You vow that You have made no misrepresentations that induced Us to grant You this franchise under this Agreement.

21.19 No Violations. You warrant that You will not be in violation or breach, or cause violations of any agreement, covenant, judgment, court, or any administrative agency between You and a third party by entering into this Agreement.

21.20 Further Assurances. The parties will promptly execute and deliver such further documents and take such further action as may be necessary in order to effectively carry out the intent and purposes of this Agreement.

21.21 Dealings. No course of dealing between You and Us will affect Your rights or Our rights under this Agreement or otherwise.

21.22 Disclosure. You agree that We can disclose information related to Your Franchise Business Including Your name, address, phone numbers, financial information, reports, and any other information in disclosure documents or otherwise in Our discretion.

21.23 FDD Acknowledgment. You agree that You have a copy of the PaintEZ® Franchise Disclosure Document (“FDD”) for at least 14 days or 10 business days, whichever is required by Your state, prior to signing this Agreement or making any payments to Us and that during this time frame You had the opportunity to have the FDD reviewed by an attorney of Your choice.

21.24 Time is of the Essence. Time is of the essence with respect to all provisions of this Agreement that specify a time for performance; provided, however, that the foregoing shall not be construed to limit or deprive a party of the benefits of any grace or use period allowed in this Agreement.

21.25 Authority. The person(s) signing below warrant that they are authorized to enter into this Agreement on behalf of their respective principals identified below and that by their signatures they bind such principals to this Agreement.

21.26 Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if all parties hereto all had signed the same document. All counterparts will be construed together and will constitute one (1) Agreement.

21.27 Effective Date. This Agreement will be effective on the date it is executed by Us.

[INTENTIONALLY LEFT BLANK; SIGNATURES TO FOLLOW]

**WE EXPRESSLY DISCLAIM THE MAKING OF, AND YOU ACKNOWLEDGE THAT YOU HAVE NOT RECEIVED ANY ESTIMATES, PROJECTIONS, WARRANTIES OR GUARANTIES, EXPRESSED OR IMPLIED, REGARDING THE POTENTIAL SALES, EARNINGS, PROFITS, BUSINESS OR FINANCIAL SUCCESS, OR THE VALUE OF YOUR FRANCHISE BUSINESS. YOU UNDERSTAND THE RISKS ASSOCIATED WITH THIS FRANCHISE OPPORTUNITY COULD RESULT IN LOSSES.**

**YOU UNDERSTAND THE SUCCESS OR FAILURE OF YOUR FRANCHISE BUSINESS CANNOT BE RELIABLY PROJECTED AND DEPENDS PRIMARILY UPON YOUR EFFORTS AND NOT UPON OUR EFFORTS. WE MAKE NO REPRESENTATIONS, COVENANT, OR WARRANTIES REGARDING THE SUCCESS OR POTENTIAL SUCCESS OF YOUR FRANCHISE BUSINESS.**

**YOU AGREE THAT YOU HAVE HAD AN OPPORTUNITY TO HAVE THIS AGREEMENT AND RELATED DOCUMENTS INDEPENDENTLY INVESTIGATED AND REVIEWED BY YOUR OWN ATTORNEY.**

IN WITNESS WHEREOF, and by their signatures below, the Franchisor and Franchisee hereto acknowledge that they have read, understand, and agree to all of the terms and provisions of this Agreement and have caused this Agreement to be executed as of the date first above written with full authority for the entity he or she represents.

FRANCHISOR:

FRANCHISEE:

**EMERALDPRO FRANCHISING, INC.**

\_\_\_\_\_,  
**LLC/INC.**

By: \_\_\_\_\_  
(Signature)

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_, personally

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_, personally

**IF FRANCHISEE IS A CORPORATION OR LIMITED LIABILITY COMPANY, ALL SHAREHOLDERS OR MEMBERS OF THE CORPORATION OR LIMITED LIABILITY COMPANY MUST EXECUTE THIS FRANCHISE AGREEMENT AS PROVIDED BELOW**

The undersigned shareholders/members of the Franchisee, hereby execute, guaranty and agree to be bound by the terms and conditions of the PaintEZ® Franchise Agreement, dated the \_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

By: \_\_\_\_\_  
Signature  
Print Name: \_\_\_\_\_  
Ownership: MEMBER/SHAREHOLDER  
(circle one)

By: \_\_\_\_\_  
Signature  
Print Name: \_\_\_\_\_  
Ownership: MEMBER/SHAREHOLDER  
(circle one)

By: \_\_\_\_\_  
Signature  
Print Name: \_\_\_\_\_  
Ownership: MEMBER/SHAREHOLDER  
(circle one)

By: \_\_\_\_\_  
Signature  
Print Name: \_\_\_\_\_  
Ownership: MEMBER/SHAREHOLDER  
(circle one)

**EXHIBIT A-1  
TO THE FRANCHISE AGREEMENT**

**TERRITORY**

**TERRITORY:** \_\_\_\_\_  
(Map may be attached)

The Territory will consist of the area encompassing the following zip codes:

\_\_\_\_\_ .

**APPROVED PREMISES LOCATION:**

The franchise Premises is approved for the following location only:

\_\_\_\_\_ ,

in the city of \_\_\_\_\_, county of \_\_\_\_\_, state of \_\_\_\_\_.

**Our approval of the Territory is NOT a guarantee or a warranty of the potential success of the Franchise Business at the territory or site.**

*(If You have not already located a site for Your Premises,  
see Site Location Agreement located at Exhibit A-9)*

\_\_\_\_\_  
Franchisee Initial and Date

\_\_\_\_\_  
Franchisor Initial and Date



**EXHIBIT A-2  
TO THE FRANCHISE AGREEMENT**

**PERSONAL GUARANTY AND ASSUMPTION OF OBLIGATIONS**

This PERSONAL GUARANTY AND ASSUMPTION OF OBLIGATIONS (“Guaranty”) is entered into and made effective as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the “Effective Date”) by and between **EMERALDPRO FRANCHISING, INC.** a Utah Corporation (“Franchisor”, “PaintEZ®”, “We”, “Us”, or “Our”) and the undersigned Guarantor(s) (“Guarantor(s)”) owner(s) of \_\_\_\_\_, **LLC/INC.** a \_\_\_\_\_ [state] limited liability company/corporation (“Franchisee”) and their spouses.

In consideration of, and as an inducement to, the execution by PaintEZ® of the Franchise Agreement, dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (“Franchise Agreement”) between Franchisor and Franchisee, each Guarantor(s) signed this Guaranty for other good and valuable consideration, and as an inducement to Us to grant a franchise to Franchisee, each of the undersigned Guarantor(s), for themselves, their heirs, renewals, and assigns, do, individually, jointly and severally, hereby: (1) personally, unconditionally, absolutely, and irrevocably guarantees to Franchisor and its successors and assigns, for the term of the Franchise Agreement and thereafter as provided in the Franchise Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Franchise Agreement, including, but not limited to, initial franchise fees, royalties, marketing fees, equipment, materials, and supplies; and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreement. This Guaranty is hereby incorporated in and made part of the Franchise Agreement and shall be annexed thereto. All terms not defined herein shall have the meaning provided in the Franchise Agreement.

Each Guarantor acknowledges and agrees that We have entered into the Franchise Agreement with Franchisee solely on the condition that each Guarantor is personally obligated and jointly and severally liable with Franchisee (and with each other Guarantor) for the performance of each and every obligation, agreement, undertaking, covenant, liability, amendment, modification, extension, and debt of Franchisee under the Franchise Agreement, now existing or hereafter arising. Guarantor(s) must render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses to do so punctually. Each Guarantor’s liability will not be contingent or conditioned upon Our pursuit of any remedies against Franchisee or any other person.

Each Guarantor’s liability will not be diminished, relieved, or otherwise affected by any subsequent rider or amendment to the Franchise Agreement or by an extension of time, credit, or other indulgences which We may from time to time grant to the Franchisee, or to any other person, including, without limitation, the acceptance of any partial payment or performance of the compromise or release of any claims (including the release of other Guarantor(s)) and no such indulgence will in any way modify or amend this Guaranty. Franchisee’s written acknowledgment, accepted in writing by Us, or the judgment of any court or arbitration panel of competent jurisdiction establishing the amount due from Franchisee will be conclusive and binding on the undersigned as Guarantor(s). This Guaranty will continue and is irrevocable during the term of the

Franchise Agreement and, as required by the Franchise Agreement, after its termination or expiration, and for so long thereafter as there are any monies or obligations owing by Franchisee to Us under the Franchise Agreement.

Each Guarantor waives all of the following: (1) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by Guarantor(s); (2) acceptance and notice of acceptance by Us of Guarantor's obligations under this Guaranty; (3) notice of amendment of the Franchise Agreement; (4) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by Guarantor(s); (5) any right Guarantor(s) may have to require that an action be brought against Us or any other person as a condition of Guarantor(s)' liability; (6) all rights to payments and claims for reimbursement or subrogation which Guarantor(s) may have against Us arising as a result of Guarantor(s)' execution of and performance under this Guaranty; (7) any right Guarantor(s) may have to declare bankruptcy or insolvency of Franchisee as a defense hereunder or as the basis for rescission hereof; (8) any defense based on an election of remedies by Franchisor which destroys or otherwise impairs the subrogation rights of Guarantor(s), the right of Guarantor(s) to proceed against Franchisee or another person for reimbursement or both; (9) the right of Guarantor(s) to proceed against or exhaust any security from Franchisee; (10) the right of Guarantor(s) to pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee; (11) any statute of limitations benefits or other provisions of law which affects or limits the Guarantor(s)'s liability under this Guaranty; and (12) all other notices and legal or equitable defenses to which Guarantor(s) may be entitled in Guarantor(s)'s capacity as guarantors.

Each Guarantor and its spouse agrees that any claims, disputes, or controversies of the Guarantor will be governed by Article XVIII (Jurisdiction) and XIX (Disputes) of the Franchise Agreement, herein incorporated by reference. Guarantor and its spouse agrees that all litigation, arbitration, and/or mediation will take place exclusively in Salt Lake City, Utah and each Guarantor and its spouse submits to the personal jurisdiction of the state and federal courts of Utah.

Each Guarantor understands that if We must enforce this Guaranty in any judicial or arbitration proceeding, including any appeals, each Guarantor must reimburse Us for Our enforcement costs which include, but are not limited to, accountants' fees, attorneys' fees, arbitrators' fees, arbitration filing fees, expert witness' fees, costs of investigation and proof of facts, court costs, other litigation expenses, travel, and living expenses whether incurred before, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing, or proceeding to this Guaranty.

Each Guarantor understands that a separate action may be brought or prosecuted against any individual Guarantor, at Our sole discretion, whether or not the action is brought or prosecuted against any other Guarantor or Franchisee. Additionally, Guarantor(s) agree that their bankruptcy, insolvency, or other actions provided in the Franchise Agreement may be events of default under the Franchise Agreement.

Guarantor(s) shall hold harmless, defend, protect, and indemnify Us from any and all actions, causes of action, liabilities, damages, losses, fees, costs, expenses (including, without limitation, attorneys' fees, investigation costs, court costs, and arbitration fees) and all other claims

which may arise as a result of any dispute, of any nature, between or among Guarantor(s) and any other persons or entities.

Each Guarantor hereby acknowledges and agrees to be individually bound by all covenants contained in the Franchise Agreement and all terms and conditions of the Franchise Agreement requiring Franchisee not to disclose confidential information.

In the event of death of any or all Guarantor(s), the obligations of each Guarantor under this Guaranty shall continue in full force and effect against the deceased Guarantor's estate for all obligations incurred by Franchisee up until the time We receive written notice of Guarantor's death.

No terms or provisions of this Guaranty may be changed, waived, revoked, or amended without Our prior written consent. The use of the singular herein shall include the plural.

If a court of competent jurisdiction finds any provision of this Guaranty to be unenforceable, all of the other provisions shall remain effective.

Each Guarantor and its spouse agrees that they have had adequate opportunity to have the Franchise Agreement and this Guaranty reviewed by counsel of their choosing and that Guarantor and its spouse has not relied on Us or any of Our counsel in any respect. Each Guarantor and its spouse understands the remedies that We may pursue against Guarantor(s) and its spouse in the event of a default under the Franchise Agreement. Each Guarantor agrees to keep themselves fully informed of Franchisee's financial condition and performance of Franchisee's obligations to Us and that We have no duty to disclose to Guarantor(s) any information pertaining to Franchisee.

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

This Guaranty may be signed in counterparts including by electronic signature, or scanned and emailed signature which will be deemed the same as an original signature and may be used for all purposes as if it were an original, and when said counterparts have been exchanged between the parties, they will be of full force and effect.

*(Remainder of page intentionally left blank; Signature(s) to follow)*

**IN WITNESS WHEREOF**, and by the signature(s) below, the Guarantor(s) hereto acknowledge to have read, understand, and agree to all of the terms and provisions of this Guaranty and have caused this Guaranty to be executed as of the Effective Date written below.

**“GUARANTOR(S)”**

By: \_\_\_\_\_  
(Signature)

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Spouse's Signature: \_\_\_\_\_

Spouse's Signature: \_\_\_\_\_

Spouse's Name: \_\_\_\_\_

Spouse's Name: \_\_\_\_\_

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

**FRANCHISEE REPRESENTATIONS AND WARRANTIES**

Franchisee makes the following warranties and representations:

Franchisee is a: *(mark one of the following if applicable)*

- Sole Proprietorship                       Corporation  
 Partnership                                       Limited Liability Company

Entity Name: \_\_\_\_\_

Entity’s State of Formation: \_\_\_\_\_ Date of Entity’s formation: \_\_\_\_\_

EIN: \_\_\_\_\_ Principal Contact Person: \_\_\_\_\_

If Franchisee is a partnership, corporation, or limited liability company, please provide the name and address of each partner, shareholder, or member holding an ownership interest as well as the name and address of any shareholder, partner, or member who will attend training:

Name	Address	Shares & Percentage of Interest*

\*Partnership: Percentage owned in voting and in capital and profits.  
 \*Corporation: Percentage owned of outstanding voting stock.  
 \*Limited Liability Company: Percentage owned in membership interest.

List the names of Franchisee's managers and officers:

Name	Title	Manager/Officer

Franchisee's address where records are maintained: \_\_\_\_\_  
\_\_\_\_\_.

List the name, address, and contact information of the person who has been approved by Franchisor, has authority to make decisions relating to the operations of the franchise, and who will be directly responsible for supervising the franchise.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Email: \_\_\_\_\_

You agree to provide Franchisor with a copy of Franchisee's certificate/articles of organization and operating agreement or articles of incorporation and bylaws by \_\_\_\_\_, 20\_\_\_\_. (Month) (Day) (Year)

**IN WITNESS WHEREOF**, Franchisee's authorized agent has executed this Franchisee Representations and Warranties as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**FRANCHISEE:**

\_\_\_\_\_,  
LLC/Inc.

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

**PRINCIPAL CONFIDENTIALITY & NON-COMPETITION AGREEMENT**

This PRINCIPAL CONFIDENTIALITY & NON-COMPETITION AGREEMENT (“Principal Agreement”) shall constitute an agreement regarding non-competition, confidential, proprietary information, and trade secrets (collectively referred to as “Confidential Information”) relating to the business of and by and between EMERALDPRO FRANCHISING, INC. (“Franchisor”, “PaintEZ®”, and the “Company”) and all of the undersigned (each a “Principal”) and is entered into and made effective as of the \_\_\_ day of \_\_\_\_\_, 20\_\_ (“Effective Date”).

**RECITALS**

A. Franchisor, as a result of the expenditure of time, skill, effort, and money has developed and owns a certain unique, comprehensive, and distinctive system and method for the establishment, development, and operation of businesses known as PaintEZ®, providing residential and commercial painting services (referred to as the “System”). This System Includes the right to use certain trade names, trademarks, service marks, proprietary marks, trade dress, décor, colors, layout, and other source indicators. In addition, the System Includes the use of many confidential elements Including Confidential Information, manuals, equipment, formulas, marketing plans and concepts, operations, training procedures, the sale of products and services under the name PaintEZ® and other trademarked items.

B. Principal, or his or her company, entered into an agreement with Franchisor on this \_\_\_ day of \_\_\_\_\_, 20\_\_ (“Franchise Agreement”) that granted rights to operate a PaintEZ® franchise (the “Franchise”) using the System developed by Franchisor Including certain Confidential Information and proprietary information of Franchisor.

C. Principal will have access to Franchisor’s Confidential Information and Principal recognizes the benefits derived from being identified with the trade name, participating in the System, and the intangible property rights licensed under the Franchise Agreement and understands that a condition for Franchisor to enter into the Franchise Agreement with the Principal, or his or her company, is for the Principal to enter into this Agreement.

D. All capitalized terms used herein but not defined will have the meaning as defined in the Franchise Agreement and all references to Articles, Sections, and Paragraphs refer to articles, sections, and paragraphs of the Franchise Agreement.

**AGREEMENT**

NOW, THEREFORE, in consideration of Franchisor entering into the Franchise Agreement with Principal, or his or her company, the recitals, the mutual covenants contained herein and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Acknowledgment. Principal acknowledges that he or she has obtained or may

obtain knowledge of Confidential Information, not previously known to him or her prior to the association with Franchisor, Including procedures, matters, services, products, and the System, that have been developed, used, and owned by Franchisor and made available to the Principal, which are essential to the operation of a franchise, and without access to such information the Franchise Business could not efficiently, competently, and successfully operate.

2. Confidential Information. Confidential Information concerning the Company, its affiliates, or which otherwise becomes known to the Principal shall be used by only the Principal and only during the term and for the purposes of the Franchise Agreement. At all times during and after the term hereof, Principal, and Principal's family, shall maintain in confidence, and shall take all necessary steps to ensure that Franchisee's owners, executives, officers, employees, and agents maintain in confidence, all such Confidential Information and shall refrain from disclosing, directly or indirectly, any information relating to the business or interest of Franchisor, or the System, which he or she knows, or reasonably should know, is regarded as confidential and valuable to Franchisor, to third parties, excepting only to such persons and extent as may be specifically authorized in writing by Franchisor, Including all inventions, trade secrets, codes, processes, know how, product designs, technical information, technical designs, engineering data, specifications, computer programs, manuals, customer lists, supplier lists, licensee lists, agreements, marketing, and other business strategies, forms, and other confidential and informational materials that are heretofore or hereafter owned or controlled by the Company and that relate to the design, production, licensing, sale, distribution and use of the Franchise or that otherwise relate to Franchisor, or its affiliates. Confidential Information shall include enhancements or modifications to the System, or any components thereof, developed or discovered by Principal or any of Principal's executives, officers, employees, and agents. Any unauthorized use of the Confidential Information by Principal shall constitute an infringement of the rights of Franchisor in and to the Confidential Information. Principal agrees that all unauthorized usage of the Confidential Information by Principal and any monies earned or received by Principal shall inure to Franchisor's exclusive benefit.

3. Non-Competition. As Principal and Franchisor share a common interest in preventing situations where past franchisees operate a substantially similar competing business, the following in-term and post-term covenants will be enforced. In the event that Principal violates this Principal Agreement and competes during the term of the non-competition period, the non-competition period will be extended by the amount of time Principal competed plus an additional six (6) months thereafter.

3.1 In-Term Covenant. Principal agrees that during the term of the Franchise Agreement, Including any renewals or extensions, that Principal, Principal's spouse, family, partners, officers, members, or directors will not directly or indirectly enter into or in any manner take part in any business, profession, proprietorship, or any endeavor which manufactures, sells, markets or distributes any products or services which are the same as or similar to the products and services provided under the Franchise Agreement or that otherwise competes with the Company in any manner, unless with written consent from the Franchisor. Principal understands and acknowledges that a violation of this covenant will cause irreparable harm to the Company.

3.2 Post-Term Covenant. Following the termination or expiration of this Principal Agreement for any reason, for a period of two (2) years thereafter, neither Principal, nor



Principal's spouse, family, partners, officers, members, or directors shall, directly or indirectly, participate as an owner, employee, consultant, partner, officer, director, shareholder, participant, or share the earnings or profits of any person, firm, entity, partnership, corporation that is engaged in the production, sale, marketing or distribution of products or services which are the same as or similar to Franchisor's products or System in any capacity or location within the Territory or within a one hundred (100) mile radius of their Territory or the territory of any other franchisee's location. Principal further agrees not to use, at any time, Franchisor's trade secrets or other Confidential Information. The restrictions of this Section are not applicable to owners of shares that represent two percent (2%) or less of the issued or outstanding securities of that class of security.

4. Non-Solicitation of Customers. Principal will not solicit, directly or indirectly, on his or her own behalf, on behalf of his or her Franchise Business or any other entity whatsoever, or on behalf of any other person(s), any customer of the Company for the purpose of soliciting from any such customer any business that is the same as or substantially similar to the business conducted between Franchisee and the customer of Franchisor or Franchisor's affiliates and the customer for the duration of the Franchise Agreement, including any extensions or renewals, and for one (1) year after the termination or expiration of the Franchise Agreement. Principal agrees that all customer data is the exclusive property of the Franchisor.

5. Materials. At the termination of the Franchise Agreement, Principal agrees to deliver to Franchisor, and not anyone else, the PaintEZ®'s Manuals, training materials, marketing materials, and all Confidential Information, including, but not limited to, any customer lists, equipment, books, records, data, designs, photographs, notes, reports, sketches, documents, blueprints, or other property owned by Franchisor or relating to the System, and all copies thereof, at Principal's sole expense. Principal may retain a copy of the Franchise Agreement and incorporated Exhibits for compliance reference.

6. Remedies. As any breach by Principal of any of the covenants contained in this Principal Agreement would result in substantial and irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, Principal agrees that, in addition to all other remedies provided by law or in equity, Franchisor, in the event of a breach or threatened breach of the covenants herein contained, shall be entitled to seek immediate equitable remedies, without proof of actual damages that may be caused by such breach and without the requirement of posting bond, including, but not limited to, restraining orders, preliminary and permanent injunctions in order to prevent Principal, his or her partners, members, officers, directors, trustees, or employees from continuing to breach the covenants contained herein. Also, if Principal breaches this Principal Agreement by entering into or engaging with a competing business of Franchisor, Principal will pay to Franchisor the then current royalty rate for all gross sales generated by Principal from the competing business during the term of the non-competition covenant. Additionally, in the event Principal violates this Principal Agreement, Principal agrees that the Company will be entitled to liquidated damages in the amount of Two Hundred Fifty Thousand Dollars (\$250,000).

7. Reasonableness of Restrictions. Principal agrees that the covenants and remedies contained in this Principal Agreement are fair and reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than necessary to

protect the goodwill or other business interests of the Company and other franchisees. Principal acknowledges that the restrictive covenants contained in this Principal Agreement are essential elements of the Franchise Agreement and that without their inclusion, Franchisor would not have entered into the Franchise Agreement.

8. Costs. Principal agrees to pay all costs and expenses Including reasonable attorneys' fees, and interest on such fees, costs, and expenses, incurred by the Company in connection with the enforcement of this Principal Agreement. If Principal violates any restriction contained in this Principal Agreement, and it is necessary for the Company to seek equitable relief, the restrictions contained herein shall remain in effect until one (1) year after such relief is granted. If Principal contests the enforcement of this Principal Agreement and the enforcement is delayed pending litigation, and if the Company prevails, the period of non-competition shall be extended for an additional period equal to the period of time that enforcement of this Principal Agreement is delayed.

9. Enforceability. It is the desire and intent of the parties to this Principal Agreement that the provisions be enforced to the fullest extent permissible under the laws and public policy applied in each jurisdiction in which enforcement is sought. Therefore, if any court finds any provision or any portion of any provision to be unreasonable or invalid, the court may reduce the scope and/or duration of the provision to the extent necessary to render it enforceable while still providing the greatest restriction allowable.

10. Alternate Remedies. If this Principal Agreement is found unenforceable by a court and the remedies ordered are found unacceptable to Franchisor, Principal agrees to pay Seventy-Five Thousand Dollars (\$75,000) per competing store, and for one (1) year after the termination of the Franchise Agreement, Principal agrees to pay one-half (1/2) of the royalties and Marketing Fees, as a fee to Franchisor, which would be payable if the business were a franchise.

11. Interpretation of Agreement. Words in the masculine gender include the feminine and neutral. Use of the singular shall include the appropriate plural numbers. The paragraph headings and title of this Principal Agreement are not part of this Principal Agreement, having been inserted for convenience of reference only, and shall have no effect upon the construction or interpretation of this Principal Agreement.

12. Binding Effect. This Principal Agreement and all its terms, conditions, and stipulations shall be binding upon and shall inure to the benefit of the parties hereto and their respective legal representatives, heirs, successors, and permitted assigns.

13. Survival of Covenants. Notwithstanding anything in this Principal Agreement or the Franchise Agreement to the contrary, all covenants set forth herein shall survive the termination or expiration of this Principal Agreement or the Franchise Agreement, and shall apply regardless of whether this Principal Agreement or the Franchise Agreement was terminated by lapse of time, by default of either party, by agreement of the parties, or for any other reason.

14. Amendment. This Principal Agreement may be amended, modified, or changed only by a written instrument signed by duly authorized representatives of both parties.

15. Governing Law. This Principal Agreement is to be construed pursuant to the current laws of the State of Utah. Jurisdiction and venue for any claim arising out of this Principal Agreement shall be made in the state and federal courts of Salt Lake County, State of Utah.

16. Counterpart Signatures. For the convenience of the Franchisor and Principal, it is agreed that this Principal Agreement may be signed in one or more counterparts, by facsimile, electronic signature, scanned, emailed signature, or other electronic means, and when all signatures are attached to this Principal Agreement, it shall be binding as though they each originally signed the same signature page.

**PRINCIPAL ACKNOWLEDGES THAT HE OR SHE HAS READ AND UNDERSTANDS THE CONTENTS OF THIS PRINCIPAL AGREEMENT.**

**IN WITNESS WHEREOF**, and by their signatures below, the Parties hereto acknowledge that they have read, understand, and agree to all of the terms and provisions of this Principal Agreement and have caused this Principal Agreement to be executed as of the date first above written with full authority.

FRANCHISOR:

PRINCIPALS:

**EMERALDPRO FRANCHISING, INC.**

By: \_\_\_\_\_  
(Signature)

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_

**EXHIBIT A-5  
TO THE FRANCHISE AGREEMENT**

**EMPLOYEE CONFIDENTIALITY & NON-COMPETITION AGREEMENT**

THIS EMPLOYEE CONFIDENTIALITY & NON-COMPETITION AGREEMENT (“Employee Agreement”) is entered into and made effective as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (“Effective Date”) and shall constitute an agreement regarding non-compete, confidential, proprietary information, and trade secrets (collectively referred to as “Confidential Information”) relating to the business of and by and between \_\_\_\_\_, LLC/Inc. (“Franchisee”), and \_\_\_\_\_ (“Employee”), residing in \_\_\_\_\_.

(City) (State) (Zip Code)

**RECITALS**

A. Franchisee has been granted the right to operate a franchise by EMERALDPRO FRANCHISING, INC. (“Franchisor” or “PaintEZ®”) under the name \_\_\_\_\_ and in doing so has gained access to Franchisor’s Confidential Information; and

B. Employee may also have access to Franchisor’s Confidential Information during his or her time of employment with Franchisee.

**AGREEMENT**

NOW, THEREFORE, in consideration of the employment of Employee by Franchisee, the recitals, the mutual covenants contained herein and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, Employee and Franchisee agree to the following:

1. Acknowledgment. Employee acknowledges that he or she has obtained or may obtain knowledge of Confidential Information, not previously known to him or her prior to the association with Franchisee, including procedures, matters, services, products, and the System, that have been developed, used, and owned by Franchisor and made available to Franchisee and Employee, which are essential to the operation of a franchise, and without access to such information the Franchisee’s business could not efficiently, competently, and successfully operate.

2. Confidential Information. Employee shall take all necessary steps to ensure that all Confidential Information may be disclosed to him or her during the course of his or her employment remains confidential, during the term of his or her employment and thereafter, and Employee shall refrain from disclosing, directly or indirectly, any information relating to the business or interest of Franchisor, the System, or Franchisee, which he or she knows, or reasonably should know, is regarded as confidential and valuable to Franchisor, to third parties, except as may be required by Employee to perform his or her duties. Such Confidential Information includes all inventions, trade secrets, codes, processes, know-how, product designs, technical information, technical designs,

engineering data, specifications, computer programs, manuals, customer lists, supplier lists, licensee lists and agreements, marketing and other business strategies, forms, enhancements and modifications to the System, and other confidential and informational materials that are heretofore or hereafter owned or controlled by the Franchisor and that relate to the design, production, licensing, sale, distribution, and use of the franchise or that otherwise relate to Franchisor or Franchisor's affiliates.

3. Non-Competition. During the term of employment by Franchisee and for a period of one (1) year afterward, Employee shall not directly or indirectly, enter into or in any manner take part in any business, profession, or any other endeavor whatsoever offering products or services the same as or similar to the Franchisor's products or services that compete with the Franchisor in any manner whatsoever within three (3) miles of any PaintEZ® or PaintEZ®'s franchisee locations as the parties agree that Franchisee attracts customers from up to three (3) miles and therefore this geographical restraint is not unreasonable. Ownership of two percent (2%) or less of voting stock of a publicly held corporation will not be a violation under this Section.

4. Non-Solicitation of Customers. Employee will not solicit, directly or indirectly, on his or her own behalf or any other entity or person whatsoever, any customer of the Franchisor or Franchisee for the purpose of soliciting from any such customer any business that is the same as or substantially similar to the business conducted between Franchisee and the customer or Franchisor or Franchisor's affiliates and the customer for the duration of his or employment and for one (1) year afterward. Employee agrees that all customer data is the exclusive property of the Franchisor.

5. Materials. Upon the termination of Employee's employment with Franchisee, Employee agrees to deliver to Franchisee, and not to anyone else, Franchisor's Manuals, training materials, marketing materials, and all Confidential Information, including, but not limited to, preparation materials, data, designs, photographs, customer lists, books, records, reports, sketches, documents, or other property owned by Franchisor or Franchisee or relating to the System.

6. Remedies. As any breach by Employee of any of the covenants contained in this Employee Agreement would result in irreparable injury to Franchisor and Franchisee, and as the damages arising out of any such breach would be difficult to ascertain, Employee agrees that, in addition to all other remedies provided by law or in equity, Franchisor, in the event of a breach or threatened breach of the covenants herein contained, shall be entitled to seek immediate equitable remedies, without proof of actual damages that may be caused by such breach and without the requirement of posting bond, including, but not limited to, restraining orders, preliminary and permanent injunctions in order to prevent Employee, his or her partners, family, associates, or other third parties from continuing to breach the covenants contained herein.

7. Reasonableness of Restrictions. Employee acknowledges that the restrictive covenants contained in this Employee Agreement are essential elements of his or her employment and that without their inclusion, Franchisee would not have granted Employee employment. Employee agrees that each of the terms set forth herein, including the restrictive covenants, are fair and reasonable and are reasonably required for the protection of Franchisor and Franchisee.

8. Enforceability. It is the desire and intent of the parties to this Employee Agreement that the provisions herein be enforced to the fullest extent permissible under the laws and public policy applied in each jurisdiction in which enforcement is sought. Accordingly, if any part of this Employee Agreement is adjudicated to be invalid or unenforceable, then this Employee Agreement shall be deemed amended to delete that portion thus adjudicated to be invalid or unenforceable, such deletion to apply only with respect to the operation of that paragraph and the particular jurisdiction in which said adjudication is made. Further, to the extent any provision of this Employee Agreement is deemed to be unenforceable by virtue of its scope, but may be made enforceable by limitation, the parties agree that the same shall, nevertheless, be enforceable to the fullest extent permissible under the laws and public policies applied in such jurisdiction where enforcement is sought.

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

10. Governing Law. This Employee Agreement is to be construed pursuant to the current laws of the State of Utah. Jurisdiction and venue for any claim arising out of this Employee Agreement shall be made in the state and federal courts of Salt Lake County, State of Utah.

11. Interpretation of Agreement. Words in the masculine gender include the feminine and neutral. Use of the singular shall include the appropriate plural. The paragraph headings and title of this Employee Agreement are not part of this Employee Agreement, having been inserted for convenience of reference only, and shall have no effect upon the construction or interpretation of this Employee Agreement.

12. Binding Effect. This Employee Agreement and all its terms, conditions, and stipulations shall be binding upon and shall inure to the benefit of the Franchisee hereto and its respective legal representatives, heirs, successors, and permitted assigns. Employee has no rights to assign any part of this Employee Agreement and any claimed assignment will be null and void having no force or effect whatsoever.

13. Survival of Covenants. All covenants set forth in this Employee Agreement herein shall survive the termination or expiration of this Employee Agreement and shall apply regardless of how this Employee Agreement was terminated.

14. Amendment. This Employee Agreement may be amended, modified, or changed only by a written instrument signed by duly authorized representatives of both parties.

15. Counterpart Signatures. For the convenience of the Employee, Franchisor, and Franchisee, it is agreed that this Employee Agreement may be signed in one or more counterparts, by facsimile, electronic signature, scanned, emailed signature, or other electronic means, and when all signatures are attached to this Employee Agreement, it shall be binding as though they each originally signed the same signature page.

16. Third Party Beneficiary. It is agreed and acknowledged that EMERALDPRO FRANCHISING, INC. is a third-party beneficiary to this Agreement and EMERALDPRO FRANCHISING, INC. owes no duty whatsoever to Employee as he or she is an employee of Franchisee only and not an employee of EMERALDPRO FRANCHISING, INC.

**EMPLOYEE ACKNOWLEDGES THAT HE OR SHE HAS READ AND UNDERSTANDS THE CONTENTS OF THIS EMPLOYEE AGREEMENT.**

**IN WITNESS WHEREOF**, and by their signatures below, the parties hereto acknowledge that they have read, understand and agree to all of the terms and provisions of this Employee Agreement and have caused this Employee Agreement to be executed as of the date first above written with full authority.

FRANCHISEE:  
\_\_\_\_\_, LLC/INC.

EMPLOYEE:  
\_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_

\_\_\_\_\_  
(Print Name)

Title: \_\_\_\_\_

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

**CONDITIONAL ASSIGNMENT OF PHONE NUMBER**

This CONDITIONAL ASSIGNMENT OF PHONE NUMBER (“Assignment of Phone Number”) entered into on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and between EMERALDPRO FRANCHISING, INC. (“Franchisor”) and \_\_\_\_\_, LLC/Inc. (“Franchisee”).

In consideration of Franchisor granting Franchisee a PaintEZ® franchise (the “Franchise”) under the Franchise Agreement dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”) and other valuable consideration, Franchisee assigns to Franchisor all telephone numbers and listings Franchisee uses in the operation of its Franchise. Franchisor assumes the performance of all of the terms, covenants and conditions of Franchisee’s agreement with the telephone company concerning the telephone numbers and telephone listings with the full force and effect as if Franchisor had been originally issued the telephone numbers and telephone listings. Franchisor will hold this Assignment of Phone Number, and will deliver it to the telephone company or other interested third parties only upon termination of the Franchise Agreement.

FRANCHISOR:

FRANCHISEE:

**EMERALDPRO FRANCHISING, INC.**

\_\_\_\_\_, LLC/INC.

By: \_\_\_\_\_  
(Signature)

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_



**EXHIBIT A-7  
TO THE FRANCHISE AGREEMENT**

**LANDLORD'S CONSENT TO ASSIGNMENT**

THIS LANDLORD'S CONSENT TO ASSIGNMENT ("Assignment") is entered into on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ ("Effective Date") by and between \_\_\_\_\_ ("Landlord"), EMERALDPRO FRANCHISING, INC. ("Franchisor"), which shall be a third party beneficiary of this Assignment, and \_\_\_\_\_, LLC/Inc. ("Franchisee") for the purpose of giving Franchisor the option to assume Franchisee's lease agreement with Landlord ("Lease Agreement").

**AGREEMENT**

1. Landlord consents to the assignment of the Lease Agreement to Franchisor, in Franchisor's sole discretion and to any of Franchisor's affiliates, for the purpose of securing the obligation of Franchisee in the event of Franchisee's breach of the Lease Agreement.

2. Landlord agrees to inform Franchisor, by providing written notice to Franchisor, of any breach of the Lease Agreement in which Landlord would be required to provide notice to Franchisee. Notices to Franchisor may be sent to: PaintEZ®, attention: Jay Mason, 138 E. 12300 S. Unit #393 Draper, UT 84020.

3. Landlord agrees to not permit Franchisee to sublease or assign all or any portion of the Lease Agreement without Franchisor's prior consent.

4. Landlord agrees not to take any action to terminate the Lease Agreement without providing Franchisor with thirty (30) days written notice of such breach and an opportunity, but not obligation, to cure such breach within the thirty (30) day period.

5. Landlord agrees that if Franchisee is in default under the Lease Agreement, or if Franchisee is in default under the franchise agreement with Franchisor, Franchisor will have the right, but not obligation, for thirty (30) days after termination of the Lease Agreement, or the franchise agreement, to take possession of the leased Premises and assume the Lease Assignment or to reassign the Lease Agreement to another franchisee of Franchisor's choosing with Landlord's consent which shall not be unreasonably withheld.

6. Landlord agrees to only look to Franchisee for obligations under the Lease Agreement and that Franchisor will not be liable for any rent or any other obligation under the Lease Agreement, unless Franchisor has taken possession of the lease Premises.

**Landlord:**  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Print Name: \_\_\_\_\_

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

**SITE LOCATION AGREEMENT ADDENDUM**

THIS SITE LOCATION AGREEMENT (“Site Agreement”) is entered into on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between EMERALDPRO FRANCHISING, INC.(“Franchisor”, “We”, “Us”, and “Our”) and \_\_\_\_\_, LLC/Inc. (“Franchisee”, “You”, and “Your”) and shall constitute an amendment to the Franchise Agreement by and between You and Us in the event that You have not secured a location for Your franchise in the time frame provided in the Franchise Agreement.

**RECITALS**

- A. Franchisor and Franchisee entered into a Franchise Agreement;
- B. The Franchise Agreement provides that You must select a location for Your Franchise Business within ninety (90) days of signing the Franchise Agreement; and
- C. As of the date of this Site Agreement, Franchisee has not confirmed a location for the Franchise Business, therefore, Franchisor is granting You a thirty (30) day extension to the time frame required to select a location under the Franchise Agreement.

**AGREEMENT**

NOW, THEREFORE, in consideration of the mutual and reciprocal covenants, promises, recitals, terms, and conditions herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party, the parties, intending to be legally bound, do hereby represent, warrant, covenant and agree as follows:

- 1. This Site Agreement will amend Article V (“Construction, Commencing Operations, and Lease”) of the Franchise Agreement, in part, to provide You with thirty (30) days from the date of entering into this Site Agreement to identify the proposed location of Your PaintEZ® Franchise.
- 2. You understand that Your PaintEZ® Franchise must be located in one of the following area(s): \_\_\_\_\_.
- 3. Once You have selected a site location, You must provide Us with written notice of Your proposed site location and We will provide You with written notice of Our acceptance or rejection of Your proposed site location within four (4) weeks of receiving Your aforementioned written notice.
- 4. If We notify You of Our acceptance of Your proposed site location, the location will be entered as an amendment to Your Franchise Agreement and identified as Your Territory.

5. You must open Your Franchise Business within \_\_\_\_\_ months after Your receipt of Our written notice providing acceptance of Your site location.

6. You agree that all other terms and conditions of the Franchise Agreement, except as modified herein, will remain in full force and effect as currently set forth therein.

**IN WITNESS WHEREOF**, and by their signatures below, the parties hereto acknowledge that they have read, understand, and agree to all of the terms and provisions of this Site Agreement and have caused this Site Agreement to be executed as of the date first above written with the full authority.

FRANCHISOR:

FRANCHISEE:

**EMERALDPRO FRANCHISING, INC.**

\_\_\_\_\_,  
**LLC/INC.**

By: \_\_\_\_\_  
(Signature)

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A-9  
TO THE FRANCHISE AGREEMENT**

**AUTHORIZATION AGREEMENT FOR ELECTRONIC FUNDS TRANSFER**

I hereby authorize EMERALDPRO FRANCHISING, INC. (the "Company") to initiate Electronic Funds Transfer ("EFT") charges to my depository financial institution, indicated below, for automatic payment of fees that are indicated in the Franchise Agreement. I acknowledge that the origination of ACH transactions to my account must comply with the provisions of United States law.

**This Authorization will remain in full force and effect until underlying obligations under the Franchise Agreement have been satisfied in full or released in writing by the Company.**

Financial Institution Name: \_\_\_\_\_

Branch: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Account Number: \_\_\_\_\_

ABA Routing Number: \_\_\_\_\_

By signing below, I expressly agree that this authorization shall apply to any and all depositories and bank accounts with which I open accounts during the term of the Franchise Agreement and any renewals. I understand that I close any bank account, I am obligated to immediately: (1) notify the Company in writing; (2) establish another bank account; and (3) execute and deliver to the Company all documents necessary for the Company to begin and continue making withdrawals from such bank account/depository by ACH debiting, EFT or other electronic means. I specifically agree and declare that this Authorization shall be the only written authorization needed from me in order to initiate debit entries/EFT/ACH debit originations to my bank account(s) established with any Depository in the future.

Name of Franchisee: \_\_\_\_\_ Location: \_\_\_\_\_

Authorized Signatory: \_\_\_\_\_ Date: \_\_\_\_\_

Authorized Individual's Name: \_\_\_\_\_  
(please print)

Title: \_\_\_\_\_

**EXHIBIT A-10  
TO THE FRANCHISE AGREEMENT  
STATE ADDENDUM**

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

Illinois Law governs the franchise agreements.

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

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

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

Section 3.1 of the Franchise Agreement is amended as follows:

- All initial fees and payments to us, prior to your franchise opening will be deferred until all initial obligations owed to you under the Franchise Agreement or other documents have been fulfilled by the us and you have commenced doing business pursuant to the Franchise Agreement. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

**IN WITNESS WHEREOF**, the Franchisor and Franchisee have respectively signed and sealed this Addendum to the Franchise Agreement as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

FRANCHISOR:

FRANCHISEE:

**EMERALDPRO FRANCHISING, INC.**

\_\_\_\_\_, LLC/INC.

By: \_\_\_\_\_  
(Signature)

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

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

Minnesota statute 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws or the jurisdiction.

2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. 80C.14, subdivisions 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.
3. As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), franchisor will reimburse the franchisee for any costs incurred by the franchisee in the defense of the franchisee's right to use the Marks, so long as the franchisee was using the Marks in the manner authorized by franchisor, and so long as franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.
4. Minnesota Rule Part 2860.4400J prohibits requiring a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of Minnesota, or consenting to liquidated damages, termination penalties or judgment notes.
5. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.
6. Any limitation of claims must comply with Minn. Stat. 80C.17, subdivision 5.

\_\_\_\_\_  
Franchisee (Signature)

\_\_\_\_\_  
Franchisee (Signature)

**EXHIBIT "B"**  
**TO THE FDD**

**STATEMENT OF PROSPECTIVE FRANCHISEE**



**PAINTEZ®**  
**STATEMENT OF PROSPECTIVE FRANCHISEE(S)**

Prospective Franchisee(s), \_\_\_\_\_ **LLC/INC.** (also called “We” or “Us” in this document), and **EMERALDPRO FRANCHISING, INC. dba PAINT EZ** (also called the “Franchisor”) each have an interest in making sure that no misunderstandings exist between them, and to verify that no violations of law might have occurred and understanding that the Franchisor is relying on our statements, We represent as follows:

**A. The following dates and information are true and correct: Initials**

1. The date on which We received the Franchise Disclosure Document with the Franchise Agreement and all other document for the PaintEZ® Franchise was _____.	_____
2. We negotiated the following changes with the Franchisor: _____ _____	_____
3. The date when We received a fully completed (ready for signatures) copy of the Franchise Agreement and other documents We later signed was _____.	_____
4. The earliest date on which We signed the Franchise Agreement or any other binding document was _____.	_____
5. The earliest date on which We delivered cash, check or other consideration to the Franchisor, or any other person or company was _____.	_____

**B. Representations and Other Matters:**

1. No oral, written, visual or other promises, agreements, representations, understandings, “side deals,” or otherwise of any type, which expanded upon or were inconsistent with the Disclosure Document, the Franchise Agreement or any other written documents, have been made to or with Us with respect to <u>any</u> matter nor have We relied in any way on any such, except as expressly set forth in the Franchise Agreement or a written Addendum thereto to be signed by Us and the Franchisor, except as follows:  _____	_____
(If none, type NONE)	_____

<p>2. No oral, written, visual or other claim, guarantee or representation of any sort, has been made to Us which stated or suggested any specific level or range of actual or potential sales, income, expenses, profits, cash flow, by any person or entity, nor have We relied in any way on any such, except for information (if any) expressly set forth in Item 19 of the Franchisor’s Disclosure Document (or an exhibit referred to therein), except as follows:</p> <p>_____</p> <p>_____</p> <p>(If none, type NONE)</p>	<p>_____</p>
<p>3. We are not relying on the Franchisor or any other entity to provide or arrange financing of any type, nor have We relied in any way on such, except as expressly set forth in the Franchise Agreement or a written Addendum thereto to be signed by Us and the Franchisor, except as follows:</p> <p>_____</p> <p>_____</p> <p>(If none, type NONE)</p>	<p>_____</p>
<p>4. We constitute all of the executive officer, partner, shareholders, investors and/or principals of the Prospective Franchisee and each of Us individually has received the Franchise Disclosure Document and all exhibits and has carefully read, discussed, understands and agrees to the Franchise Agreement, each written Addendum and any Personal Guarantees.</p>	<p>_____</p>
<p>5. We have had an opportunity to consult with an independent professional advisor, such as an attorney or accountant, prior to signing any binding documents or paying any sums, and the Franchisor has <u>strongly</u> recommended that We obtain such independent professional advice.</p>	<p>_____</p>
<p>6. We confirm that We have discussed the proposed purchase of, or investment in, a PaintEZ® Franchise with existing PaintEZ® Franchisees.</p>	<p>_____</p>
<p>7. We understand that: entry into any business venture necessarily involves some unavoidable risk of loss or failure and that the PaintEZ® Franchise is a speculative investment. Investment beyond that outlined in the Disclosure Document may be required to succeed and there exists no guaranty against possible loss or failure and the most important factors in our success are Our personal business, marketing, sales, management, judgment and other skills.</p>	<p>_____</p>

If there are any matters inconsistent with the statements in this document, or if anyone has suggested that We sign this document without all of its statements being true, correct and complete, We will (a) **immediately** inform the Franchisor; and (b) make a written statement regarding such next to Our signature below so that the Franchisor may address and resolve any such issue(s) at this time before going forward.

We understand and agree that the Franchisor does not furnish or endorse or authorize its salespersons or others to furnish or endorse, any oral, written or other information concerning actual or potential sales, income, expenses, profits, cash flow, or otherwise, that any such information not expressly set forth in Item 19 of the Franchisor's Disclosure Document (if any) is not reliable and that We have not relied on such information and that no such results can be assured or estimated and that actual results will vary from unit to unit and may vary significantly.

8. We are also a franchisee in the following system(s):

\_\_\_\_\_  
(If not a franchisee for another franchise system, type NONE)

If you are a franchisee in another franchise system, the date you purchased that franchise was \_\_\_\_\_.

We understand and agree to all of the foregoing and represent and warrant that all of the above statements are true, correct and complete.

DATED on this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_.

\_\_\_\_\_, LLC/Inc.

By: \_\_\_\_\_

(Signature)

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Prospective Franchisee(s):**

**(Each corporation, partner, officer, owner, member, and/or shareholder must sign below)**

By: \_\_\_\_\_

(Signature)

By: \_\_\_\_\_

(Signature)

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

**EXHIBIT "C"**  
**TO THE FDD**

**FINANCIAL STATEMENTS**

AUDITED FINANCIAL STATEMENTS  
December 31, 2022  
(Attached)

**EMERALDPRO FRANCHISING, INC.**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**EMERALDPRO FRANCHISING, INC.  
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MONIS J. SIDDIQUI, CPA P.C.  
Certified Public Accountant  
917.309.5670

## **INDEPENDENT AUDITOR'S REPORT**

**To the Shareholder of  
EmeraldPro Franchising, Inc.**

### **Opinion**

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of EmeraldPro Franchising, Inc. as of December 31, 2022, and 2021, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt EmeraldPro Franchising, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 dis-closures 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 circum-stances, but not for the purpose of expressing an opinion on the effectiveness of EmeraldPro Franchising, Inc.'s internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by manage-ment, 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 EmeraldPro Franchising, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

A handwritten signature in blue ink that reads "Monis Siddiqui, CPA P.C." The signature is written in a cursive style.

Monis Siddiqui CPA  
Bellerose, NY  
March 7, 2023



**EMERALDPRO FRANCHISING, INC.  
BALANCE SHEETS**

<u>ASSETS</u>	<u>DECEMBER 31</u>	
	<u>2022</u>	<u>2021</u>
<b>Current Assets</b>		
Cash	\$ 60,810	\$ 252,434
Accounts receivable	34,961	22,539
Security Deposit	800	-
Prepaid expenses	-	1,500
Due from related party	-	25,841
Deferred commissions	750	750
<b>Total Current Assets</b>	<b>97,321</b>	<b>303,064</b>
Property and equipment, net	4,373	-
Deferred commissions, net of current	3,313	4,063
<b>Total Assets</b>	<b>\$ 105,007</b>	<b>\$ 307,127</b>
<b><u>LIABILITIES AND SHAREHOLDER'S (DEFICIT)</u></b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 29,062	\$ 55,935
Interest Payable	20,994	-
Deferred revenue	8,338	5,727
<b>Total Current Liabilities</b>	<b>58,394</b>	<b>61,662</b>
SBA loan payable, net of current	367,400	375,946
Deferred revenue, net of current	50,147	28,350
Shareholder's (Deficit)	<b>(370,934)</b>	<b>(158,831)</b>
<b>Total Liabilities and Shareholder's (Deficit)</b>	<b>\$ 105,007</b>	<b>\$ 307,127</b>

See notes to financial statements

**EMERALDPRO FRANCHISING, INC.**  
**STATEMENTS OF OPERATIONS AND SHAREHOLDER'S (DEFICIT)**

	<b>YEARS ENDED DECEMBER 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Income</b>		
<b>Royalties</b>	<b>\$ 107,836</b>	<b>\$ 100,200</b>
<b>Franchise fees</b>	<b>10,592</b>	<b>7,184</b>
<b>Marketing income</b>	<b>74,897</b>	<b>68,139</b>
<b>Other income</b>	<b>46,532</b>	<b>59,866</b>
<b>Total Income</b>	<b>239,857</b>	<b>235,389</b>
<b>Operating, Selling &amp; Administrative Expenses</b>	<b>511,625</b>	<b>321,818</b>
<b>Income (loss) from Operations</b>	<b>(271,768)</b>	<b>(86,429)</b>
<b>Grant Income - PPP</b>	<b>-</b>	<b>17,172</b>
<b>Net Income (Loss)</b>	<b>(271,768)</b>	<b>(69,257)</b>
<b>Shareholder's (Deficit) - Beginning</b>	<b>(158,831)</b>	<b>(17,821)</b>
<b>Shareholder's (Distribution)</b>	<b>59,665</b>	<b>(71,753)</b>
<b>Shareholder's (Deficit) - Ending</b>	<b>\$ (370,934)</b>	<b>\$ (158,831)</b>

See notes to financial statements

**EMERALDPRO FRANCHISING, INC.  
STATEMENTS OF CASH FLOWS**

	<b>YEARS ENDED DECEMBER 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities:</b>		
Net Income (loss)	\$ (271,768)	\$ (69,257)
Depreciation	983	
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Changes in assets and liabilities		
Accounts receivable	(12,422)	(19,684)
Security Deposit	(800)	-
Prepaid expenses	1,500	1,400
Due from related party	25,841	(25,841)
Deferred commissions	750	750
Accounts payable and accrued expenses	(26,873)	42,567
Deferred revenue	24,408	(2,184)
	<u>(258,381)</u>	<u>(72,249)</u>
<b>Cash Flows from Financing Activities:</b>		
SBA loan advances	-	275,500
SBA loan interest incurred	12,448	6,810
	<u>12,448</u>	<u>282,310</u>
<b>Cash Flows from Investing Activities:</b>		
Fixed asset financing	(5,356)	-
Shareholder's (distribution)	59,665	(71,753)
	<u>54,309</u>	<u>(71,753)</u>
<b>Net Increase in Cash</b>	<b>(191,624)</b>	<b>138,308</b>
<b>Cash - Beginning of Year</b>	<b>252,434</b>	<b>114,126</b>
<b>Cash - End of Year</b>	<b><u>\$ 60,810</u></b>	<b><u>\$ 252,434</u></b>

See notes to financial statements

**EMERALDPRO FRANCHISING, INC.**  
**NOTES TO FINANCIAL STATEMENT**

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**1. THE COMPANY**

EmeraldPro Franchising, Inc. was originally formed as a Wyoming Corporation in April 2017, the Company is now domiciled in Utah as of March 2022 to offer franchisees to promote, advertise, and sell quality residential and commercial painting packages and services utilizing the system created by EmeraldPro Franchising, Inc.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**-The accompanying financial statement has been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to disbursement of cash.

**Franchise Arrangements**-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to sell painting services using the franchise name and product for a specified number of years.

**Concentration of Credit Risk**-Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. At December 31, 2022, the balance in the Company's cash accounts did not exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of \$ 250,000. At December 31, 2021, the balance in the Company's cash accounts exceeded the Federal Deposit Insurance Company's (FDIC) insurance limit of \$ 250,000 by \$2,434. The Company maintains its cash and cash equivalents with accredited financial institutions.

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

**Taxes on Income**-The Company has elected to be taxed as a Sub Chapter S corporation for federal and state income tax purposes. Income and expenses for the Company pass through directly to the shareholder and is reported on the shareholder's individual income tax returns.

**Recent Accounting Pronouncements**-In November 2021, the F ASB issued ASU 2021-09 (Leases (Topic842) Discount Rate for Lessees that are not Public Entities). For entities that have adopted Topic 842 as of November 11, 2021, the amendments in this Update are effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Company adopted ASU 2016-02 in January 2019. The Company has assessed the impact of the adoption of ASU 2021-09 on its statement of financial condition and there is no material impact.

**EMERALDPRO FRANCHISING, INC.**  
**NOTES TO FINANCIAL STATEMENT**

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**3. REVENUE RECOGNITION**

The Company records revenue in accordance Accounting Standards Board (“FASB”) and Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606). The transaction price attributable to performance obligations are recognized as the performance obligations are satisfied. The portion of the franchise fee, if any, that is not attributable to a distinct performance obligation are amortized over the life of the related franchise agreements. Commission paid for franchises are amortized over the life of the franchise agreement. The company adopted ASC-606 and ASU 2021-02 using the modified retrospective method starting with January 1, 2019

**4. DEFERRED REVENUE**

In compliance with the Financial Accounting Standards Board (“FASB”) for revenue recognition (“Topic 606”), the Company records its non-refundable franchise fees, net of amounts earned based on allowable direct services, as deferred revenues, to be recognized over the life of the franchise agreement. The non-refundable franchise fees received but not yet earned as of December 31, 2022, and 2021, were \$58,485 and \$34,077 respectively.

**5. DEFERRED COMMISSIONS**

In compliance with the Financial Accounting Standards Board (“FASB”) for revenue recognition (“Topic 606”), the Company records its commissions paid as prepaid to be recognized over the life of the franchise agreement. The prepaid commissions as of December 31, 2022, and 2021, were \$4,063 and \$4,813, respectively.

**6. RELATED PARTY TRANSACTIONS**

The Company periodically advances funds to its shareholder or related companies. These advances are due upon demand and do not bear interest. As of December 31, 2022, and 2021 the balances due from related parties were \$0 and \$25,841, respectively.

**7. LOAN PAYABLE SBA**

During June 2020 the company obtained a note payable of \$91,900 from the US Small Business Administration. (SBA) This note is collateralized by assets of the Company, bearing interest at 3.75% with a term of 30 years. Monthly payments of \$448 began on December 2022. Interest on this loan accrued though December 31, 2022, and 2021 were \$8,896, and \$3,888 respectively. The loan payable balance as of December 31, 2022, and 2021 was \$91,900 and \$91,900, respectively.

During November 2021 the company obtained a note payable of \$275,500 from the US Small Business Administration. (SBA) This note is collateralized by assets of the Company, bearing interest at 3.75% with a term of 30 years. Monthly payments of \$1,401 are scheduled began on December 2022. Interest on this loan which accrued though December 31, 2022, and 2021, totaled \$12,098 and \$2,922 respectively. The loan payable balance as of December 31, 2022, and 2021, was \$275,500 and \$275,500, respectively.

**EMERALDPRO FRANCHISING, INC.**  
**NOTES TO FINANCIAL STATEMENT**

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Future principal obligations for both loans are as follows:

Due in 2023	8,231
Due in 2024	8,506
Due in 2025	8,869
Due in 2026	9,208
Due 2027 and after	332,586
<u>Total Loan Payable SBA</u>	<u>367,400</u>

**8. COVID-19 AND THE PAYCHECK PROTECTION PROGRAM**

The global outbreak of COVID-19 was declared a pandemic by the World Health Organization and a national emergency by the U.S. government in March 2020 and has negatively affected the U.S. economy. The continuing impact on the Company's business has contributed to and may continue to have a material adverse effect on the Company's business, results of operations, financial condition, and cash flows.

During the second quarter of 2020 the Company received an unsecured loan in the amount of \$12,900 and during the second quarter of 2021 the Company received a second unsecured loan for \$4,272. Under the Paycheck Protection Program (the "PPP") which was established under the Coronavirus Aid, Relief and Economic Security Act ("the CARES Act"). Under the CARES Act loan forgiveness is available for the sum of documented payroll costs, covered rent payments and covered utilities during the measurement period beginning on the date of first disbursement of the PPP Loans.

U.S. GAAP does not contain authoritative accounting standards for forgivable loans provided by governmental entities to a for-profit entity. The Company determined it most appropriate to account for the PPP loan proceeds as an in-substance government grant because it received forgiveness of the \$12,900 debt during 2020 and of the \$17,172 debt during 2021. The Company has elected to recognize government grant income separately within other income to present a clear distinction in its financial statements between its operating income and the amount of net income resulting from the PPP loan and subsequent forgiveness.

**9. SUBSEQUENT EVENTS**

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events have been issued through March 7, 2023, the date at which the financial statements were available to be issued.

**EXHIBIT "D"**  
**TO THE FDD**

**SCHEDULE OF FRANCHISEES**

**CURRENT FRANCHISES:**

The following is a complete listing of all of our current franchisees and the addresses and telephone numbers of all of their operations as of our Issuance Date:

<b>FRANCHISE</b>	<b>FRANCHISE OWNER</b>	<b>ADDRESS</b>	<b>PHONE NUMBER</b>	<b>DATE FIRST OPENED</b>
<b>COLORADO</b>				
South Denver	Javier Samaniego	8200 S Quebec Street Bldg A Unit 148 Centennial, CO 80112	(303) 514-7474	Oct. 18, 2021 (Date Transferred)
<b>IDAHO</b>				
Boise	DJ Brown	3313 W Cherry Lane Suite 1016 Meridian, ID 83642	(208) 608-5461	Jun. 1, 2018
<b>NEBRASKA</b>				
Omaha	Ross Cuiffo	12020 Shamrock Plaza Suite 105 Omaha, NE 68154	(402) 871-9638	Nov. 28, 2017
<b>NORTH CAROLINA</b>				
Lake Norman	Johnathan Belk	428-B S Main Street #612 Davidson, NC 28036	(704) 213-8970	Sept. 1, 2017
<b>SOUTH CAROLINA</b>				
Greenville	Steve Pass	1200 Woodruff Road Unit A-3 Greenville, SC 29607	(864) 345-0616	Nov. 15, 2019
<b>TENNESSEE</b>				
Nashville	Fausto Samaniego	9005 Overlook Blvd Brentwood, TN 37027	(615) 614-1633	Nov. 30, 2017
<b>TEXAS</b>				
North Dallas	David Velazquez	13355 Noel Road Suite 1100 Dallas, TX 75240	(214)785-0190	March 27, 2023

FRANCHISE	FRANCHISE OWNER	ADDRESS	PHONE NUMBER	DATE FIRST OPENED
<b>UTAH</b>				
Northern Utah	Cameron Beckham	240 N East Promontory Suite 200 Farmington, UT 84025	(801) 722-9557	Dec. 28, 2017
Salt Lake City	Seth Watson	1042 Fort Union Blvd #1051 Midvale, UT 84047	(385) 210-1088	Jan. 2, 2018
Utah County	Cameron Beckham	240 N East Promontory Suite 200 Farmington, UT 84025	(801) 722-9557	May 9, 2022 (Date Transferred)

**COMPANY OR AFFILIATE OWNED FRANCHISES:**

The following is a complete listing of all of our current company or affiliate owned franchises and the addresses and telephone numbers of all of its operations as of December 31, 2022:

FRANCHISE	FRANCHISE OWNER	ADDRESS	PHONE NUMBER	DATE FIRST OPENED
<b>ARIZONA</b>				
Mesa	Jay D Mason	2500 S Power Road Suite #223 Mesa, Arizona, 85209	(480) 418-5132	Sep. 29, 2021

FRANCHISEES\* WHO HAVE HAD AN OUTLET TRANSFERRED, TERMINATED, CANCELLED, NOT RENEWED, OR OTHERWISE VOLUNTARILY OR INVOLUNTARILY CEASED TO DO BUSINESS UNDER A FRANCHISE AGREEMENT DURING THE MOST RECENTLY COMPLETED FISCAL YEAR OR WHO HAVE NOT COMMUNICATED WITH US WITHIN 10 WEEKS OF THE DISCLOSURE DOCUMENT ISSUANCE DATE:

**None.**

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



**EXHIBIT "E"**  
**TO THE FDD**

**LIST OF AGENTS FOR SERVICE OF PROCESS**

California: Commissioner of Financial Protection and Innovation  
Department of Financial Protection and Innovation  
2101 Arena Boulevard  
Sacramento, CA 95834  
(916) 445-7205  
Toll free at 1-866-275-2677

Georgia: Secretary of State of Georgia  
Corporations Division  
2 Martin Luther King, Jr. Dr., SE  
Suite 315, West Tower  
Atlanta, Georgia 30334

Hawaii: Commissioner of Securities  
Department of Commerce  
and Consumer Affairs  
Business Registration Division  
Securities Compliance Branch  
335 Merchant Street, Room 203  
Honolulu, HI 96813  
(808) 586-2722

Illinois: Chief, Franchise Division  
Office of Attorney General  
500 South Second Street  
Springfield, IL 62706  
(217) 782-4465

Indiana: Indiana Secretary of State  
201 State House  
Indianapolis, IN 46204

Maryland: Maryland Securities Commissioner  
Division of Securities  
Office of Attorney General  
200 St. Paul Place, 20<sup>th</sup> Floor  
Baltimore, MD 21202-2020  
(410) 576-6360

Michigan: Antitrust and Franchise Business  
Michigan Department of the  
Attorney General's Office  
Franchise Administrator  
Consumer Protection Division  
6546 Mercantile Way  
Lansing, MI 48910  
(517) 373-7117

Minnesota: Commissioner of Commerce  
Minnesota Department of Commerce  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, MN 55101  
(651) 539-1500

New York: NYS Department of Law  
Investor Protection Bureau  
28 Liberty St. 21st FL  
New York, NY 10005  
(212) 416-8222

North Dakota: North Dakota Securities Department  
600 East Boulevard Avenue  
State Capital Fifth Floor Dept 414  
Bismarck, ND 58505-0510  
(701) 328-4712

Oregon: Director of Insurance & Finance  
Business Service Division of Finance  
and Corporate Securities Labor  
and Industries Building  
Salem, OR 97310  
(503) 378-4387

Rhode Island: Chief Securities Examiner  
of Business Regulation  
Department of Business Regulation  
Securities Division  
1511 Pontiac Avenue  
John O. Pastore Complex – Building 69-1  
Cranston, RI 02920  
(401) 462-9527

South Dakota: Department of Insurance  
Division of Regulation  
124 S. Euclid Avenue, 2<sup>nd</sup> Floor  
Pierre, SD 57501  
(605) 773-3563

Virginia: Clerk of the State Corporation Commission  
1300 East Main Street, 1<sup>st</sup> Floor  
Richmond, VA 23219

Washington: Director of Financial Institutions  
150 Israel Road SW  
Tumwater, WA 98501  
(360) 902-8760

Wisconsin: Wisconsin Commissioner of Securities  
Franchise Investment Division  
Fourth Floor  
101 East Wilson Street  
Madison, WI 53702

**EXHIBIT "F"  
TO THE FDD**

**LIST OF STATE AGENCIES RESPONSIBLE FOR  
FRANCHISE DISCLOSURE/REGISTRATION LAWS**

California

Department of Financial Protection and  
Innovation

Sacramento

2101 Arena Boulevard  
Sacramento, California 95834  
(916) 445-7205  
Toll free at 1-866-275-2677

San Diego

1350 Front Street, Room 2034  
San Diego, California 92101-3697  
(619) 525-4233  
Toll free at 1-866-275-2677

San Francisco

One Sansome Street, Ste. 600  
San Francisco, California 94104  
(415) 972-8559  
Toll free at 1-866-275-2677

Los Angeles

320 West 4<sup>th</sup> Street, Suite 750  
Los Angeles, California 90013-2344  
(213) 576-7500  
Toll free at 1-866-275-2677

Connecticut

Securities and Business Investment Division  
Connecticut Department of Banking  
260 Constitution Plaza  
Hartford, Connecticut 06103-1800  
(860) 240-8233

Florida

Department of Agriculture and Consumer  
Services

Division of Consumer Services  
P.O. Box 6700  
Tallahassee, Florida 32314-6700  
(805) 488-2221  
Fax: (805) 410-3804

Georgia

Secretary of State of Georgia  
Corporations Division  
2 Martin Luther King, Jr. Dr., SE  
Suite 315, West Tower  
Atlanta, Georgia 30334

Hawaii

Department of Commerce and Consumer  
Affairs  
Business Registration Division  
Commissioner of Securities  
P.O. Box 40  
Honolulu, Hawaii 96810  
(808) 586-2744

Illinois

Franchise Bureau  
Office of Attorney General  
500 South Second Street  
Springfield, Illinois 62706  
(217) 782-4436

Indiana

Franchise Section  
Indiana Securities Division  
Secretary of State  
Room E-111  
302 West Washington Street  
Indianapolis, Indiana 46204  
(317) 232-6681

Iowa

Iowa Securities Bureau  
340 Maple  
Des Moines, Iowa 50319-0066  
(515) 287-4441

Maryland

Office of the Attorney General,  
Division of Securities  
200 St. Paul Place, 20<sup>th</sup> floor  
Baltimore, Maryland 21202-2020  
(410) 576-6360

Michigan

Michigan Attorney General's Office  
Consumer Protection Division  
Attn: Franchise Section  
525 West Ottawa Street  
Williams Building, 6<sup>th</sup> Floor  
Lansing, Michigan 48933  
(517) 373-7117

Minnesota

Minnesota Department of Commerce  
Securities—Franchise Registration  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, Minnesota 55101-2198  
(651) 539-1500

Nebraska

Department of Banking and Finance  
Bureau of Securities/Financial Institutions  
Division  
1526 K Street, Suite 300  
Lincoln, NE 68508-2732  
(402) 471-3445

New York

Secretary of State  
99 Washington Avenue  
Albany, NY 12231

North Dakota

Franchise Examiner  
North Dakota Securities Department  
600 East Boulevard Avenue  
State Capitol Fifth Floor, Dpt 414  
Bismarck, North Dakota 58505-0510  
(701) 328-4712

Oregon

Department of Consumer and Business Services  
Division of Finance and Corporate Securities  
Labor and Industries Building  
Salem, Oregon 97310  
(503) 378-4140  
Fax: (503) 947-7862

Rhode Island

Department of Business Regulation  
Securities Division  
1511 Pontiac Avenue  
John O. Pastore Complex-69-1  
Cranston, Rhode Island 02920-4407  
(401) 462-9527

South Dakota

Department of Insurance  
Securities Regulation  
124 S. Euclid, 2<sup>nd</sup> Floor  
Pierre, South Dakota 57501-3185  
(605) 773-3563  
FAX: (605) 773-5953

Texas

Statutory Document Section  
Registrations Unit  
P.O. Box 12887  
Austin, Texas 78711  
*Street Address:*  
1719 Brazos  
Austin, Texas 78701  
(512) 475-1769

Utah

Division of Consumer Protection  
Utah Department of Commerce  
160 East Three Hundred South  
SM Box 146704  
Salt Lake City, Utah 84114-6704  
(801) 530-6601  
Fax: (801) 530-6001

Virginia

State Corporation Commission  
Division of Securities and Retail Franchising  
1300 East Main Street, 9<sup>th</sup> Floor  
Richmond, Virginia 23219  
(804) 371-9051

Washington

Department of Financial Institutions  
Securities Division  
P.O. Box 9033  
Olympia, Washington 98507-9033  
(360) 902-8760

Wisconsin

Division of Securities  
Department of Financial Institutions  
P.O. Box 1768  
Madison, Wisconsin 53701  
(608) 266-2801

Federal Trade Commission

Division of Marketing Practices  
Bureau of Consumer Protection  
Pennsylvania Avenue at 6<sup>th</sup> Street, NW  
Washington, D.C. 20580  
(202) 326-3128

**EXHIBIT “G”  
TO THE FDD**

**TABLE OF CONTENTS FOR OPERATIONS MANUAL**

The PaintEZ® operating manual is hosted online and is available through our intranet. The PaintEZ® manual is confidential and remains our property. It contains mandatory and suggested specifications, standards and procedures. We may modify the PaintEZ® manual, but the modifications will not alter your basic status and rights under the franchise agreement. The revisions may include advancements and developments in supplies, products, equipment, sales, marketing, operational techniques, and other items and procedures used for the operation of the franchise. As of the date of this disclosure document, the Table of Contents of the current version of the PaintEZ® manual consist of approximately **104** separate pages plus embedded content and videos and includes:

PaintEZ® Operation Manual Table of Contents

Preface	2 pages
Introduction	5 pages
Chapter 1: Pre-Opening Procedures	9 pages
Chapter 2: Administrative Procedures	3 pages
Chapter 3: Personnel	22 pages
Chapter 4: Public Relations and Marketing	9 pages
Chapter 5: Operating Procedures	32 pages
Chapter 6: Non-Compliance	1 page
Chapter 7: CRM/Project Management Software	21 pages

**EXHIBIT "H"**  
**TO THE FDD**  
**RELEASE AGREEMENT**



## RELEASE AGREEMENT

This Release Agreement (“Agreement”) by and between **EmeraldPro Franchising, Inc.** dba Paint EZ, a **Utah corporation** (herein “Franchisor”) and \_\_\_\_\_, **LLC/INC.**, a \_\_\_\_\_ **limited liability company/corporation** (“Franchisee”), and \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_ (jointly and severally herein “Personal Guarantors”). The above will collectively at times be referred to as “Parties” and individually as “Party.” Capitalized terms used herein will have the meanings set forth in the Franchise Agreement, unless defined otherwise herein.

### RECITALS

WHEREAS, Franchisee entered into a PaintEZ® franchise agreement dated effective as of \_\_\_\_\_, 20\_\_ with Franchisor (the “Franchise Agreement”) which was personally guaranteed by the Personal Guarantors; and

WHEREAS, the Franchise Agreement has been terminated as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

NOW THEREFORE, In consideration of the premises and other provisions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, Franchisor, Franchisee, and Personal Guarantors hereby agree as follows:

1. Franchisee and Personal Guarantors hereby, fully and irrevocably, release, acquit and forever discharge Franchisor and its successors, representatives, affiliates, directors, officers, members, managers, employees, shareholders, and agents and each of them, individually and collectively, of and from any and all claims, demands, obligations, causes of action, suits or liabilities of any kind and nature, whatsoever, whether known or unknown, suspected or unsuspected, and in whatever legal theory or form which Franchisee and Personal Guarantors have or claim to have, or at any time heretofore, had or claimed to have had, or which may hereafter accrue or arise, against Franchisor, its successors, affiliates, directors, officers, shareholders, employees and agents, and each of them, by reason of, or in any way connected with the Franchise Agreement, the relationship described therein and any business transaction, agreement or occurrence, act or omission relating thereto prior to the date hereof. Franchisee and Personal Guarantors further waive any and all state law provisions limiting the effect of a general release.

2. Franchisee and Personal Guarantors represent that each of them fully understands the broad coverage of the release provisions of this Agreement, and that they execute the same with respect to all claims, causes of action and demands, as set forth above, they have or may have against the Franchisor, fully intending that the provisions hereof be given the broadest interpretation permitted by law or the English language. Franchisee and Personal Guarantors acknowledge and expressly agree that they will make no claim, and hereby waive any right they may now have, or may hereafter have, based upon any alleged oral or written alteration, amendment, or modification of this Agreement, fully waiving any right they may have to refer to

extrinsic matters in the interpretation hereof, whether to establish fraud, duress, mistake, undue influence, or for any other purpose.

**These releases are intended to waive, release and discharge all claims, other than those expressly reserved herein, with the express waiver of any statute, legal doctrine or other similar limitation upon the effect of general releases. In particular, the parties waive the benefit of any applicable statutory provision such as by illustration, California Civil Code Section 1542, which states:**

**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.**

**The parties, with the advice of their respective counsel, waive the benefit of both statute and other legal doctrine or principle of similar effect in any jurisdiction.**

3. This Agreement may be pleaded as a full and complete defense to, and may be used as the basis for, an injunction against any action, suit or other proceeding which may be instituted, prosecuted or maintained in breach of this Agreement.

4. Nothing in this Agreement releases Personal Guarantor(s) or Franchisee from their obligations under the non-competition clauses of the Franchise Agreement or their Non-Competition Agreements signed with Franchisor.

5. Miscellaneous.

5.1 Cooperation. Franchisee and Personal Guarantors will make, execute and deliver to Franchisor, promptly upon request and without additional consideration, any document or instrument necessary to carry out and effectuate the purposes of this Agreement.

5.2 Choice of Law and Jurisdiction. This Agreement will be construed in accordance with and all disputes hereunder will be governed by the laws of the State of Utah without giving effect to its conflicts of law provisions. Franchisee, Personal Guarantor(s), and Franchisor hereby irrevocably consent to the exercise of general personal jurisdiction in the courts of record of the State of Utah even though it may be otherwise possible to obtain jurisdiction elsewhere, and we both agree that Salt Lake City, Utah will be the exclusive venue for any litigation between us. Each party waives any objection they may have to the personal jurisdiction of or venue in the state and federal courts of Utah.

5.3 Arbitration. In the event any controversy or dispute arises between the Parties hereto in connection with, arising from or with respect to the provisions hereof, the relationship of the Parties hereto, or the validity of this Agreement or any provision hereof, such dispute or controversy will, on the request of any Party hereto be submitted for arbitration to the American Arbitration Association in accordance with its commercial arbitration rules. All arbitration hearings will be conducted in Salt Lake City, Utah, and the laws of the State of Utah

will govern without giving effect to its conflicts of law provisions. The arbitrator will have the power and jurisdiction to decide such controversy or dispute solely in accordance with the express provisions of this Agreement. The prevailing Party in any arbitration suit or action to enforce this Agreement, will be entitled to recover the administrative costs of the arbitration proceeding and the fee for the arbitrator. The Parties agree that any claim hereunder will result in an award not more than 120 days from the date of the statement of claim filed with the American Arbitration Association, unless otherwise waived by the Parties. The award and findings of the arbitrators will be conclusive and binding upon all Parties hereto and the judgment upon the award may be entered in any Court of competent jurisdiction.

5.4 Amending this Agreement. This Agreement may be amended, modified or changed only by a written instrument signed by duly authorized representatives of both Parties.

5.5 Company Authority. The persons signing below warrant that they are authorized to enter into this Agreement on behalf of their respective principals identified below and that by their signatures they bind such principals to this Agreement.

5.6 Binding Agreement. This Agreement and all its terms, conditions and stipulations will be binding upon and will inure to the benefit of the Parties hereto and their respective legal representatives, heirs, successors and permitted assigns.

5.7 Confidentiality. Both Parties agree to maintain this agreement, the terms hereof, and any and all information obtained or provided by either Party in order to initiate a contractual relationship, in the strictest of confidence.

5.8 Counterparts. This Agreement, and those contemplated herein, may be executed in counterparts, including by means of telefaxed, emailed pdf or other electronically delivered signature page, each of which will be deemed an original, but all of which together will constitute one and the same document; notwithstanding, in due course, all original documentation will be forwarded to Franchisor and each party will be provided with a fully executed Agreement.

5.9 Entire Agreement. This Agreement contains the entire agreement and only understanding between the Parties with respect to the subject matter hereof and supersedes all previous negotiations, agreements and understandings between the Parties and affiliates of the parties, in connection with the subject matter covered herein, whether oral or written, and any warranty, representation, promise or condition in connection therewith not incorporated herein will not be binding upon either Party. The Parties hereby agree that all prior agreements between the Parties are hereby terminated with no continuing duties or obligations on the part of the other Party.

5.10 Headings and Gender. Words in the masculine gender include the feminine and neuter. Use of the singular includes the appropriate plural numbers. The paragraph headings and title of this Agreement are not part of this Agreement, having been inserted for convenience of reference only, and will have no effect upon the construction or interpretation of this Agreement.

5.11 Enforceability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, not be effective to the extent of such

prohibition, but such prohibition will not invalidate the remaining provisions hereof or affect the validity or enforceability of such provisions in any other jurisdiction.

6. This Agreement will be effective when signed by all of the Parties in the appropriate places indicated below. The date of this Agreement will be deemed to be the date on which the last signature is obtained.

7. Each of the Parties acknowledge that they have carefully read the foregoing Agreement and know and understand the contents of this Agreement, have been represented by counsel or had the opportunity to be represented by counsel, and sign this Agreement as their own free act, fully intending to be legally bound thereby.

**IN WITNESS WHEREOF**, and by their signatures below, the Parties hereto acknowledge that they have read, understand and agree to all of the terms and provisions of this Agreement. This Agreement will be effective when signed by all of the parties in the appropriate places indicated below. The date of this Agreement will be deemed to be the date on which the last signature is obtained.

FRANCHISOR:  
**EMERALDPRO FRANCHISING, INC.**  
a Utah corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Date: \_\_\_\_\_

FRANCHISEE:  
\_\_\_\_\_, Inc/LLC  
(entity name)

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Date: \_\_\_\_\_

**PERSONAL GUARANTORS:**

By: \_\_\_\_\_  
(print name) \_\_\_\_\_, personally

Date: \_\_\_\_\_

By: \_\_\_\_\_  
(print name) \_\_\_\_\_, personally

Date: \_\_\_\_\_

By: \_\_\_\_\_  
(print name) \_\_\_\_\_, personally

Date: \_\_\_\_\_

By: \_\_\_\_\_  
(print name) \_\_\_\_\_, personally

Date: \_\_\_\_\_

**EXHIBIT "I"**  
**TO THE FDD**

**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 Dates stated below:

<b>STATE</b>	<b>EFFECTIVE DATE</b>
California	N/A
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	N/A
Michigan	May 1, 2023
Minnesota	Pending
New York	Pending
North Dakota	N/A
Rhode Island	June 16, 2023
South Dakota	Pending
Virginia	N/A
Washington	N/A
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT "J"**  
**TO THE FDD**  
**STATE SPECIFIC ADDENDA**

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

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

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

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

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

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

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

- For choice of law purposes, and for the interpretation and construction of the Franchise Agreement, the Illinois Franchise Disclosure Act, 815 ILCS 705 governs.
- No action for liability under the Illinois Franchise Disclosure Act shall be maintained unless brought before the expiration of 3 years after the act or transaction constituting the violation upon which it is based, the expiration of 1 year after the franchisee becomes aware of facts or circumstances reasonably indicating that he may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to the franchisee of a written notice disclosing the violation, whichever shall first expire.
- 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.
- Any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

ITEM 17 of the disclosure document is amended to add the following:

- The conditions under which a franchise can be terminated and your rights upon non-renewal, as well as the application by which you must bring any claims, may be affected by Sections 705/19 and 20 of the Illinois Franchise Disclosure Act of 1987, Ill. Rev. Stat. Ch. 815 Par. 705/1 – 705/44.

ITEM 5 of the disclosure documents is amended to add the following:

- All initial fees and payments to us, prior to your franchise opening will be deferred until all initial obligations owed to you under the Franchise Agreement or other documents have been fulfilled by the us and you have commenced doing business pursuant to the Franchise Agreement.
- The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

**IN WITNESS WHEREOF**, the Franchisor and Franchisee have respectively signed and sealed this Addendum to the disclosure document as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

FRANCHISOR:

FRANCHISEE:

**EMERALDPRO FRANCHISING, INC.**

\_\_\_\_\_, **LLC/Inc.**

By: \_\_\_\_\_  
(Signature)

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**ADDENDUM TO THE DISCLOSURE DOCUMENT  
FOR THE STATE OF NEW YORK**

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

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT C 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 THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

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

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil 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 the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend**,” and Item 17(m), titled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

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

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

**ADDENDUM TO THE DISCLOSURE DOCUMENT  
FOR THE STATE OF RHODE ISLAND**

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

Section 19-28.1-14 of the Rhode Island Franchise Investment Act dictates that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this act.”

Section 19-28.1-5 of the Rhode Island Franchise Investment Act states that, “A condition, stipulation or provision requiring a franchisee to waive compliance with or relieving a person of a duty or liability imposed by a right provided by this Act or a rule or order under this Act is void. An acknowledgement provision, disclaimer or integration clause or a provision having a similar effect in a franchise agreement does not negate or act to remove from judicial review any statement, misrepresentations or action that would violate this Act or a rule or order under this Act. This section shall not affect the settlement of disputes, claims or civil lawsuits arising or brought under this Act.”

**ADDENDUM TO THE DISCLOSURE DOCUMENT  
FOR THE STATE OF FOR THE STATE OF SOUTH DAKOTA**

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

- All initial fees and payments to us, prior to your franchise opening will be deferred until all initial obligations owed to you under the Franchise Agreement or other documents have been fulfilled by the us and you have commenced doing business pursuant to the Franchise Agreement.

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

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

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

**RECEIPT**  
(Franchisee’s Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If EMERALDPRO FRANCHISING, INC. dba PAINT EZ offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If EMERALDPRO FRANCHISING, INC. dba PAINT EZ does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator listed in Exhibit “F”.

The franchisor is EMERALDPRO FRANCHISING, INC. dba PAINT EZ, located at 138 E. 12300 S. Unit 393, Draper, Utah 84020. Its telephone number is (833) Paint-EZ.

The issuance date of this disclosure document is April 17, 2023.

The franchise sellers for this offering are the following (mark the box of the franchise seller(s) you worked with):

Name	Address	Phone
Jay Mason	138 E. 12300 S. Unit 393, Draper, Utah 84020	(833) Paint-EZ
Matt Phillips	138 E. 12300 S. Unit 393, Draper, Utah 84020	(833) Paint-EZ
Jason Allen	138 E. 12300 S. Unit 393, Draper, Utah 84020	(833) Paint-EZ
BrandONE Franchise Development, LLC	7472 Kimberly Court, Maple Grove, MN 55311	(704) 577-5302

EMERALDPRO FRANCHISING, INC. dba PAINT EZ authorizes the respective state agencies identified on Exhibit “E” to receive service of process for it in the particular state.

I received a disclosure document dated April 17, 2023 that included the following Exhibits:

- |   |   |
|---|---|
| A. Franchise Agreement and Its Exhibits               | B. Statement of Prospective Franchisee  |
| A-1 Territory   | C. Financial Statements   |
| A-2 Personal Guaranty and Assumption of Obligations   | D. Schedule of Franchisees  |
| A-3 Franchisee Representations and Warranties         | E. List of Agents for Service of Process  |
| A-4 Principal Confidentiality & Non-Compete Agreement | F. List of State Agencies responsible for Franchise Disclosure and Registration Law |
| A-5 Employee Confidentiality & Non-Compete Agreement  | G. Table of Contents for Operations Manual  |
| A-6 Conditional Assignment of Phone Number            | H. Release Agreement  |
| A-7 Landlords Consent to Assignment                   | I. State Effective Dates  |
| A-8 Site Location Agreement Addendum                  | J. State Specific Addenda Receipts  |
| A-9 ACH Form  |   |
| A-10 State Addenda                                    |   |

Everyone who received a copy of this FDD should sign. (Print multiple copies if additional signatures are needed.):

Signature: _____	Signature: _____
Print Name: _____	Print Name: _____
Title: _____	Title: _____
<i>(If signing for a company)</i>	<i>(If signing for a company)</i>
Date: _____	Date: _____

You must sign and date this receipt. Please return the signed and dated receipt either by mailing it to EMERALDPRO FRANCHISING, INC. at 138 E. 12300 S. Unit 393, Draper, Utah 84020, or by emailing a copy to info@paintEZ.com. You should keep a copy for your records.



**RECEIPT**  
(Franchisor’s Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If EMERALDPRO FRANCHISING, INC. dba PAINT EZ offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If EMERALDPRO FRANCHISING, INC. dba PAINT EZ does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator listed in Exhibit “F.”

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Jason Allen	138 E. 12300 S. Unit 393, Draper, Utah 84020	(833) Paint-EZ
BrandONE Franchise Development, LLC	7472 Kimberly Court, Maple Grove, MN 55311	(704) 577-5302

EMERALDPRO FRANCHISING, INC. dba PAINT EZ authorizes the respective state agencies identified on Exhibit “E” to receive service of process for it in the particular state.

I received a disclosure document dated April 17, 2023 that included the following Exhibits:

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>A. Franchise Agreement and Its Exhibits                             <ul style="list-style-type: none"> <li>A-1 Territory</li> <li>A-2 Personal Guaranty and Assumption of Obligations</li> <li>A-3 Franchisee Representations and Warranties</li> <li>A-4 Principal Confidentiality &amp; Non-Compete Agreement</li> <li>A-5 Employee Confidentiality &amp; Non-Compete Agreement</li> <li>A-6 Conditional Assignment of Phone Number</li> <li>A-7 Landlords Consent to Assignment</li> <li>A-8 Site Location Agreement Addendum</li> <li>A-9 ACH Form</li> <li>A-10 State Addenda</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>B. Statement of Prospective Franchisee</li> <li>C. Financial Statements</li> <li>D. Schedule of Franchisees</li> <li>E. List of Agents for Service of Process</li> <li>F. List of State Agencies responsible for Franchise Disclosure and Registration Law</li> <li>G. Table of Contents for Operations Manual</li> <li>H. Release Agreement</li> <li>I. State Effective Dates</li> <li>J. State Specific Addenda Receipts</li> </ul> |
|--|--|

Everyone who received a copy of this FDD should sign. (Print multiple copies if additional signatures are needed.):

Signature: _____	Signature: _____
Print Name: _____	Print Name: _____
Title: _____	Title: _____
<i>(If signing for a company)</i>	<i>(If signing for a company)</i>
Date: _____	Date: _____

You must sign and date this receipt. Please return the signed and dated receipt either by mailing it to EMERALDPRO FRANCHISING, INC. at 138 E. 12300 S. Unit 393, Draper, Utah 84020, or by emailing a copy to info@paintEZ.com. You should keep a copy for your records.