

## FRANCHISE DISCLOSURE DOCUMENT

MR. SANDLESS FRANCHISE LLC  
A Pennsylvania limited liability company  
2970 Concord Road  
Aston, Pennsylvania 19014-2947  
(877) 994-WOOD/(610) 364-2080  
www.MrSandless.com  
Info@MrSandless.com



Under this Disclosure Document, we offer a Mr. Sandless franchise where you will operate an independently owned professional business providing marketing, sales and performance of interior and exterior wood floor refinishing, wood floor care, wood floor cleaning and floor maintenance.

The total investment necessary to begin operation of a franchise is \$33,810 to \$89,060. This includes \$25,000 to \$40,000 that must be paid to the franchisor and/or its affiliate.

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

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 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 9, 2024.

## How to Use This Franchise Disclosure Document

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

<b>QUESTION</b>	<b>WHERE TO FIND INFORMATION</b>
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit G.
<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 B 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 Mr. Sandless 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 Mr. Sandless franchisee?</b>	Item 20 or Exhibit G 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 A.

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with us by mediation and litigation only in Pennsylvania. Out-of-state mediation and litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate and litigate with us in Pennsylvania than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

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.

## TABLE OF CONTENTS

<b>ITEM 1</b> .....	<b>7</b>
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES .....	7
<b>ITEM 2</b> .....	<b>8</b>
BUSINESS EXPERIENCE .....	8
<b>ITEM 3</b> .....	<b>9</b>
LITIGATION .....	9
<b>ITEM 4</b> .....	<b>9</b>
BANKRUPTCY .....	9
<b>ITEM 5</b> .....	<b>9</b>
INITIAL FEES .....	9
<b>ITEM 6</b> .....	<b>10</b>
OTHER FEES.....	10
<b>ITEM 7</b> .....	<b>13</b>
ESTIMATED INITIAL INVESTMENT .....	13
<b>ITEM 8</b> .....	<b>16</b>
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES .....	16
<b>ITEM 9</b> .....	<b>18</b>
FRANCHISEE’S OBLIGATIONS .....	18
<b>ITEM 10</b> .....	<b>19</b>
FINANCING .....	19
<b>ITEM 11</b> .....	<b>19</b>
FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING .....	19
<b>ITEM 12</b> .....	<b>25</b>
TERRITORY .....	25
<b>ITEM 13</b> .....	<b>26</b>
TRADEMARKS.....	26
<b>ITEM 14</b> .....	<b>28</b>
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION .....	28
<b>ITEM 15</b> .....	<b>28</b>
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS .....	28
<b>ITEM 16</b> .....	<b>29</b>
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	29
<b>ITEM 17</b> .....	<b>30</b>
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION .....	30
<b>ITEM 18</b> .....	<b>33</b>

PUBLIC FIGURES .....	33
<b>ITEM 19</b> .....	<b>34</b>
FINANCIAL PERFORMANCE REPRESENTATIONS .....	34
<b>ITEM 21</b> .....	<b>42</b>
FINANCIAL STATEMENTS .....	42
<b>ITEM 22</b> .....	<b>42</b>
CONTRACTS .....	42
<b>ITEM 23</b> .....	<b>42</b>
RECEIPTS.....	42

**LIST OF EXHIBITS**

- Exhibit A - State Agencies/Agents for Service of Process
- Exhibit B - Financial Statements of Mr. Sandless Franchise LLC
- Exhibit C - Franchise Agreement
- Exhibit D - Operations Manual Table of Contents
- Exhibit E - General Release
- Exhibit F - State Specific Addenda
- Exhibit G - Franchised Outlets as of December 31, 2023
- Exhibit H - Franchisee Acknowledgment Statements

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

To simplify the language in this franchise disclosure document, the term “Mr. Sandless”, “we”, “us” or “our” refers to Mr. Sandless Franchise LLC, the franchisor. The term “you” or “your” refers to the person who buys the franchise. If the franchisee is a corporation, partnership, limited liability company or other entity, the term “you” includes the principals of the corporation, partnership, limited liability company or other entity unless otherwise stated. If you are married and your spouse is not a partner in the franchise business, certain provisions of our Franchise Agreement will also apply to that spouse.

We are a Pennsylvania limited liability company which was formed on September 8, 2005. Our principal business address is 2970 Concord Rd, Aston, Pennsylvania, 19014. We do business under our operating name, “Mr. Sandless” and its associated design (the “Marks”). Our President, Daniel J. Prasalowicz, is the owner of the Marks and has licensed use of the Marks to us. We engage in business activities outside of our System involving the sale of floor care products online. We are currently the only approved supplier for the Franchise Starter Kit, invoices and after care packs and you must purchase these items from us. We began offering Mr. Sandless franchises in 2006.

We also have offered Dr. DecknFence franchises from 2012 to December 31, 2020. Our Dr. DecknFence franchise opportunity was offered under a separate franchise disclosure document, however, all services provided by the Dr. DecknFence system are included as services provided by the Mr. Sandless system. We no longer offer Dr. DecknFence opportunities. We have not offered franchises in any other line of business.

The principal business addresses of our agents for service of process are shown on Exhibit A.

**Our Parents, Predecessors and Affiliates**

We have no parent or predecessors.

We had operated, through our affiliate, outlets similar to the franchise offered by this Disclosure Document from June 2004 through 2023 when we sold them to our franchisees. We may operate Mr. Sandless concepts, including additional Mr. Sandless outlets, or other concepts in the future.

We have no affiliates that provide products or services to our franchisees. None of our affiliates have offered franchises in this or any other line of business.

**The Franchise Offered**

We grant Mr. Sandless franchises for the establishment, development, and operation of a business offering interior and exterior wood surface services, including indoor wood floor refinishing, including sanding, dustless refinishing, screening and recoats, sandless refinishing, wood floor care, wood floor cleaning, floor maintenance, floor care, floor refinishing, and floor cleaning for tile, VCT, terrazzo, marmoleum, linoleum, vinyl, asphalt, rubber, laminates, concrete, slate, brick, stone, granite, grout sealing and coloring, ceramic floors, cabinet refinishing and exterior wood refinishing, exterior wood care, exterior wood cleaning, and exterior wood maintenance. The distinguishing characteristics of our franchise systems include proprietary operating procedures, proprietary products, trade dress, and standards and specifications for products and services, as periodically amended in our sole discretion (the “System”). We identify the System through the Marks, certain proprietary trademarks, service marks, trade dress, logos and other indicia of origin including, without limitation. We continue to develop, use, and control the use of the Marks in order to identify for the public the source of services and products marketed under the Marks and System, and to represent the System’s high standards of quality, appearance and service.

We offer a franchise grant for a single business (the “Business”). You may use your home as a base of operation for your Business or you may choose to lease office space. You will operate the Business using our proprietary System and the Proprietary Marks. You will operate the Business according to our single unit franchise agreement (“Franchise Agreement”), attached as Exhibit C to this franchise disclosure document, and our confidential operations manual(s) (the “Operations Manual”), described in Item 11 of this franchise disclosure document. We provide start-up and ongoing operational assistance to you as described in Item 11 of this franchise disclosure document.

### **Market and Competition**

You will be offering products and services to primarily homeowners, business owners, apartment managers, property managers, and retail stores. You will compete with businesses, including national, regional and local businesses, offering services similar to those offered by your Mr. Sandless. The Business may be seasonal and if you live in a colder climate, you may experience fewer sales in the winter months.

The general market for the services you will offer is well-developed and competitive. Competitors include local contractors who offer full sanding, light sanding, or “dustless” sanding, and other types of sandless refinishing and local contractors who offer various types of wood refinishing services, as well as general and painting contractors who also offer these services.

### **Industry Specific Laws and Regulations**

The operation of the Business will be subject to all federal, state and local laws, ordinances and regulations pertaining to the operation of businesses in general, and to contractors specifically. In California, all persons who refinish (and/or repair) wood flooring must obtain a contractor’s license after acquiring a certain amount of experience. The classification is Class C - Specialty Contractor, and the specific flooring license is C-15. You can obtain further information regarding the California contractor’s license at <http://www.cslb.ca.gov/>.

We are not aware of any other laws or regulations in any state which are specifically applicable to the sale or installation of carpet or other floor covering products. Various states, including Arizona, Florida and Nevada, have contractors’ licensing laws, which apply generally to persons defined as “contractors” under applicable law. You will need to investigate the scope of those laws in your state to determine whether you will need to obtain some form of license. Other laws regulating businesses in general may also apply to your Business, and your local ordinances may have restrictions on home-based businesses.

## **ITEM 2 BUSINESS EXPERIENCE**

### **Daniel J. Prasalowicz, President, Chief Executive Officer, and Chief Financial Officer**

Daniel J. Prasalowicz has been our President, Chief Executive Officer and Chief Financial Officer since our inception in 2005. He founded our Affiliate in June 2004, and has been its President, Chief Executive Officer, Chief Financial Officer, and a member of its Board of Directors since its inception.

### **Gerald H. Rich, Jr., Franchise Training and Support**

Gerald Rich has been our franchise trainer since January 2011. Mr. Rich has also been our lead technician since October 2008.

### **Richard Holahan, Franchise Support**

Richard Holahan has been employed by us in franchise sales since December 2007.



**ITEM 3**  
**LITIGATION**

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

**ITEM 4**  
**BANKRUPTCY**

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

**ITEM 5**  
**INITIAL FEES**

**Initial Franchise Fee**

You will pay us an Initial Franchise Fee when you sign the Franchise Agreement. The amount of the Initial Franchise Fee will depend on the number of territories you purchase and is calculated as \$15,000 for the first territory of approximately 200,000 population and \$5,000 for each additional territory of approximately 100,000 population. The minimum initial franchise fee is \$15,000 for a single territory purchase of approximately 200,000 population. The maximum initial franchise fee is \$30,000 for a 4-territory purchase of approximately 500,000 population.

The initial franchise fee is due in a lump sum at the time the Franchise Agreement is signed, is deemed fully earned upon payment and is nonrefundable.

**Pre-Opening Purchases**

Before your Mr. Sandless Business opens, you must purchase from us our Franchise Starter Kit. The Franchise Starter Kit includes: One of our specialized floor machines, all the hard equipment you will use in the system, enough liquids to cover your opening month including 70 gallons of solutions for real wood to concrete and everything in between, six Mr. Sandless uniform shirts in your choice of large, extra-large or double X, two vehicle magnets, one hundred sales cards, one hundred business cards, one hundred aftercare packs, one hundred door knob hangers, two road signs, and includes shipping of the Franchise Starter Kit to your door. The total cost of the Kit including shipping is \$10,000. Payment for this purchase is not refundable.

There are no other payments to or purchases from us or any affiliate that you must make before your Business opens.

**ITEM 6**  
**OTHER FEES**

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
<b>Royalty Fee – Mr. Sandless Business</b>	6% of Gross Sales or \$600, whichever is greater	No Royalty Fee for the first 3 months after opening, transfers not included. Then monthly, not later than the 15 <sup>th</sup> day of each month	Royalties are payable on your Gross Sales for the previous calendar month. If the 15 <sup>th</sup> day of any month is not a business day, then payment is due on the next business day. See Note 1.
<b>National Advertising Fund</b>	1% of Gross Sales	Payable at the same time and in the same manner as the Royalty Fee	You must contribute to our National Advertising Fund (described in Item 11)
<b>Additional Territory Fee</b>	\$5,000 per 100,000 population	As incurred upon signing an Amendment to add Territory	If you meet our qualifications, you have the option to purchase additional territory to a maximum of 4 territories under your Franchise Agreement.
<b>Surveys</b>	\$140	On demand	If we conduct a customer satisfaction survey for your Business and the results of the survey are below our minimum standards, we have the right to bill you for the cost of the survey. Any survey costs paid by you are contributed to the Advertising Fund
<b>Transfer Fee</b>	\$5,000 per Owner	Upon transfer	The transfer fee includes all franchise units you own.
<b>Successor Agreement Fee</b>	\$1,000 per Business	Upon signing the Successor Franchise Agreement	The Successor Agreement Fee is per franchise unit you hold.
<b>Interest on Overdue Amounts</b>	18% per annum or the highest lawful interest rate for commercial transactions, whichever is less	As incurred	See Note 2. Interest accrues from the original due date until payment is made in full

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
<b>Audit Fee</b>	Cost of audit (estimated to be between \$1,000 and \$5,000 including expenses), plus understated amount with interest	Upon billing	Payable if an audit shows an understatement of Gross Sales by 2% or more or an audit is required due to your failure to provide required reports
<b>Indemnification</b>	Amount of judgment or claim, plus costs	When incurred	See Note 3. You must indemnify us and our affiliates for any claims related to your operation of the Business
<b>Additional Training</b>	Our then current tuition rate, but not more than \$250, plus expenses	At time of training	See Note 4
<b>Collection Costs and Attorneys' Fees</b>	Fees and costs incurred, plus interest	As incurred	See Note 5
<b>Insurance</b>	Cost of insurance premium, plus an 18% administrative charge	On demand	If you fail to maintain the required insurance coverages and we choose to obtain coverage for you (which we are not required to do)
<b>Financial Records and Reports</b>	Cost of preparing audited financial statements	Annually	Payable to your bookkeeping/accounting firm. You must provide us with the reports and records that we require
<b>Taxes on Payments to Us</b>	Amount of tax or assessment	When imposed by taxing authority	If any taxing authority imposes any future tax, levy or assessment on any payment you make to us
<b>Supplier Approval/ Testing Costs</b>	Reimbursement of our costs, but not more than \$500	When incurred	If you request that evaluate a potential product or supplier. See Item 8
<b>Service Supplies and Marketing Materials</b>	Our cost + 10% administrative fee	As needed	As your stock is depleted, you will place orders for replacement stock (including certain products and forms) through our intranet website. We will then process your order with our approved suppliers
<b>Internet Pay Per Click Advertising</b>	Our cost, which ranges from 10¢ to \$4.00 per click	As incurred	If you request that we include your Business in our internet pay per click program.

Type of Fee	Amount	Due Date	Remarks
<b>Toll Free Phone Number</b>	\$5 to \$60	Monthly	You may have to use a specific toll-free number
<b>Liquidated Damages</b>	Will vary under the circumstances	15 days after termination	See Note 6
<b>Prohibited Product or Service Fine</b>	\$2,500 per day of use of unauthorized products or services	If incurred	In addition to other remedies available to us.
<b>Management Fee</b>	10% of Gross Sales, plus expenses	If incurred	We may step in and manage your Business in certain circumstances. We will charge a management fee if we manage your Business, and you must reimburse our expenses
<b>Replacement Operations Manual</b>	\$1,000	If incurred	If you request a replacement copy of our Operations Manual
<b>Failure to Obtain our Approval or Consent for Marketing</b>	\$500	On demand	Payable if you are found to have used any marketing piece without prior approval
<b>Underreporting Revenue or Sales Reports Fine</b>	\$2,500 per job not reported	On demand	Payable if you are found concealing income from us
<b>Not using Customer Database or Posting Monthly Sales Report</b>	\$250 per month	On demand	Payable if you do not use your database, collect the data we require or posting your monthly sales report

All of the above fees are nonrefundable unless otherwise stated. All of the above fees are payable to us, unless otherwise indicated in the chart. The fees outlined in this Item 6 are imposed uniformly on all franchisees.

**Note 1 – Royalty Fee.** “Gross Sales” includes all revenues you generate from all business conducted at or from the Business during the preceding calendar month, including amounts received from the sale of goods and services of any nature whatsoever. Gross Sales does not include the amount of any tax imposed by any federal, state, municipal or other governmental authority based on purchases by your customers. Gross Sales shall be booked on a cash basis. Sales relating to items or services for which the full purchase price has been refunded or the item exchanged shall be excluded from Gross Sales at the time of refund or exchange, if these sales have previously been included in Gross Sales.

**Note 2 – Interest Rate.** In California, the highest interest rate allowed by law for late payments is 10% annually.

**Note 3 – Indemnification.** You and your principals must indemnify, defend and hold us, our affiliates and respective shareholders, directors, officers, employees, agents, successors and assignees (“Indemnitees”) harmless against and to reimburse them for all claims, obligations, liabilities and damages (“Claims”), including any and all taxes, directly or indirectly arising out of, in whole or in part: (a) the operation of your Business, including your advertising; (b) the use of the Proprietary Marks; (c) the transfer of any interest in the Franchise

Agreement or the Business in any manner not in accordance with the Franchise Agreement; (d) the infringement, alleged infringement, or any other violation or alleged violation by you or any of your principals of any patent, mark or copyright or other proprietary right owned or controlled by third parties; or (e) libel, slander or any other form of defamation of us, the System or any franchisee or developer operating under the System, by you or by any of your principals. For purposes of this indemnification, "Claims" shall mean and include all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in the defense of any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not these claims exceed the amount of insurance coverage available through you to us.

**Note 4 – Additional Training.** We will provide tuition-free training for up to 3 persons, including you (if you are an individual) or at least one of your principals (if you are a corporation, partnership or limited liability company), and your Designated Manager, if any, or your Technical Manager, if any. If training is required for subsequent or additional managers or supervisors, we will train these individuals at our then-current tuition rate. You must pay for all other training-related expenses, including travel expenses to and from the training site, lodging accommodations for additional persons, dining expenses, and salaries for your employees. There is currently no tuition charged for additional training.

**Note 5 - Collection Costs and Attorneys' Fees.** If you are in breach or default of any monetary or non-monetary material obligation under the Franchise Agreement or any related agreement between you and us, and we engage an attorney to enforce our respective rights (whether or not we initiate formal judicial proceedings), you must pay all reasonable attorneys' fees, court costs and litigation expenses we incur. If you institute any legal action to interpret or enforce the terms of the Franchise Agreement, and your claim is denied or the action is dismissed, you must reimburse us for our reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against the action. We are entitled, under the Franchise Agreement, to have these costs awarded as part of the judgment in the proceeding.

**Note 6 – Liquidated Damages.** If we terminate your Franchise Agreement for cause, you must pay us within 15 days after the effective date of termination liquidated damages equal to the average monthly Royalty Fees you paid to us during the 12 months of operation preceding the effective date of termination multiplied by (a) 24 (being the number of months in two full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is higher.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

(1) Type of expenditure	(2) Amount	(3) Method of Payment	(4) When due	(5) To Whom Payment Is To Be Made
<b>Initial Franchise Fee<sup>1</sup></b>	\$15,000 to \$30,000	Lump sum	Upon execution of the Franchise Agreement	Us
<b>Grand Opening Advertising<sup>2</sup></b>	\$1,500	As negotiated	First month of operation	Suppliers
<b>Service Vehicle<sup>3</sup></b>	\$0 to \$25,000	As negotiated	Upon purchase or lease	Supplier

(1) Type of expenditure	(2) Amount	(3) Method of Payment	(4) When due	(5) To Whom Payment Is To Be Made
Equipment, Tools and Inventory (Franchise Starter Kit) <sup>4</sup>	\$10,000	As arranged	As arranged	Us
Office equipment, furnishings, and office supplies <sup>5</sup>	\$0 to \$1,500	As negotiated	Before opening	Supplier
Computer Hardware and Software <sup>6</sup>	\$0 to \$1,600	As arranged	Before opening	Supplier
Professional Services <sup>7</sup>	\$350 to \$2,500	As arranged	As incurred	Attorney; Accountant
Licenses/Permits <sup>8</sup>	\$200	Lump Sum	Before opening	Government Agencies
Insurance <sup>9</sup>	\$1,250	Lump Sum	Before opening	Insurance Agent
Training Expenses <sup>10</sup>	\$510	As incurred	Before opening	Restaurants, airlines
Additional Funds (3 Months) <sup>11</sup>	\$5,000 to \$15,000	As incurred	Before opening and during first 3 months of operation	As expended
<b>TOTAL</b>	<b>\$33,810 to \$89,060</b>			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable.

**Note 1 – Initial Franchise Fee.** The initial franchise fee is discussed in detail in Item 5.

**Note 2 – Grand Opening Advertising.** During the 7 days immediately before the scheduled grand opening of your Business and through the first month of operation, you must expend at least \$1,500 on grand opening advertising and promotion within your territory. Your grand opening advertising program must be approved by us in advance.

**Note 3 – Service Vehicle.** You must purchase or lease and maintain a vehicle meeting our specifications and which is suitable for sales calls to customer’s homes. Your service vehicle must have our signage and logos (see Note 10 below for signage). Your vehicle may be of any type as long as it fits the equipment and is silver in color.. The low end estimate represents you own one of these vehicles in the proper color, or own another approved vehicle. The high end estimate represents the purchase price for the vehicle. Your actual costs may be higher, depending on which model you choose and the features or packages you select for the car.

**Note 4 – Equipment, Tools and Inventory.** This is your Franchise Starter Kit. The Kit includes: One (1) of our specialized floor machine, all the hard equipment you will use in the system, enough liquids to cover

your opening month including seventy gallons (70) of solutions for real wood to concrete and everything in between, six (6) Mr. Sandless uniform shirts in your choice of large, extra-large or double X, two (2) vehicle magnets, one hundred (100) sales cards, one hundred (100) business cards, one hundred aftercare packs, one hundred (100) door knob hangers, two (2) road signs, and includes shipping of the Franchise Starter Kit to your door (\$10,000).

**Note 5 – Office Equipment, Furnishings and Supplies.** You will need a desk, chair, filing cabinet, task lighting, and a wastebasket. You will also need business cards, letterhead, etc. and supplies such as a stapler, pens, pencils, paper clips, etc.

**Note 6 – Computer Hardware and Software.** The high end estimate in the chart represents the estimated cost of purchasing a computer with Internet access, a printer, and QuickBooks with one year of unlimited support. The low end estimate assumes that you already have an adequate computer, printer, software and internet access. See Item 11 for more information about the computer system.

**Note 7 – Professional Services.** We strongly recommend that you have this franchise disclosure document and the Franchise Agreement reviewed by a qualified franchise attorney and/or have an accountant review your business plan. Our estimate is based on the hourly rate in the Philadelphia, Pennsylvania area. Professional rates vary greatly and we recommend that you check the local rates in your area.

**Note 8 – Licenses/Permits.** The figure in the chart represents the estimated cost in obtaining business and contractors' licenses. You should investigate all of the licenses and/or permits you will require, and their cost, before you purchase this franchise.

**Note 9 – Insurance.** The figure in the chart represents the estimated down payment on your general liability and workers' compensation insurance policies, plus three months of premiums. Our insurance requirements are described in Item 8 below.

**Note 10 – Training Expenses.** The figure in the chart reflects moderately priced dining accommodations and travel expenses for you and your Designated Manager or Technical Manager to attend our initial training program. These costs will vary according to the total number of trainees, your choice of accommodations, restaurant, the distance you must travel, and the travel arrangements you make. This figure does not include transportation to or from the training site or automobile rental fees. This estimate does not include tuition or additional training fees, which may apply if we train additional persons. See Item 11 for more information about the initial training program.

**Note 11 – Additional Funds.** Additional funds means the working capital you may need to pay fixed costs, such as minimum advertising expenditures, employees' salaries and miscellaneous vendors, during the first 3 months of business. This estimate does not include a salary for you nor does it include labor for jobs performed (no jobs means no labor costs). The actual amount of additional funds you will need may exceed these estimates and will depend on a variety of factors including the number of paid employees you hire and their rate of pay, and the cost of local telephone and utilities. In preparing these estimates we relied upon our experience and the experience of our Affiliate in operating similar businesses since 2005. These are only estimates and your costs may vary. The costs outlined in this Item 7 are not intended to be a forecast of the actual cost to you or to any particular franchisee.

We have not included any estimate for rent or leasehold improvements, because we assume that you will operate your Business from a home-based office. You will need approximately 100 square feet of dedicated space for your home office. If you choose to rent an office from which to operate your Business, you will incur rent, security deposits and additional utility costs that we cannot estimate.

\*\*The other costs to develop Mr. Sandless businesses may be affected by factors including inflation, local labor costs, materials cost and other factors not within our control.

## **ITEM 8**

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

#### **Approved Products, Equipment, Supplies and Suppliers**

We have the right to establish designated and approved suppliers for products and services offered in connection with the Business. When establishing the Business, you must purchase or lease products, including supplies, branded clothing, inventory items and equipment, from designated or approved suppliers, which may include us, and you must enter into service agreements with approved vendors, as directed by us. We may be an approved supplier, but not the only approved supplier, of equipment, tools, inventory, job tins, and uniforms, but you are not required to purchase these items from us. We are currently the only approved supplier for the Franchise Starter Kit, invoices and after care packs. All supplies ordered through us are subject to a 10% administrative fee over our cost.

We will derive revenue from sales of items to our franchisees. We may also sell or lease certain other supplies, products and services ourselves and, if we do, we will derive revenue from those sales. To streamline the process, our manufacturer of our supplies collects our 10% service fee on our behalf (see Item 6). In the year ended December 31, 2023, we derived \$421,499 (26%) of our total gross revenues of \$1,631,852 from required franchisee purchases, including convention fees, administration fees, ad fund fees, franchise kit, toll-free number fee, Gmail, materials and supplies.

We specify the use of a standardized vehicle dedicated to the Business, which can be any type as long as it holds the equipment and is silver in color.. If you are purchasing a Mr. Sandless Business only, your service vehicle must be silver.

If you wish to purchase any item that we have not yet approved, or you wish to purchase from a supplier that we have not yet approved, you must make a written request to us and furnish us with any information we may reasonably need to evaluate the proposed item or supplier. We will make a good faith effort to notify you of our approval within 15 days of receiving such information. Our failure to approve a supplier within this 15-day period will constitute disapproval of the proposed supplier. You must reimburse our costs related to our evaluation of the proposed item or supplier, not to exceed \$500. We have the right to revoke our approval of any item or supplier that no longer meets our criteria or does not serve the needs of the franchise network as a whole. We will notify you in writing, such as by e-mail or through changes to our Operations Manual, of any changes to our lists of approved supplies and approved suppliers. These lists are subject to change at any time.

To maintain the high quality and uniformity of System services and products, and to enhance the Business' image, we have established standards and specifications for other products, services, and equipment. Standards and specifications are provided to franchisees by way of amendments to the Operations Manual or otherwise in writing. We not issue our standards and specifications or otherwise make them available to you or any supplier. In some cases, we may specify particular brand names and model numbers (*e.g.*, for equipment). Items for which we have issued specifications may be purchased from any supplier who sells the items meeting the specifications.

Our President, Chief Executive Officer and Chief Financial Officer, Daniel J. Prasalowicz, has a 100% ownership interest in us, and we are an approved supplier as described above. None of our officers owns an interest in any other supplier. We have the right to add or revise categories of items which are subject to requirements or restrictions on purchases, and may also modify our specifications, in our discretion. We reserve the right to specify all items utilized in the operation of the Business.



We estimate that the costs of your purchases from designated or approved sources, or according to our standards and specification, will range from 40% to 80% of the total cost of establishing your Business, and approximately 5% to 7% of the total cost of operating your Business. We may, in our sole discretion, negotiate purchase arrangements with suppliers for the benefit of all Mr. Sandless Businesses in the System. There are currently no purchasing or distribution cooperatives in existence for the System. We do not provide any material benefit (such as successor rights or the right to purchase additional territories) based on your purchase of particular products or services or use of designated or approved sources.

We also reserve the right to earn rebates, commissions or other forms of compensation from our approved suppliers based on their sales to our franchisees. We currently do not receive these forms of compensation. If we do receive this compensation, there will be no restriction on our use of these funds.

## **Insurance**

You must obtain and maintain insurance meeting our requirements and all policies must name us as an additional insured. Our then-current insurance requirements will be included in the Operations Manual, and may change during the term of your Franchise Agreement. You must comply with any changes we mandate for insurance coverages. Our current minimum insurance requirements include:

- **General Liability** including Personal and Advertising Liability is required with limits of \$500,000 per occurrence and \$1,000,000 aggregate limit, with a per project aggregate. The policy should include contractual liability covering claims from both direct and vicarious liability.
- **Per Project Aggregate**. This will provide you with a separate aggregate limit of liability for each active project.
- **On-Site Limited Warranty - Care, Custody, Control Coverage**. This insurance is intended to provide you with coverage for property damage to real or personal property of others while in the care, custody, or control of the franchisee. Also provides limited coverage for your work.
- **Property coverage**. Any owned or leased property, including equipment used at various jobsites, should be covered by a comprehensive property insurance policy.
- **Auto Liability** is required with limits of \$500,000 Combined Single Limit on all owned, hired and non-owned vehicles. Autos should be titled and registered in your company name.
- **Workers Compensation/Employers Liability** with state statutory limits.

In addition to the minimum insurance coverages described above, we also have the following minimum requirements:

- You must provide us with a Certificate of Insurance before your Business opens and upon each renewal naming us and our respective officers, directors, employees and agents as an additional named insured.
- We should be named as an additional insured for ongoing operations as well as completed operations. This is accomplished by ISO forms CG2010 (7/04) and CG2037 (7/04) or equivalent.
- We must be named as an additional insured on a primary and non-contributory basis.
- Your insurance policies should waive all rights of subrogation against us.
- Failure to comply with our insurance requirements imposed is grounds for termination of the franchise agreement.

## **Toll-Free Number**

We have the right, but not the obligation, to establish and maintain a toll free telephone number for accepting and confirming customer orders nationwide, customer service and customer follow-up, and satisfaction surveys. If we establish a toll free number, you must comply with our procedures for implementing the nationwide service as we specify in the Operations Manual or otherwise in writing, and you may have to pay a fee related to the establishment, operation and maintenance of the toll free telephone number (see Item 6).

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

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

<b>OBLIGATION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>DISCLOSURE DOCUMENT ITEM</b>
a. Site selection and acquisition/ lease	2	11 and 12
b. Pre-opening purchases/ leases	2, 7 and 9	5, 7 and 8
c. Site development and other pre- opening requirements	2, 7 and 9	7 and 11
d. Initial and ongoing training	4	6, 7 and 11
e. Opening	7	11
f. Fees	3, 10, 13 and 21	5 and 6
g. Compliance with standards and policies/ Operating Manual	5, 9 and 11	8 and 11
h. Trademarks and proprietary information	11	13 and 14
i. Restrictions on products/ services offered	9.8	8 and 16
j. Warranty and customer service requirements	9.7 and 9.14	11
k. Territorial development and sales quotas	9.2	12
l. Ongoing product/service purchases	9.8 and 9.9	8
m. Maintenance, appearance and remodeling requirements	9.9	11
n. Insurance	14	7, 8 and 11
o. Advertising	7.2 and 13	6 and 11
p. Indemnification	19.4	6

<b>OBLIGATION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>DISCLOSURE DOCUMENT ITEM</b>
q. Owner's participation/ management/ staffing	9.5 and 9.6	11 and 15
r. Records and reports	10.2 and 15	6
s. Inspections and audits	15.1, 16.3 and 17	6
t. Transfer	21	17
u. Renewal	3.2	17
v. Post termination obligations	18.2 and 23	17
w. Non-competition covenants	18	17
x. Dispute resolution	24	17
y. Liquidated damages	23	6
z. Personal guaranty	26, Attachment 3	15

**ITEM 10**  
**FINANCING**

Neither we nor any of our affiliates offer, directly or indirectly, any arrangements for financing your initial investment or for the operation of your Business. We will not guarantee your note, lease or other obligations.

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

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

**Pre-Opening Obligations**

Before you open your Business, we will:

1. Provide tuition-free training for you, your Designated Manager, and your Technical Manager (Franchise Agreement, Section 4.1).
2. Loan you one copy of the Operations Manual. (Franchise Agreement, Section 5)
3. Approve the site for your Business, if you choose to lease space. (Franchise Agreement, Section 2.5)
4. Sell to you your Franchise Starter Kit.
5. Designate your territory. (Franchise Agreement, Section 2.1)
6. Review of your grand opening advertising campaign to promote the opening of your Franchised Business. (Franchise Agreement, Section 7.2)

## **Obligations After Opening**

After your Business opens, we will:

1. Provide consultation and advice concerning the management and operation of the Business as we deem necessary and appropriate. (Franchise Agreement, Section 8)
2. Provide, in our discretion, continuing education training programs or seminars for previously trained franchisees, Designated Managers, Technical Managers and employees and require you and/or your employees to attend and successfully complete these programs or seminars. (Franchise Agreement, Section 4.2)
3. Maintain a National Advertising Fund, as described below. (Franchise Agreement, Section 13.4)
4. Review your local advertising materials to determine if they comply with our specifications. (Franchise Agreement, Section 13.5)
5. Provide additional training programs, seminars and/or franchisee conventions, in our sole discretion. (Franchise Agreement, Sections 4.2 and 4.3)

## **Advertising**

### **Local Advertising**

You are not obligated to spend any amount on local advertising in your area or territory separate from the Grand Opening Advertising, Advertising Fund, Cooperative and Councils.

### **Grand Opening Advertising Campaign:**

You must spend at least \$1,500 during the seven days before your grand opening and the thirty days following it, to promote the grand opening of the Franchised Business. You must submit your grand opening advertising plan to us for our approval.

### **The Advertising Fund**

We have established an advertising fund (“Advertising Fund”) to promote the System, Mr. Sandless and the products and services offered by Mr. Sandless Businesses. You must contribute each month to the Advertising Fund an amount equal to 1% of your Gross Sales. Your contributions to the Advertising Fund are in addition to your local advertising requirement described above. The Advertising Fund will be used for national and regional advertising, publicity and promotion relating to our business. We will determine, in our fully unrestricted discretion, the manner in which the Advertising Fund will be spent. Some portion of the Advertising Fund may be used for creative concept production, marketing surveys, test marketing and related purposes, as well as for Website development and maintenance. We have the right to direct all advertising activities with sole discretion over creative concepts, materials and media used, as well as their placement and allocation.

We also have the right to determine, in our sole discretion, the composition of all geographic and market areas for the implementation of these advertising and promotional activities. The Advertising Fund is intended to maximize general public recognition in all media of the Proprietary Marks and patronage of Mr. Sandless Businesses. We will use monies from the Advertising Fund to develop and prepare advertising which we will distribute to our franchisees for their placement in local media. Even though the Advertising Fund will prepare and distribute this advertising, every franchisee in the System may not derive the same or similar benefit from

this advertising. We have no obligation to make sure that expenditures of the Advertising Fund in or affecting any geographic area are proportionate or equivalent to payments to the Advertising Fund by franchisees operating in that geographic area, or that any Business will benefit directly or in proportion to the Advertising Fees paid for the development of advertising and marketing materials or the placement of advertising. While we do not anticipate that any part of Advertising Fund contributions will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use the Advertising Fund for public relations or recognition of our brand, for the creation and maintenance of a portion of our Website to be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating “Franchises Available.”

We may periodically assist franchisees to maintain high quality standards through customer surveys, customer interviews, and other similar initiatives (“Surveys”). The cost of these programs will be paid by the Advertising Fund; however, the cost of these programs may be charged directly to you if your results of a Survey fall below System established minimum standards for Surveys. Any fees charged to and paid by you will be contributed to the Advertising Fund.

We have the right to reimburse ourselves out of the Fund for the total costs (including indirect costs) of developing, producing and distributing any advertising materials and collecting the Advertising Fee (including attorneys’, auditors’ and accountants’ fees and other expenses incurred in connection with collecting any Advertising Fee).

Businesses owned by us or our affiliates will contribute to the Fund on the same basis as you. The Fund will be kept separate and distinct and will be accounted for separately from our other funds. These funds will not be used to defray any of our general operating expenses, except as described in the paragraph above. Any sums paid to the Fund that are not spent in the year they are collected will carry over to the following year. We will prepare, and furnish to you upon written request, an annual, unaudited statement of funds collected and costs incurred. The Advertising Fund is not audited. In our most recent fiscal year ending December 31, 2023, we spent 79% of the Advertising Fund on Online Advertising on Google and YouTube, Yahoo and Bing for customer leads for our owners, 7% on national radio ads and 14% on website updates and upgrades.

### **Local Advertising Cooperatives/Advertising Councils**

There are presently no advertising councils or local or regional advertising cooperatives. If an advertising cooperative is formed by our franchisees and approved by us, you must agree to contribute to the cooperative the amount agreed upon by a majority of the members of the cooperative, to pay that amount to the advertising cooperative and the times agreed upon by the majority, and abide by the cooperative’s rules. The cooperative will determine who will administer the cooperative. The written governing documents will be available for review by you. Cooperatives need not prepare annual or periodic financial statements, but if they are prepared, they may be reviewed by you. We will not have the power to require cooperatives to be formed, changed, dissolved or merged.

### **Internet / Website**

Other than the services that we may provide to you in connection with a website we may establish, we do not permit you to have an Internet worldwide webpage in connection with your Business. (Franchise Agreement, Section 13.3) Also, you are not permitted to maintain an individual website related to the Business, or to establish a URL (uniform resource locator) incorporating any variation of the “Mr. Sandless” name or the Proprietary Mark without our prior written approval, which we are not required to provide. (Franchise Agreement, Section 13.3)

We have established an internet “pay per click” advertising program in which you may choose to participate. If you choose to participate in this program, you will pay the costs related to your Business (see Item 6). These costs may be included in your Local Advertising Requirement.

Websites (as defined below) are considered as “advertising” under the Franchise Agreement, and are subject (among other things) to our review and prior written approval before they may be used (as described below). As used in the Franchise Agreement, the term “Website” means an interactive electronic document contained in a network of computers linked by communications software that you operate or authorize others to operate and that refers to the Business, Proprietary Marks, us, or the System. The term Website includes Internet and World Wide Web home pages.

In connection with any Website, the Franchise Agreement provides that you may not establish a Website related to the Proprietary Marks or the System, nor may you offer, promote, or sell any products or services, or make any use of the Proprietary Mark, through the Internet without our prior written approval. As a condition to granting any consent, we will have the right to establish any requirement that we deem appropriate, including a requirement that your only presence on the Internet will be through one or more web pages that we establish on our Website.

You are strictly prohibited from promoting your Business or using the Proprietary Marks in any manner on social or networking Websites, such as Facebook, LinkedIn, Twitter, X, Instagram, or TikTok without our prior written consent.

**Training**

The initial training program consists of approximately 2-5 days of training at our headquarters in Aston, Pennsylvania or with a franchisee of our choosing. The training will be conducted in the field or any other place as we may designate, and includes instruction in our policies and procedures. We hold training sessions whenever we have a new franchisee ready to be trained; we do not have a set training schedule (*i.e.*, monthly or bi-monthly). You must satisfactorily complete the training program before opening the Business, and your Designated Manager and Technical Manager must successfully complete the training program before assuming managerial responsibility. We do not charge tuition for you, your Designated Manager and Technical Manager to attend the initial training program (a maximum of three trainees). You must pay for all expenses you, your Designated Manager and Technical Manager incur during training, including lodging expenses for additional trainees, travel expenses, transportation and meals. Training will be provided under the supervision of at least one of the certified system specialists, a certified local franchisee, Daniel J. Prasalowicz or Gerald Rich, Jr., who have 10-35 years’ experience in the subjects taught.

The following is our current training program:

**TRAINING PROGRAM - MR. SANDLESS**

<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING</b>	<b>HOURS OF ON-THE-JOB TRAINING</b>	<b>LOCATION</b>
Orientation and Model Setup Check	0.5	0	Aston, PA or local site
Basic Service Start to Finish	0	8	Aston, PA or local site
Review Service Call	0.5	0	Aston, PA or local site

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Hands on Floor Service	0	2	Aston, PA or local site
Job Opening, Floor Prep, Machine Use	0	2	Aston, PA or local site
Study Finish Application	0	2	Aston, PA or local site
Equipment Cleanup, Questions	0	2	Aston, PA or local site
Complete Service from start to finish	0	4	Aston, PA or local site
Finish Techniques	0	2	Aston, PA or local site
Job Closings	0	1	Aston, PA or local site
Questions.	1	0	Aston, PA or local site
Complete Service From start to finish	0	8	Aston, PA or local site
Phone Call Training	4	0	Aston, PA or local site
Phone Call Answering	3	0	Aston, PA or local site
Questions	1	0	Aston, PA or local site

The instructional material we use in the training program is our Operations Manual. We may require you or your employees to attend further training programs if we determine that this is necessary. (Franchise Agreement, Section 4.2). We also have the right to require any subsequent or additional Designated Managers or Technical Managers to attend the initial training program as a condition for managerial employment. (Franchise Agreement, Section 4.1). You must pay for all personal expenses incurred by you and your employees during training.

**Additional Training, Seminars, and Franchisee Conventions**

In our sole discretion, we may require you and any employee of yours that we designate to complete additional training programs or seminars. We will not require you to attend more than one program in any calendar year, and the program will not last for more than three days. You must pay for all tuition and expenses for you and your trainees, including travel, lodging, meals and applicable wages.

In addition to training programs and seminars, and if we deem it to be advisable, we may hold a convention of our franchisees, which will not occur more frequently than annually. You must attend our franchisee convention, subject to circumstances outside of your control. You must pay all expenses related to attendance at a franchisee convention, including travel, lodging and meals.

## **Computer System**

You must purchase and maintain all computer hardware, software and other equipment (“Computer Equipment”) specified by us to be used in connection with the operation of your Business. Currently you must have a Windows based personal computer with the Windows 7 operating system, at least 2 GB RAM and at least a 200 GB hard drive, as well as the monitor and printer of your choice. The Computer Equipment will provide you with e-mail capability, sales tracking, inventory tracking and customer information. We estimate that the cost to purchase the required Computer Equipment will be approximately \$1,600. The Computer Equipment must be compatible with our central accounting system through a modem or other manual or electronic access. We have the right to require you to enter into a separate maintenance agreement for your Computer Equipment. You must update or replace any of the Computer Equipment, including hardware and software components, as we specify, and you must use the Computer Equipment in the manner we specify. There is no limit in the Franchise Agreement on either our right to require you to upgrade and/or update your Computer Equipment, or the cost of any upgrades and/or updates. Neither we nor any affiliate of ours will provide you with any maintenance, updates and/or upgrades for your Computer Equipment. The estimated cost of maintenance, updating, upgrading or support contracts for the computer system can range from \$250 to \$600 per year.

You must establish and maintain high speed Internet access (such as a T-1 line, cable modem or DSL) and an electronic mail address, and you must keep us informed of this information during the term of the Franchise Agreement. We will have the right to access your computer database at any time, at your expense, and you must provide us with any necessary user IDs and/or passwords for our access. We may access and download all information stored on your Computer Equipment, including sales and customer information, and there is no limit on our right to access and download this data. We may use the data downloaded from your Computer Equipment in any manner we choose, without compensation to you. Your customer database will, at all times, remain our property. We reserve the right to require you to install a “systems backup solution” which backs up critical data stored in your Computer Equipment using an off-premises storage scheme. At our request, you must provide us with access to your backed up data.

## **Area Computer Network, Intranet or Extranet Participation**

You must participate in any System-wide area computer network, intranet system or extranet system that we implement, and you may be required by us to use this area computer network, intranet system or extranet system to (i) submit your reports due under the Franchise Agreement to us on-line; (ii) view portions of the Operations Manual; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; and (v) receive training. You must use the facilities of any area computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that we include in the Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements.

## **Site Selection and Opening**

We anticipate that you will use your home as a base of operation for your Business. However, if you choose to maintain a commercial office space, you must maintain your office at a location approved by us. Our criteria for approval are that the site must not be too large or costly for your needs. We have the right to review, evaluate and approve proposed leases for any commercial office space before execution. You must deliver to us an executed copy of the lease within 15 calendar days after it is signed. Our acceptance of an office for your Business and review of the lease is not a representation, warranty or guarantee that you will succeed at that site nor is it an expression of our opinion regarding the terms of the lease.

We estimate that it will take approximately 60 days from the signing of the Franchise Agreement to open your Business. The actual length of time for you to open the Business, however, will depend upon your personal



availability for training and commitment to the time required for obtaining necessary licenses. You must begin operating the Business within 120 days from the date the Franchise Agreement is signed, or we have the right to terminate the Franchise Agreement.

### **Operations Manual**

We will loan you one copy of our Operations Manual containing our policies, procedures, standards, specifications and methods of operating a Business. We have the right to periodically modify and supplement the Operations Manual, although modifications will not alter your fundamental rights under the Franchise Agreement. The table of contents of our Operations Manuals are attached to this franchise disclosure document as Exhibit D. The Mr. Sandless Operations Manual includes 149 pages.

## **ITEM 12** **TERRITORY**

### **Franchise Agreement**

The Franchise Agreement grants you the right to operate your Business only within the designated territory containing a population of approximately 200,000 and identified in Attachment 2 to the Franchise Agreement (the “Designated Territory”). The Designated Territory will be described by contiguous zip codes or depicted on a map. We obtain the population count through the United States Census bureau. If you meet our qualifications, you may purchase up to 3 additional territories under the Franchise Agreement. Each additional territory will have an estimated population of 100,000. If you purchase multiple territories, you will have multiple Designated Territories. The maximum population under an one Franchise Agreement is approximately 500,000. You may not solicit or perform work outside of your Designated Territory(ies) unless you have received our prior written permission, and only if the customer is located in an area that is not serviced by another System franchisee. You may not relocate your Business without our prior written consent. We will not unreasonably withhold our consent to your request to relocate your Business, but we have the right to require that your relocated site be within your Designated Territory(ies). You may not establish additional offices within your Designated Territory(ies) without our express written consent, which will not be unreasonably withheld.

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

To keep your rights to your Designated Territory(ies), you must comply with the terms of the Franchise Agreement and satisfy the performance criteria described in Section 2.1.2 of the Franchise Agreement. For a Mr. Sandless Business, beginning six months after the Grand Opening of your Business, you must consistently perform eight floor jobs per month. Your rights to the Designated Territory(ies), and your Franchise Agreement, may be terminated if you do not achieve the performance criteria or if you otherwise breach the terms of the Franchise Agreement.

If you are in compliance with your Franchise Agreement, we will not establish and operate or license anyone else to establish or operate another Business under the Mr. Sandless trademarks within your Designated Territory(ies). We retain the right to establish, or to grant to others the right to establish, Businesses under the the Mr. Sandless trademarks outside of your Designated Territory(ies) and on any terms that we deem advisable. We will not offer you a right of first refusal to purchase from us other business opportunities we offer under other brands and trademarks, and we have the right to sell business opportunities under other brands and trademarks, to others in your Designated Territory(ies).

We also have the right to distribute products (including proprietary products) using the Proprietary Marks or using other marks or private labeling both inside and outside your Designated Territory(ies) in the manner and through alternative channels of distribution as we determine in our sole discretion, and without compensation to

you. These alternative channels of distribution may include home improvement stores, home shows, the internet (including orders via our Website), mail order or other distribution methods or supply chains. We have the sole right as to any distribution arrangements relating to these alternative channels or distribution. We are not required to pay you any compensation for soliciting or accepting orders from inside your Designated Territory(ies) through these alternative channels of distribution.

You have no right: (i) to distribute products through these alternative channels of distribution; or (ii) to share in the distribution proceeds received by any party. Except as described above, we and/or our affiliates may not establish other franchises or company owned units selling similar products or services under a different trademark in your Designated Territory. We will not sell the Mr. Sandless services in a “do it yourself” kit by any means which bypasses the franchise System.

**Regional Accounts**

We have the exclusive right to negotiate and enter into agreements or approve forms of agreements to provide services to any business which owns, manages, controls or otherwise has responsibility for buildings or common-services in more than 5 locations and whose presence is not confined within any one franchisee’s designated territory(ies) (a “Regional Account”). After we sign a contract with a Regional Account, we may, at our option, provide you the opportunity to perform the services under the Regional Account contract and for the prices we negotiated with the Regional Account. If we choose to, or if you choose not to provide services to the Regional Account, or if the Regional Account is not satisfied with your work, we may provide the services ourselves directly, through our Affiliate, or through another franchisee or third-party, even if the job site is within your Designated Territory, and without compensation to you. You must refer all potential Regional Accounts to us. You are not permitted to negotiate terms with any Regional Account.

**ITEM 13  
TRADEMARKS**

Our President, Daniel J. Prasalowicz is the owner of the Marks and has granted us the right to use the Marks and license to others the right to use the Marks in the operation of a Mr. Sandless outlet in accordance with the System. The Franchise Agreement will license to you the right to operate your Franchised Business under the Mr. Sandless service marks, as described below (“Principal Mark”):

<b>Mark</b>	<b>Registration Date</b>	<b>Registration Number</b>	<b>Register</b>
MR. SANDLESS	July 19, 2005	2,970,433	Principal
Mr. Sandless (1)	July 19, 2005	5,173,423	Principal

(1) An International Class 037 for “no sanding wood floor refinishing”.

Mr. Prasalowicz will file all required affidavits and renew his registrations with the USPTO for the Principal Marks above when they become due. He has filed all required affidavits and renewed his renewed his registrations for the Principal Marks.

Under a March 26, 2010 license agreement, Daniel J. Prasalowicz licensed to us the right to use the Proprietary Marks and to sublicense them to System franchisees. The license agreement also allows our Affiliate, Mr. Sandless, Inc., the right to use the Proprietary Marks without the ability to sub-license. Under the license agreement, we and Mr. Prasalowicz each have the right to terminate this license agreement on 30 days’ notice. Upon termination of this license agreement, Mr. Prasalowicz will assume all of the rights and obligations of ours regarding the Proprietary Marks. There are no other agreements that significantly limit our rights to use or license the use of the Proprietary Marks in a manner that is material to the franchise.

In addition to the United States trademark registrations described above, Mr. Prasalowicz has also registered certain Proprietary Marks in other countries, as follows:

<b>Mark</b>	<b>Date Registered</b>	<b>Registration Number</b>
Mr. Sandless [CA]	30-Oct-06 Renewed 3-August-2022	TMA693,467
Mr. Sandless [EU]	30-Oct-07 Renewed 19-May-17	38838-00006
Mr. Sandless [NZ]	5-Jun-09 Renewed 28- June-2019	807521
Mr. Sandless [UK]	23-Dec-09 Renewed 18-Dec-2019	2534829
Mr. Sandless [AU]	22-Dec-09 Renewed 19-Dec-2019	1337670
Mr. Sandless [SA]	6-Jun-11 Renewed 28- Jan-2019	63526377

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any trademark administrator or court in any state or province relating to any of the Proprietary Marks. There is no litigation, infringement, opposition or cancellation proceeding or pending material litigation involving the Proprietary Marks. We do not know of any superior or prior rights or infringing uses that could materially affect your use of the Proprietary Marks in any state.

The Franchise Agreement does not grant you any ownership rights to any of our Proprietary Marks, trade names, copyrighted materials or trade secrets. The license applies only to those Proprietary Marks, trade names, copyrighted materials and trade secrets which are designated by us. You may not represent to others or conduct yourself in any way that might indicate that you have any other rights in our Proprietary Marks, trade names, copyrighted materials or trade secrets.

You may not do anything to damage or contest or dispute any of our rights to the Proprietary Marks, trade names, copyrighted materials and/or trade secrets. You must use and display the Proprietary Marks, trade names and use the copyrighted materials and trade secrets in accordance with the specifications set forth in the Manual.

You may not use the Proprietary Marks, trade names, copyrighted materials, or trade secrets, or any similar words, in your trade name. You must identify yourself and your Business as an independent contractor using the language we specify.

We do not know of either superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks.

If you learn of any actual or potential claim against you or us relating to the use of the Proprietary Marks, trade names, or copyrighted materials, you must promptly notify us. We have the discretionary right to take any action we deem necessary to address any claim. We have the discretionary right to defend, compromise or settle any claim using attorneys of our own choosing and you must cooperate fully with us. We will protect, defend and indemnify you in connection with the claim unless the claim arises out of or relates to your use of the Proprietary Marks, trade names, and copyrighted materials in violation of the Franchise Agreement, the Manual or otherwise.

If you learn of any unauthorized use of the Proprietary Marks, trade names, copyrighted materials or trade secrets, you must promptly notify us. We will determine whether or not to take any action. You have no right

to take any action with respect to any unauthorized use of the Proprietary Marks, trade names, or copyrighted materials.

We reserve the right to change or discontinue the use of any mark, name, symbol or other corporate identification. If this occurs you must conform to the change at your own expense. We are not required to reimburse any costs you incur related to a change in any Proprietary Mark.

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

We do not own any right in, or to, any patents or registered copyrights that are material to the franchise. However, we claim common law copyright protection for several aspects of the franchise System, including the Operations Manual and our business materials.

There are no current determinations, proceedings or litigation involving any of our copyrighted materials. If you become aware that any unauthorized third party is using any of our copyrighted materials, we request that you notify us of the unauthorized use. We may revise any of our copyrighted materials at our discretion, and may require that you stop using any outdated item or portion of the Operations Manual.

We will disclose to you certain proprietary information and trade secrets, including methods of operation and techniques, some of which are contained in the Operations Manual and copyrighted materials, which we only disclose to our franchisees and our employees (the “Confidential Information”). Neither you nor any of your employees may copy or remove from the Business any of the Confidential Information, and all of this information remains our property. You may not directly or indirectly divulge or use the Confidential Information except as expressly authorized in the Franchise Agreement or otherwise in writing. Upon termination or expiration of the Franchise Agreement, you must return all Confidential Information and all materials containing Confidential Information and/or bearing the Proprietary Marks to us, and you may not use them directly or indirectly for any purpose.

If you, your employees, or principals develop any new concept, process or improvement in the operation or promotion of the Business, you must promptly notify us and provide us with all necessary related information, without compensation. Any concept, process or improvement shall become our sole property and we shall be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related to the concept, process or improvement. You and your principals shall assign to us any rights you may have or acquire in the concept, process or improvement, including the right to modify the concept, process or improvement, and otherwise shall waive and/or release all rights of restraint and moral rights in and to the concept, process or improvement. You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any concept, process or improvement in any and all countries, and you further agree to execute and provide us with all necessary documentation for obtaining and enforcing these rights. You and your principals shall irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any concept, process or improvement. In the event that the provisions of the Franchise Agreement are found to be invalid or otherwise unenforceable, you and your principals shall grant to us a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process or improvement.

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

We prefer granting franchises to individuals who will operate the Business on a day-to-day basis. With our prior written consent, you may employ a full-time designated manager (the “Designated Manager”) who will work at least 40 hours per week and who will supervise the day-to-day operations of the Business. The Designated

Manager must complete our training program to our satisfaction. However, the appointment of a Designated Manager shall not relieve you of any duties or obligations under the Franchise Agreement. You may also hire a Technical Manager to oversee the Business' physical operations and the work performed under the Proprietary Marks. There is no substitute for your supervision of the Business, so if you employ a Designated Manager, you must still provide general supervision and be fully conversant with the affairs of the Business. Either you or a Designated Manager must devote full time and effort to the operation of the Business.

All partners in a limited partnership, shareholders in a corporate franchisee, or members and managers in a limited liability company franchisee must sign a Guaranty Agreement under which each person agrees to personally abide by all of the terms and conditions of the Franchise Agreement, and guarantees to us performance of all obligations under the Franchise Agreement. Our form of Guaranty Agreement is attached to the Franchise Agreement as Attachment 3.

You (including your partners, officers, directors, shareholders, as applicable), your employees, and their respective heirs, successors and assigns are prohibited from using and/or disclosing any Confidential Information in any manner other than as we permit and must sign Confidentiality and Non-Competition Agreements in the form attached to the Franchise Agreement as Attachment 4. We will be a third party beneficiary of each Confidentiality and Non-Competition Agreement, with the independent right to enforce each agreement's terms.

You do not need to apply to us for approval of a proposed Designated Manager or Technical Manager, but we retain the right to prohibit employment of a particular manager if that person has demonstrated to us a lack of honesty or ability to manage the Business. Each of your managers must be trained in a manner satisfactory to us before assuming managerial responsibilities, and we may require that any proposed manager complete our initial training program, at your expense, before the manager may assume managerial responsibilities. You make your own business arrangements with managers, and we are not involved in setting conditions for employment. You must obtain from each manager you employ an agreement, in the form attached as Attachment 4 of the Franchise Agreement, to maintain the confidentiality of the Confidential Information obtained by virtue of his or her employment and to not participate in a competing business. You must also perform, through an accredited agency that has been approved by us in the Operations Manual, a background check of prospective employees before hiring them, and only hire employees that have passed the required background check, and otherwise meet the criteria provided in the Operations Manual. Your Designated Manager is not required to have an equity interest in the Business.

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

You must offer the services and products we specify and/or approve. You may not sell any goods or provide any services that we have not previously approved or required for a Mr. Sandless Business. We may change the products and services which your Business must offer, there is no contractual limitation on our right to change the types of authorized goods and services that you must offer, and we anticipate that the types of goods and services offered by System franchisees may also be modified, among other ways, in accordance with industry changes. You must comply with any changes we require in the products and services that your Business will offer and sell. You will conduct the Business in accordance with our specifications and procedures, and otherwise comply with the requirements in the Operations Manual. You may not conduct another business in conjunction with the Business without our prior written approval, which we are not required to provide.

You are restricted by the Franchise Agreement, Operations Manual and any other practice or custom with respect to the goods or services which you may offer, which must be approved by us. You are not restricted as to the customers whom you may solicit or service except as described in Item 12.

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

**THE FRANCHISE RELATIONSHIP**

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

<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
a. Length of the franchise term	3.1	10 years
b. Renewal or extension of the term	3.2	If you have complied with the Franchise Agreement and certain conditions, you may enter into a successor franchise agreement for the franchise for 2 consecutive additional 5-year terms.
c. Requirements for franchisee to renew or extend	3.2	<p>You must be in compliance with the Franchise Agreement; must have satisfied all monetary obligations owed to us and our affiliates; must be in compliance with other agreements between you and us and/or our affiliates; must have provided us with written notice of your intention to renew the franchise at least 90 days but not more than 180 before the expiration of the then current term; must have the right to remain in possession of the Business' premises; must update your equipment, service vehicles, services and products at our request, must sign our then-current form of franchise agreement; must pay a successor agreement fee; must satisfy our then current training requirements and must sign a general release. The release will not be inconsistent with any applicable state law regulating franchising.</p> <p>You may be asked to sign a contract with materially different terms and conditions than your original contract, but the boundaries of your territory will remain the same, and the fees upon signing the Successor Franchise Agreement will not be greater than the fees that we then impose on similarly situated renewing franchisees</p>
d. Termination by franchisee	Not applicable	You may seek termination upon any grounds available by law
e. Termination by franchisor without cause	Not applicable	
f. Termination by franchisor with cause	22	We have the right to terminate the Franchise Agreement if you default.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
g. "Cause" defined – curable defaults	22.3, 22.4	You have 7 days to cure any breach of the Franchise Agreement related to non-payment of sums owed to us or our affiliates. You have 30 days to cure other breaches of the Franchise Agreement that are not considered incurable
h. "Cause" defined – non-curable defaults	22.1, 22.2, 22.5	Uncurable defaults include an assignment for the benefit of creditors; a voluntary petition in bankruptcy; an adjudication as bankrupt or insolvent; a petition seeking reorganization or arrangement; consent to the appointment of a trustee or receiver; the sale, transfer or assignment in violation of the Franchise Agreement; failure to successfully complete training programs; you or any principal is convicted of a felony; violation of anti-terrorism laws; your operation of your Business constitutes a health or safety hazard; you misrepresent material information provided to us; fraud; intentional underreporting or misstating information provided to us; misuse of Proprietary Marks, confidential information or copyrights; failure to conduct grand opening advertising when required; abandonment of your Business; loss of lease; our requirements for transfer upon death or disability are not complied with; violation of non-competition covenant; failure to meet minimum performance criteria (if you own a Mr. Sandless Business); repeated violations of the Franchise Agreement (whether or not cured)
i. Franchisee's obligations on termination/ non-renewal	23	You must pay all monies due; stop using the Proprietary Marks; cancel and/or transfer all registrations and phone numbers under the name "Mr. Sandless" return the Operations Manual and all Confidential Information; maintain your books and records for at least one year; provide us with list of employees and employee files; comply with your non-competition and confidentiality obligations; and sign any documents necessary to effectuate the termination.
j. Assignment of contract by franchisor	21.1	We have the unconditional right to assign the Franchise Agreement and our obligations in whole or in part at our discretion.
k. "Transfer" by franchisee – defined	21.2	If you are a partnership, corporation or limited liability company, the term "assignment" includes the transfer of any interest in the partnership, corporation or limited liability company. "Assignment" also includes the pledge or mortgage of any rights under the Franchise Agreement as security for any obligation.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
l. Franchisor approval of transfer by franchisee	21.3	You may not transfer any of your rights or obligations under the Franchise Agreement without having first received our written approval.
m. Conditions for franchisor approval of transfer	21.3	Conditions include: you must have met all of your monetary and non-monetary obligations to us and our affiliates; buyer qualifies; buyer upgrades the Business to conform with our then-current requirements; you provide us with a copy of the signed agreement of sale; the buyer satisfactorily completes all required training; you provide the buyer with required documents related to your Business; you sign release; buyer signs Franchise Agreement and required guaranties; payment to us of the required transfer fee; buyer obtains required permits and licenses; transfer is made in compliance with all applicable laws; purchase price and terms are not overly burdensome on the buyer; we have provided the buyer with our then-current disclosure document
n. Franchisor's right of first refusal to acquire franchisee's business	21.5	If you intend to sell or transfer the franchised business, we have a right of first refusal to purchase your business on the same terms and conditions as any bona fide purchaser.
o. Franchisor's option to purchase franchisee's business	23.3	We have an option to purchase personal property used in connection with your Business upon termination or expiration of the Franchise Agreement.
p. Death or disability of franchisee	21.4	If you die or become disabled or incapacitated, your executor, heir or legal representative may obtain approval to continue as the franchisee if our approval is sought within 90 days of the date of death or disability and that person has successfully completed training. If these requirements are not met, we have the right to step in and manage the business until our requirements are met, or we may terminate the Franchise Agreement
q. Non-competition covenants during the term of the franchise	18.1	During the term of the Franchise Agreement, you may not, directly or indirectly: (i) own, maintain, engage in, be employed by, lend money to, extend credit to or have any interest in any other business offering services and/or products similar to those offered under the System, except for your operation of any other Mr. Sandless; (ii) employ or seek to employ any person who is at that time employed by us, our affiliates or any other franchisee in the System, or otherwise directly or indirectly induce or seek to induce that person to leave his or her employment; or (iii) divert or attempt to divert any business or customer of the Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any



PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System. Subject to state law.
r. Non-competition covenants after the franchise is terminated or expires	18.2	For a period of 2 years after the expiration, nonrenewal, or termination of the Franchise Agreement, or any transfer, regardless of the cause, you may not, directly or indirectly participate in a competing business within Designated Territory; or within a radius of 50 miles of any Mr. Sandless; nor may you solicit business from customers of your former Business or contact any supplier of ours for any competitive business purpose nor solicit any employee of ours, our affiliates or any other franchisee in the System to discontinue his/her employment. Subject to state law.
s. Modification of the agreement	25.1	Modifications to the Franchise Agreement must be in writing and signed by both parties.
t. Integration/merger clause	25.1	Only the terms of the Franchise Agreement are binding (subject to applicable federal and/or state law). <b>Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.</b>
u. Dispute resolution by arbitration or mediation	24.2, 24.3	You must bring any dispute or claim to our President first for discussion before you may bring the dispute to a third party. At our option, all claims or disputes relating to the Franchise Agreement must be submitted first to mediation in Delaware County, Pennsylvania under the National Franchise Mediation Program (“NFMP”) in accordance with the NFMP’s mediation rules then in effect. (subject to state law)
v. Choice of forum	24.6	Subject to state law, for any dispute not subject to or not resolved by mediation, the parties agree to litigate only in a court of general jurisdiction in Delaware County, Pennsylvania, or the United States District Court for the Eastern District of Pennsylvania.
w. Choice of law	24.1	Agreement is governed by the laws of Pennsylvania. (subject to state law)

Provisions which allow us to terminate upon bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. §101 et seq.)

**ITEM 18**  
**PUBLIC FIGURES**

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

## **ITEM 19**

### **FINANCIAL PERFORMANCE REPRESENTATIONS**

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

In 2023, there were 86 locations (86 owners), operating 192 USA franchised businesses. The following are their reported gross earnings. The results of company owned outlets are not included.

The Top Tier (43 locations) reported median monthly earnings were \$17,010 or \$204,120 gross earnings for the year. The reported average monthly income was \$20,120 or \$241,440 gross earnings for the year. Fifteen (or 35%) surpassed the average and twenty-eight under the average. The top reported earnings in this tier were \$1,011,504 with forty-two locations reporting under that amount, and the lowest reported earnings was \$107,835 with forty-two locations reporting over that amount. Ten of the forty-three Top Tier locations reporting operated under a single unit, reporting a median monthly earnings of \$17,350 or \$208,195 gross earnings for the year. Single unit locations in this tier reported average monthly income was \$21,341 or \$256,093 gross earnings for the year. Four (or 40%) surpassed the average and six under the average. The top reported earnings of the single territory locations were \$604,353 with nine reporting under that, and the lowest reported earnings was \$120,159 with nine reporting higher than that.

The Bottom Tier (43 locations) reported median monthly earnings were \$4,582 or \$54,978 gross earnings for the year. The reported average monthly income was \$4,603 or \$55,233 gross earnings for the year. Twenty-three (or 53%) surpassed the average and twenty under the average. The top reported earnings in this tier were \$102,898 with forty-two locations reporting under that amount, and the lowest reported earnings was \$10,397 with forty-two locations reporting over that amount.

Twenty-six of the forty-three Bottom Tier locations reporting operated under a single unit, reporting a median monthly earnings of \$3,523 or \$42,278 gross earnings for the year. Single unit locations in this tier reported average monthly income was \$4,007 or \$48,084 gross earnings for the year. Twelve (or 46%) surpassed the average and fourteen under the average. The top reported earnings of the single territory locations were \$102,051 with twenty-five reporting under that, and the lowest reported earnings was \$13,036 with twenty-five reporting higher than that. Ten locations in this tier were new and not open for the entire year.

Mr. Sandless Average Customer Price and Supply Medians In calendar year 2023, the 192 Mr. Sandless USA franchised businesses operating from 86 locations (86 owners), service of 6,047 jobs and total earnings of \$13,161,521. The term Supplies (used during service) is defined as the cost of all supplies expended in the provision of flooring service to an actual customer, excluding carpentry supplies. This includes the administration fee but does not include shipping to the sites. It does not include inventory. MR. SANDLESS AVERAGE CUSTOMER PRICE: \$2,177 MR. SANDLESS MEDIAN CUSTOMER PRICE: \$2,179 MR. SANDLESS AVERAGE SUPPLIES: \$89.00 MR. SANDLESS MEDIAN SUPPLIES: \$88.50

\*These figures do not include the nine franchised businesses which closed during fiscal year 2023.

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

The financial performance figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Mr. Sandless franchise. Franchisees or former franchisees, listed in the disclosure document, may be one source of this information. There may be other costs and other expenses not identified.

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

Other than the preceding financial performance representation, Mr. Sandless Franchise LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Daniel J. Prasalowicz at 2970 Concord Road, Aston, PA 19014-2947 or call (877) 994-WOOD/(610) 364-2080, the Federal Trade Commission, and the appropriate state regulatory agencies.

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

**For Years Table #1**  
**System-wide Outlet Summary**  
**Years 2021, 2022, 2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
<b>Franchised</b>	2021	179	166	-13
	2022	166	177	+11
	2023	177	205	+28
<b>Affiliate-Owned</b>	2021	9	9	0
	2022	9	9	0
	2023	9	0	-9
<b>Grand Total</b>	2021	188	175	-13
	2022	175	186	+11
	2023	186	204	+18

**Table #2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For Years 2021, 2022, 2023**

State	Year	Number of Transfers
<b>USA</b>		
<b>Colorado</b>	<b>2021</b>	0
	<b>2022</b>	1
	<b>2023</b>	0
<b>Illinois</b>	<b>2021</b>	0
	<b>2022</b>	1
	<b>2023</b>	0

<b>Massachusetts</b>	<b>2021</b>	0
	<b>2022</b>	1
	<b>2023</b>	0
<b>Michigan</b>	<b>2021</b>	1
	<b>2022</b>	0
	<b>2023</b>	2
<b>New York</b>	<b>2021</b>	0
	<b>2022</b>	0
	<b>2023</b>	1
<b>North Carolina</b>	<b>2021</b>	0
	<b>2022</b>	0
	<b>2023</b>	4
<b>USA Total</b>	<b>2021</b>	1
	<b>2022</b>	3
	<b>2023</b>	7

**Table #3  
Status of Franchised Outlets  
Years 2021, 2022, 2023**

**United State of American**

<b>State</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets Opened</b>	<b>Terminations</b>	<b>Non-Renewals</b>	<b>Re-acquired By Franchisor</b>	<b>Ceased Operations- Other Reasons</b>	<b>Outlet at End of the Year</b>
<b>USA</b>								
Alabama	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	1	1	0	0	0	2
Arizona	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Arkansas	2021	2	0	2	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
California	2021	4	1	0	0	0	0	5
	2022	5	3	0	0	2	0	6
	2023	6	1	0	0	0	1	6
Colorado	2021	4	4	0	0	0	0	8
	2022	8	0	0	0	0	0	8
	2023	8	1	0	0	1	0	8
Connecticut	2021	7	0	0	1	0	0	6
	2022	6	0	0	0	0	0	6

	2023	6	1	0	0	0	0	7
Florida	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Georgia	2021	7	1	0	1	0	0	7
	2022	7	1	0	3	1	0	4
	2023	4	1	0	0	0	0	5
Illinois	2021	4	0	0	0	0	0	4
	2022	4	0	0	1	0	0	3
	2023	3	0	0	0	0	0	3
Indiana	2021	9	1	0	0	1	0	9
	2022	9	2	0	0	1	0	10
	2023	10	1	0	0	0	0	11
Iowa	2021	3	0	0	0	0	0	3
	2022	3	0	3	0	0	0	0
	2023	0	0	0	0	0	0	0
Kansas	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Kentucky	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4
	2023	4	0	1	0	0	0	3
Louisiana	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Maryland	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Massachusetts	2021	7	0	0	2	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	1	0	0	0	4
Michigan	2021	9	1	0	0	0	0	10
	2022	10	1	0	0	0	0	11
	2023	11	0	0	0	0	0	11
Minnesota	2021	7	0	0	2	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Mississippi	2021	4	0	0	0	1	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Missouri	2021	1	1	0	0	0	0	2
	2022	2	1	0	0	1	0	2
	2023	2	0	0	0	0	0	2
Nebraska	2021	1	0	0	0	0	0	1

	2022	1	0	0	0	1	0	0
	2023	0	1	0	0	0	0	1
Nevada	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	2	0	0	0	0	4
New Hampshire	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
New Jersey	2021	4	0	0	0	3	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New Mexico	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
New York	2021	14	2	0	0	5	0	11
	2022	11	2	0	0	0	0	13
	2023	13	2	4	0	0	0	11
North Carolina	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	1	0	0	0	0	7
Ohio	2021	3	2	0	0	3	0	2
	2022	2	3	0	0	0	0	5
	2023	5	3	0	0	0	0	8
Oregon	2021	3	0	0	1	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	2	0	0	0	0	5
Pennsylvania	2021	14	3	0	0	0	0	17
	2022	17	1	0	5	2	0	11
	2023	11	10	0	0	0	0	21
South Carolina	2021	4	0	0	2	0	0	2
	2022	2	3	0	0	0	0	5
	2023	5	2	0	0	0	0	7
South Dakota	2021	1	0	0	0	1	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Tennessee	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Texas	2021	9	0	0	0	0	0	9
	2022	9	5	2	0	0	0	12
	2023	12	3	0	0	0	0	15
Utah	2021	0	1	0	0	0	0	1
	2022	1	0	1	0	0	0	0
	2023	0	0	0	0	0	0	0
Virginia	2021	9	0	0	0	0	0	9
	2022	9	1	0	0	0	0	10

	2023	10	2	0	4	0	0	8
Washington	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	1	0	0	0	0	3
West Virginia	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	1	0	0	0	0	3
Wisconsin	2021	8	0	0	0	3	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
USA Total	2021	167	17	2	9	17	1	155
	2022	155	32	6	9	8	0	164
	2023	164	38	7	4	1	1	189

## INTERNATIONAL

### Canada

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired By Franchisor	Ceased Operations-Other Reasons	Outlet at End of the Year
<b>Canada</b>								
British Columbia	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Newfoundland	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Ontario	2021	1	0	1	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Canada Total	2021	5	0	1	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4

### New Zealand

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired By Franchisor	Ceased Operations-Other Reasons	Outlet at End of the Year
<b>New Zealand</b>								
Auckland Region	2021	2	0	0	0	0	0	2
	2022	2	2	0	0	0	0	4
	2023	4	2	2	0	0	0	4

Bay of Plenty Region	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Hawke's Bay Region	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Wellington Region	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
New Zealand Total	2021	4	0	0	0	0	0	4
	2022	4	2	0	0	0	0	6
	2023	6	2	2	0	0	0	6

### South Africa

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired By Franchisor	Ceased Operations-Other Reasons	Outlet at End of the Year
<b>South Africa</b>								
Gauteng	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
South Africa Total	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired By Franchisor	Ceased Operations-Other Reasons	Outlet at End of the Year
<b>Australia</b>								
Queensland	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Western Australia	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Australia Total	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2

### Total Outlets US & International

<b>Grand Total</b>	2021	179	17	3	9	17	1	166
	2022	166	34	6	9	8	0	177



	2023	177	38	9	0	1	1	204
--	------	-----	----	---	---	---	---	-----

**Table #4**  
**Status of Company-Owned and Affiliate-Owned Outlets**  
**For Years 2021, 2022, 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlet at End of the Year
PA	2021	9	0	0	0	0	9
	2022	9	0	0	0	0	9
	2023	9	0	0	0	9	0
Total	2021	9	0	0	0	0	9
	2022	9	0	0	0	0	9
	2023	9	0	0	0	9	0

**Table #5**  
**Projected Openings as of December 31, 2023**

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
AL	0	1	0
CA	1	4	0
FL	0	2	0
GA	0	1	0
IN	0	2	0
KC	0	1	0
KY	0	1	0
NC	0	1	0
NE	1	2	0
NY	0	2	0
OH	0	1	0
OR	0	2	0
PA	0	1	0
SC	0	3	0
SD	0	1	0
TX	0	3	0
VA	0	2	0
WA	1	4	0
DC	1	1	0
<b>Total</b>	<b>4</b>	<b>35</b>	<b>0</b>

A list of the names of all franchisees and the addresses and telephone numbers of their businesses is provided in Exhibit I to this Disclosure Document.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document are listed on Exhibit I to this Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Mr. Sandless System.

There are no trademark-specific organizations formed by our franchisees that are associated with the Mr. Sandless System.

## **ITEM 21** **FINANCIAL STATEMENTS**

Exhibit B of this franchise disclosure document contains our audited financial statements for the periods ended December 31, 2023, December 31, 2022 and December 31, 2021. Also attached are our unaudited financial statements as of March 31, 2024.

Our fiscal year end is December 31<sup>st</sup>.

## **ITEM 22** **CONTRACTS**

- Exhibit C: Franchise Agreement
- Exhibit E: General Release
- Exhibit H: Franchisee Acknowledgment Statement, as permitted by state law. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **ITEM 23** **RECEIPTS**

A receipt in duplicate is attached to the end of this Disclosure Document. Please sign and date both, keeping one for your files.

**EXHIBIT A**

**AGENCIES/AGENTS FOR SERVICE OF PROCESS**

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

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

<b>State</b>	<b>State Agency</b>	<b>Agent for Service of Process</b>
MINNESOTA	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 <sup>st</sup> Floor New York, NY 10005 (212) 416-8222 Phone	Secretary of State 99 Washington Avenue Albany, NY 12231
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5 <sup>th</sup> Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 <sup>st</sup> Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

**EXHIBIT B**

**FINANCIAL STATEMENTS**

**(Mr. Sandless Franchise LLC)**

**THESE FINANCIAL STATEMENTS ARE PREPARED  
WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES  
OR SELLERS OF FRANCHISES SHOULD BE ADVISED  
THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS  
AUDITED THESE FIGURES OR EXPRESSED AN  
OPINION WITH REGARD TO THE CONTENT OR FORM.**

## Mr. Sandless Franchise LLC

## Balance Sheet

As of March 31, 2024

	<u>Mar 31, 24</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1001AA TD Bank Checking	32,126.38
1A Savings Account	3,660.45
1004 · 1E Administration Fee	2,473.98
<b>Total Checking/Savings</b>	<u>38,260.81</u>
<b>Accounts Receivable</b>	
1301 · Accounts Receivable	
Accounts Receivable NSF	-694.65
1302 · Allowance for Doubtful Accounts	-21,183.00
1301 · Accounts Receivable - Other	106,677.36
<b>Total 1301 · Accounts Receivable</b>	<u>84,799.71</u>
<b>Total Accounts Receivable</b>	84,799.71
<b>Other Current Assets</b>	
1303 · 7FRANCHISE RECEIVABLE	19,800.00
1304 · A/R plus fees accrual	47,906.00
1501 · Inventory Asset	11,865.31
1700 · Undeposited Funds	968.04
<b>Total Other Current Assets</b>	<u>80,539.35</u>
<b>Total Current Assets</b>	203,599.87
<b>Fixed Assets</b>	
2010 Buick Lacrosse	9,925.14
Buick Verano	16,808.09
Electronic White Board	1,908.20
Massage Chair	3,048.00
1801 · A - Equipment	15,527.31
1802 · c - Computer equipment	
ROG Laptop	1,825.29
1802 · c - Computer equipment - Other	5,911.28
<b>Total 1802 · c - Computer equipment</b>	<u>7,736.57</u>
1803 · Office equipment	7,836.84
1804 · B-New Van	-7,723.25
1822 · Building Improvements	-0.06
1824 · Dodge Ram	105,173.50
1851 · z - Accumulated depreciation	-95,342.33
<b>Total Fixed Assets</b>	<u>64,898.01</u>
<b>Other Assets</b>	
1710 · Security deposit	2,000.00
1900 · Due from member	
1902 · DRDF	685.00
1906 · Personal	68,875.27
<b>Total 1900 · Due from member</b>	<u>69,560.27</u>
1950 · Insurance Recovery Proceeds	0.25
<b>Total Other Assets</b>	<u>71,560.52</u>
<b>TOTAL ASSETS</b>	<b><u>340,058.40</u></b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
2100 · Accounts Payable	-4,386.72
<b>Total Accounts Payable</b>	<u>-4,386.72</u>

8:56 PM

# Mr. Sandless Franchise LLC

04/14/24

## Balance Sheet

Accrual Basis

As of March 31, 2024

	<u>Mar 31, 24</u>
<b>Other Current Liabilities</b>	
2151 · 3B Quaint Oak Bank	-0.33
2200 · Accrued expenses	1,115.00
<b>2301 · Payroll withholdings &amp; accruals</b>	
2303 · Local taxes withheld	2,394.71
2304 · PA IT Withheld	-0.08
2305 · PA SUI W/H & Accrued	-0.15
2306 · Payroll Liabilities - Fed'l	-0.04
2301 · Payroll withholdings & accruals - Other	-109.72
<b>Total 2301 · Payroll withholdings &amp; accruals</b>	<u>2,284.72</u>
2400 · Deferred Revenue - Long Term	360,000.00
2410 · Deferred Revenue Short Term	75,000.00
2500 · Loan by Share Holder	13,440.29
2501 · Auto Loan	0.05
<b>Total Other Current Liabilities</b>	<u>451,839.73</u>
<b>Total Current Liabilities</b>	<u>447,453.01</u>
<b>Total Liabilities</b>	447,453.01
<b>Equity</b>	
3001 · Retained Earnings	-65,245.76
3002 · Retained Earnings - Prior Year	24,694.00
3003 · Withdrawals	-56,382.67
Net Income	-10,460.18
<b>Total Equity</b>	<u>-107,394.61</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>340,058.40</u></u>



## Mr. Sandless Franchise LLC

## Profit &amp; Loss

04/14/24

January through March 2024

Accrual Basis

	Jan - Mar 24
Ordinary Income/Expense	
Income	
1 Direct Income	
B. Option and Territory Fees	710.25
E. Other	
4003 · Administration Fees	18,734.81
Total E. Other	18,734.81
4001 · A. Franchise Fees	50,000.00
4006 · C. Franchise Royalty Fees	231,619.71
Total 1 Direct Income	301,064.77
3 Pass Through Income	
Gmail email	2,610.00
4004 · Advertising Fund	26,375.96
4008 · Franchise Kits	10,000.00
4011 · NTFN	3,318.00
Total 3 Pass Through Income	42,303.96
4024 · Credit	1,312.50
Total Income	344,681.23
Cost of Goods Sold	
5001 · Cost of Goods Sold	93.79
5002 · Carpentry Supplies	820.28
5003 · Franchise Kits	24,429.07
Total COGS	25,343.14
Gross Profit	319,338.09
Expense	
Convention 2024	14,137.09
Lawn Service	900.00
Merchant deposit fees	1,994.25
Payroll	
6039 · Payroll Expenses - Gross	191,568.50
Total Payroll	191,568.50
Payroll taxes	
6040 · FUTA	250.05
6041 · PaUC	2,660.89
6042 · S.S. & Medicare	14,562.47
Total Payroll taxes	17,473.41
6001 · Advertising	
6003 · Franchise	310.99
6004 · Google	20,177.02
6005 · Microsoft	2,427.47
Total 6001 · Advertising	22,915.48
6010.10 · National Radio Advertising	12,040.00
6012 · Automobile Expense	
EZ Pass	280.00
6015 · Fuel	864.39
6016 · Parking	243.00
Total 6012 · Automobile Expense	1,387.39
6017 · Bank Service Charges	139.00
6018 · Cellular Service	871.95

## Mr. Sandless Franchise LLC

## Profit &amp; Loss

04/14/24

January through March 2024

Accrual Basis

	Jan - Mar 24
6028 · Insurance	
6029 · Auto	1,435.56
6031 · Health	5,566.36
6028 · Insurance - Other	1,104.00
<b>Total 6028 · Insurance</b>	<b>8,105.92</b>
6036 · Management Fee	2,500.00
6038 · Office	6,257.61
6046 · Professional Fees	
Legal Fees/State Registration	4,796.63
6047 · Accounting	5,901.00
6048 · Commission	5,000.00
6280 · Legal Fees	5,763.45
<b>Total 6046 · Professional Fees</b>	<b>21,461.08</b>
6050 · Rent	7,534.75
6052 · Shipping	274.85
6053 · Supplies	225.37
6055 · Telephone	1,323.92
6056 · Trash Removal	844.75
6060 · Utilities	
6061 · Gas and Electric	3,324.07
6060 · Utilities - Other	150.00
<b>Total 6060 · Utilities</b>	<b>3,474.07</b>
6062 · Web Site	
6063 · Online Hosting	967.78
6062 · Web Site - Other	1,685.33
<b>Total 6062 · Web Site</b>	<b>2,653.11</b>
6067 · GMail Account	3,033.72
6350 · Travel & Ent	
6058 · Meals	1,098.71
6059 · Travel	5,526.53
6350 · Travel & Ent - Other	1,865.56
<b>Total 6350 · Travel &amp; Ent</b>	<b>8,490.80</b>
6820 · Taxes	191.25
<b>Total Expense</b>	<b>329,798.27</b>
<b>Net Ordinary Income</b>	<b>-10,460.18</b>
<b>Net Income</b>	<b>-10,460.18</b>

**MR. SANDLESS FRANCHISE, LLC  
FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**MR. SANDLESS FRANCHISE, LLC  
TABLE OF CONTENTS**

---

<b>Independent Auditor's Report</b>	<b>Page 1-2</b>
<b>Balance Sheets</b>	<b>Page 3</b>
<b>Statements of Operations and Members' (Deficit)</b>	<b>Page 4</b>
<b>Statements of Cash Flows</b>	<b>Page 5</b>
<b>Notes to Financial Statements</b>	<b>Page 6-8</b>

MUHAMMAD ZUBAIRY, CPA  
Certified Public Accountant  
646.327.7013

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Mr. Sandless Franchise, LLC

### Opinion

We have audited the financial statements of Mr. Sandless Franchise, LLC which comprises the balance sheets as of December 31, 2023, and 2022, and the related statements of operations, and changes in members' deficit and cash flows for the years then ended, 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 Mr. Sandless Franchise, LLC as of December 31, 2023, and 2022, and the results of its operations and its cash flows for the for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mr. Sandless Franchise, LLC's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mr. Sandless Franchise, LLC's ability to continue as a going concern for a reasonable period of time.

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



Muhammad Zubairy, CPA  
Valley Stream, NY  
April 2, 2024

**MR. SANDLESS FRANCHISE, LLC  
BALANCE SHEETS**

	<u>ASSETS</u>	
	YEARS ENDED DECEMBER 31	
	<u>2023</u>	<u>2022</u>
<b>Current Assets</b>		
Cash	\$ 50,575	\$ 8,760
Accounts receivable	49,667	45,783
Inventory	8,013	11,865
Prepaid expenses	—	—
Due from related party	64,122	82,500
Total Current Assets	<u>172,377</u>	<u>148,908</u>
Property and Equipment-net	64,898	7,290
Security deposit	2,000	2,000
Total Assets	<u>\$ 239,275</u>	<u>\$ 158,198</u>
 <u>LIABILITIES AND MEMBERS' (DEFICIT)</u>  		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 244	\$ 144
Due to related party	-	300
Contract Liability	75,000	62,270
	<u>75,244</u>	<u>62,714</u>
Contract Liability, net of current	360,000	298,540
Members' (Deficit)	(195,969)	(203,056)
Total Liabilities and Members' (Deficit)	<u>\$ 239,275</u>	<u>\$ 158,198</u>

See notes to financial statements

**MR. SANDLESS FRANCHISE, LLC**  
**STATEMENTS OF OPERATIONS AND MEMBERS' (DEFICIT)**

	YEARS ENDED DECEMBER 31	
	<u>2023</u>	<u>2022</u>
<b>Revenues</b>		
Royalties	\$ 817,140	\$ 685,356
Franchise fees	298,947	237,772
Brand development fees	120,206	121,257
Materials	204,162	208,782
Other income	<u>117,207</u>	<u>167,345</u>
	<u>1,557,662</u>	<u>1,420,512</u>
<b>Operating expenses</b>	<u>1,582,486</u>	<u>1,511,123</u>
<b>Net Income (Loss)</b>	(24,824)	(90,611)
<b>Members' (Deficit) - Beginning</b>	(203,056)	(76,192)
<b>Members' Contributions/(Distributions)</b>	<u>31,911</u>	<u>(36,253)</u>
<b>Members' (Deficit) - Ending</b>	<u><u>\$ (195,969)</u></u>	<u><u>\$ (203,056)</u></u>

See notes to financial statements



**MR. SANDLESS FRANCHISE, LLC**  
**STATEMENT OF CASHFLOWS**

	YEARS ENDED DECEMBER 31	
	2023	2022
<b>Cash Flows from Operating Activities:</b>		
Net Income	\$ (24,824)	\$ (90,611)
Depreciation	11,609	13,131
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in assets and liabilities		
Accounts receivable	(3,884)	1,581
Inventory	3,852	(11,865)
Prepaid expenses	-	5,410
Due from related party	18,078	27,500
Accounts payable and accrued expenses	100	(971)
Due to related party	-	(13,924)
Contract Liability	73,650	97,730
	<u>78,581</u>	<u>27,981</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	(68,677)	(477)
<b>Cash Flows from Investing Activities:</b>		
Members' Contributions/(Distributions)	<u>31,911</u>	<u>(36,253)</u>
<b>Increase (Decrease) in cash</b>	<b>41,815</b>	<b>(8,749)</b>
<b>Cash - Beginning of Year</b>	<b>8,760</b>	<b>17,509</b>
<b>Cash - End of Year</b>	<u><u>\$ 50,575</u></u>	<u><u>\$ 8,760</u></u>

See notes to financial statements

**MR. SANDLESS FRANCHISE, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

---

**1. THE COMPANY**

Mr. Sandless Franchise, LLC is a Pennsylvania limited liability company formed in September 2005 to offer franchisees the right to own and operate a Mr. Sandless and/or a DrDecknFence franchise businesses, which provides interior and exterior wood refinishing, wood care, wood cleaning and wood maintenance, as well as outdoor refinishing, cleaning, and maintenance.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**-The accompanying financial statements have 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 operate a Mr. Sandless franchise business 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 and franchisee accounts receivable. The balances in the Company's cash accounts do not exceed the Federal Deposit Insurance (FDIC) limit of \$ 250,000 at December 31, 2023. 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 limited liability company for income tax purposes. Income for the Company passes through directly to its members' and is reported on the members' individual income tax returns.

**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, 2020.

**MR. SANDLESS FRANCHISE, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

---

**4. DEFERRED FRANCHISE FEES**

In compliance with the Financial Accounting Standards Board (“FASB”) new accounting standards 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, 2023, and 2022, were \$435,000 and \$360,810, respectively.

**5. RELATED PARTY TRANSACTIONS**

The Company periodically advances funds to its members’ or related companies. These advances are due on demand and bear no interest. As of December 31, 2023, and 2022, the balance due from a related party was \$64,122 and \$82,500, respectively.

The Company periodically receives funds from its members’ or related companies. These advances are due on demand and do not bear interest. As of December 31, 2023, and 2022, the amount due to a related party was \$0 and \$300, respectively.

**6. PROPERTY AND EQUIPMENT**

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful life of the asset, which is five years. Expenditures for repairs and maintenance are charged to expense as incurred. Property and equipment consist of office equipment, computer equipment and automobiles. At December 31, 2023 and 2022 these assets had a book value of \$64,898 and \$7,290, respectively. Depreciation expense for the years ended December 31, 2022, and 2021 was \$11,069 and \$13,191, respectively.

**7. BRAND DEVELOPMENT FEES**

As per the franchise agreements, the Company collects marketing fees on a continuing basis. These funds are used to advertise the brand name on behalf of all franchisees. For the years ending December 31, 2023, and 2022 the company collected \$120,206 and \$121,257 in marketing fees, respectively. For the years ending December 31, 2023, and 2022 the company expensed \$150,839 and \$220,469 on brand name marketing, respectively.

**8. 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 reviewed through April 2, 2024, the date at which the financial statements were available to be issued.

**MR. SANDLESS FRANCHISE, LLC  
FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**MR. SANDLESS FRANCHISE, LLC  
TABLE OF CONTENTS**

---

<b>Independent Auditor's Report</b>	<b>Page 1-2</b>
<b>Balance Sheets</b>	<b>Page 3</b>
<b>Statements of Operations and Members' (Deficit)</b>	<b>Page 4</b>
<b>Statements of Cash Flows</b>	<b>Page 5</b>
<b>Notes to Financial Statements</b>	<b>Page 6-8</b>

MONIS J. SIDDIQUI, CPA P.C.  
Certified Public Accountant  
917.309.5670

## **INDEPENDENT AUDITOR'S REPORT**

**To the Members of  
Mr. Sandless Franchise, LLC**

### **Opinion**

We have audited the financial statements of Mr. Sandless Franchise, LLC which comprises the balance sheets as of December 31, 2022, and 2021, and the related statements of operations, and changes in members' deficit and cash flows for the years then ended, 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 Mr. Sandless Franchise, LLC as of December 31, 2022, and 2021, and the results of its operations and its cash flows for the for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mr. Sandless Franchise, LLC's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mr. Sandless Franchise, LLC's ability to continue as a going concern for a reasonable period of time.

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

A handwritten signature in blue ink that reads "Monis Siddiqui, CPA P.C." The signature is written in a cursive style.

Monis Siddiqui, CPA P.C.  
Bellerose, NY  
April 28, 2023

**MR. SANDLESS FRANCHISE, LLC  
BALANCE SHEETS**

	<u>ASSETS</u>	
	YEARS ENDED DECEMBER 31	
	<u>2022</u>	<u>2021</u>
<b>Current Assets</b>		
Cash	\$ 8,760	\$ 17,509
Accounts receivable	45,783	47,364
Inventory	11,865	—
Prepaid expenses	—	5,410
Due from related party	82,500	110,000
<b>Total Current Assets</b>	<u>148,908</u>	<u>180,283</u>
Property and Equipment-net	7,290	19,944
Security deposit	2,000	2,000
<b>Total Assets</b>	<u><u>\$ 158,198</u></u>	<u><u>\$ 202,227</u></u>
	<u>LIABILITIES AND MEMBERS' (DEFICIT)</u>	
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 144	\$ 1,115
Due to related party	300	14,224
Deferred revenue	62,270	50,270
	<u>62,714</u>	<u>65,609</u>
Deferred revenue, net of current	298,540	212,810
Members' (Deficit)	(203,056)	(76,192)
<b>Total Liabilities and Members' (Deficit)</b>	<u><u>\$ 158,198</u></u>	<u><u>\$ 202,227</u></u>

See notes to financial statements



**MR. SANDLESS FRANCHISE, LLC**  
**STATEMENTS OF OPERATIONS AND MEMBERS' (DEFICIT)**

	YEARS ENDED DECEMBER 31	
	2022	2021
<b>Revenues</b>		
Royalties	\$ 685,356	\$ 596,025
Franchise fees	237,772	203,270
Brand development fees	121,257	120,449
Materials	208,782	110,000
Other income	167,345	95,007
	<u>1,420,512</u>	<u>1,124,751</u>
 <b>Operating expenses</b>	 <u>1,511,123</u>	 <u>1,060,753</u>
 <b>Net Income (Loss)</b>	 (90,611)	 63,998
 <b>Members' (Deficit) - Beginning</b>	 (76,192)	 (88,149)
 <b>Members' (Distributions)</b>	 <u>(36,253)</u>	 <u>(52,041)</u>
 <b>Members' (Deficit) - Ending</b>	 <u>\$ (203,056)</u>	 <u>\$ (76,192)</u>

See notes to financial statements

**MR. SANDLESS FRANCHISE, LLC**  
**STATEMENT OF CASHFLOWS**

	YEARS ENDED DECEMBER 31	
	2022	2021
<b>Cash Flows from Operating Activities:</b>		
Net Income	\$ (90,611)	\$ 63,998
Depreciation	13,131	14,093
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in assets and liabilities		
Accounts receivable	1,581	2,094
Inventory	(11,865)	—
Prepaid expenses	5,410	(5,410)
Due from related party	27,500	80,000
Accounts payable and accrued expenses	(971)	9
Due to related party	(13,924)	(33,260)
Deferred revenue	97,730	(81,270)
	<u>27,981</u>	<u>40,254</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	(477)	—
<b>Cash Flows from Investing Activities:</b>		
Members' (Distributions)	<u>(36,253)</u>	<u>(52,041)</u>
<b>Increase (Decrease) in cash</b>	<b>(8,749)</b>	<b>(11,787)</b>
<b>Cash - Beginning of Year</b>	<b>17,509</b>	<b>29,296</b>
<b>Cash - End of Year</b>	<u><u>\$ 8,760</u></u>	<u><u>\$ 17,509</u></u>

See notes to financial statements

**MR. SANDLESS FRANCHISE, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

---

**1. THE COMPANY**

Mr. Sandless Franchise, LLC is a Pennsylvania limited liability company formed in September 2005 to offer franchisees the right to own and operate a Mr. Sandless and/or a DrDecknFence franchise businesses, which provides interior and exterior wood refinishing, wood care, wood cleaning and wood maintenance, as well as outdoor refinishing, cleaning, and maintenance.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**-The accompanying financial statements have 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 operate a Mr. Sandless franchise business 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 and franchisee accounts receivable. The balances in the Company's cash accounts do not exceed the Federal Deposit Insurance (FDIC) limit of \$ 250,000 at December 31, 2022. 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 limited liability company for income tax purposes. Income for the Company passes through directly to its members' and is reported on the members' individual income tax returns.

**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, 2020.

**MR. SANDLESS FRANCHISE, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

---

**4. DEFERRED FRANCHISE FEES**

In compliance with the Financial Accounting Standards Board (“FASB”) new accounting standards 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 \$360,810 and \$263,080, respectively.

**5. RELATED PARTY TRANSACTIONS**

The Company periodically advances funds to its members’ or related companies. These advances are due on demand and bear no interest. As of December 31, 2022, and 2021, the balance due from a related party was \$82,500 and \$110,000, respectively.

The Company periodically receives funds from its members’ or related companies. These advances are due on demand and do not bear interest. As of December 31, 2022, and 2021, the amount due to a related party was \$300 and \$14,224, respectively.

**6. PROPERTY AND EQUIPMENT**

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful life of the asset, which is five years. Expenditures for repairs and maintenance are charged to expense as incurred. Property and equipment consist of office equipment, computer equipment and automobiles. At December 31, 2022 and 2021 these assets had a book value of \$7,290 and \$19,944, respectively. Depreciation expense for the years ended December 31, 2022, and 2021 was \$13,191 and \$14,091, respectively.

**7. BRAND DEVELOPMENT FEES**

As per the franchise agreements, the Company collects marketing fees on a continuing basis. These funds are used to advertise the brand name on behalf of all franchisees. For the years ending December 31, 2022, and 2021 the company collected \$121,257 and \$120,449 in marketing fees, respectively. For the years ending December 31, 2022, and 2021 the company expensed \$220,469 and \$124,106 on brand name marketing, respectively.

**8. 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 reviewed through April 28, 2023, the date at which the financial statements were available to be issued.

**MR. SANDLESS FRANCHISE, LLC  
FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**MR. SANDLESS FRANCHISE, LLC  
TABLE OF CONTENTS**

---

<b>Independent Auditor's Report</b>	<b>Page 1-2</b>
<b>Balance Sheets</b>	<b>Page 3</b>
<b>Statements of Operations and Members' (Deficit)</b>	<b>Page 4</b>
<b>Statements of Cash Flows</b>	<b>Page 5</b>
<b>Notes to Financial Statements</b>	<b>Page 6-8</b>

**AKIVA MANNE**  
**CERTIFIED PUBLIC ACCOUNTANT**  
905 HARRISON ST ALLENTOWN, PA 18103

**INDEPENDENT AUDITOR'S REPORT**

To the Members of  
Mr. Sandless Franchise, LLC

**Opinion**

We have audited the financial statements of Mr. Sandless Franchise, LLC which comprises the balance sheets as of December 31, 2021, and 2020, and the related statements of operations, and changes in members' deficit and cash flows for the years then ended, 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 Mr. Sandless Franchise, LLC as of December 31, 2021, and 2020, and the results of its operations and its cash flows for the for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

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

**Responsibilities of Management for the Financial Statements**

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mr. Sandless Franchise, LLC's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mr. Sandless Franchise, LLC's ability to continue as a going concern for a reasonable period of time.

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



Akiva Manne CPA  
Allentown PA  
April 11, 2022



**MR. SANDLESS FRANCHISE, LLC**  
**BALANCE SHEETS**

	<u>ASSETS</u>	
	DECEMBER 31	
	<u>2021</u>	<u>2020</u>
<b>Current Assets</b>		
Cash	\$ 17,509	\$ 29,296
Accounts receivable	47,364	49,458
Prepaid expenses	5,410	—
Due from related party	<u>110,000</u>	<u>190,000</u>
<b>Total Current Assets</b>	<b>180,283</b>	<b>268,754</b>
Property and Equipment-net	19,944	34,037
Security deposit	2,000	2,000
<b>Total Assets</b>	<b><u>\$ 202,227</u></b>	<b><u>\$ 304,791</u></b>
 <b><u>LIABILITIES AND MEMBERS' (DEFICIT)</u></b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 1,115	\$ 1,106
Due to related party	14,224	47,484
Deferred revenue	<u>50,270</u>	<u>79,350</u>
	65,609	127,940
Deferred revenue, net of current	212,810	265,000
Members' (Deficit)	<u>(76,192)</u>	<u>(88,149)</u>
<b>Total Liabilities and Members' (Deficit)</b>	<b><u>\$ 202,227</u></b>	<b><u>\$ 304,791</u></b>

See notes to financial statements

**MR. SANDLESS FRANCHISE, LLC**  
**STATEMENTS OF OPERATIONS AND MEMBERS' (DEFICIT)**

	YEARS ENDING DECEMBER 31	
	2021	2020
<b>Revenues</b>		
<b>Royalties</b>	\$ 596,025	\$ 537,548
<b>Franchise fees</b>	203,270	127,225
<b>Brand development fees</b>	120,449	99,080
<b>Materials</b>	110,000	50,000
<b>Other income</b>	95,007	92,691
	<u>1,124,751</u>	<u>906,544</u>
<b>Operating expenses</b>	<u>1,060,753</u>	<u>920,652</u>
<b>Income (loss) from Operations</b>	63,998	(14,108)
<b>Grant Income - PPP</b>	<u>—</u>	<u>71,250</u>
<b>Net Income</b>	63,998	57,142
<b>Members' (Deficit) - Beginning</b>	(88,149)	(64,523)
<b>Restatement - see note 8</b>	—	24,694
<b>Members' (Distributions)</b>	<u>(52,041)</u>	<u>(105,462)</u>
<b>Members' (Deficit) - Ending</b>	<u>\$ (76,192)</u>	<u>\$ (88,149)</u>

See notes to financial statements

**MR. SANDLESS FRANCHISE, LLC**  
**STATEMENT OF CASHFLOWS**

	YEARS ENDING DECEMBER 31	
	2021	2020
<b>Cash Flows from Operating Activities:</b>		
<b>Net Income</b>	\$ 63,998	\$ 57,142
<b>Depreciation</b>	14,093	13,581
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
<b>Changes in assets and liabilities</b>		
Accounts receivable	2,094	19,200
Prepaid expenses	(5,410)	1,349
Due from related party	80,000	81,747
Accounts payable and accrued expenses	9	4,561
Due to related party	(33,260)	(25,845)
Deferred revenue	(81,270)	(21,270)
	<u>40,254</u>	<u>130,465</u>
<b>Cash Flows from Investing Activities:</b>		
<b>Members' (Distributions)</b>	<u>(52,041)</u>	<u>(105,462)</u>
<b>Increase (Decrease) in cash</b>	<b>(11,787)</b>	<b>25,003</b>
<b>Cash - Beginning of Year</b>	<b>29,296</b>	<b>4,293</b>
<b>Cash - End of Year</b>	<u><u>\$ 17,509</u></u>	<u><u>\$ 29,296</u></u>

See notes to financial statements

**MR. SANDLESS FRANCHISE, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

---

**1. THE COMPANY**

Mr. Sandless Franchise, LLC is a Pennsylvania limited liability company formed in September 2005 to offer franchisees the right to own and operate a Mr. Sandless and/or a DrDecknFence franchise businesses, which provides interior and exterior wood refinishing, wood care, wood cleaning and wood maintenance, as well as outdoor refinishing, cleaning, and maintenance.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**-The accompanying financial statements have 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 operate a Mr. Sandless franchise business 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 and franchisee accounts receivable. The balances in the Company's cash accounts do not exceed the Federal Deposit Insurance (FDIC) limit of \$ 250,000 at December 31, 2021. 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 limited liability company for income tax purposes. Income for the Company passes through directly to its members' and is reported on the members' individual income tax returns.

**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, 2020, upon adoption as of January 1, 2019, the Company recorded deferred revenue and a cumulative effect adjustment to decrease accumulated retained earnings by \$365,620.

**MR. SANDLESS FRANCHISE, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

---

**4. DEFERRED FRANCHISE FEES**

In compliance with the Financial Accounting Standards Board (“FASB”) new accounting standards 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, 2021, and 2020, were \$263,080 and \$344,350, respectively.

**5. RELATED PARTY TRANSACTIONS**

The Company periodically advances funds to its members’ or related companies. These advances are due on demand and bear no interest. As of December 31, 2021, and 2020, the balance due from a related party was \$110,000 and \$190,000, respectively.

The Company periodically receives funds from its members’ or related companies. These advances are due on demand and do not bear interest. As of December 31, 2021, and 2020, the amount due to a related party was \$14,224 and \$47,484, respectively.

**6. PROPERTY AND EQUIPMENT**

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful life of the asset, which is five years. Expenditures for repairs and maintenance are charged to expense as incurred. Property and equipment consist of office equipment, computer equipment and automobiles. At December 31, 2021 and 2020 these assets had a book value of \$19,944 and \$34,037, respectively. Depreciation expense for the years ended December 31, 2021, and 2020 was \$14,091 and \$13,581, respectively.

**7. BRAND DEVELOPMENT FEES**

As per the franchise agreements, the Company collects marketing fees on a continuing basis. These funds are used to advertise the brand name on behalf of all franchisees. For the years ending December 31, 2021, and 2020 the company collected \$120,449 and \$99,080 in marketing fees, respectively. For the years ending December 31, 2021, and 2020 the company expensed \$124,106 and \$94,452 on brand name marketing, respectively.

**8. PRIOR YEAR ADJUSTMENT**

An adjustment to the year ended December 31, 2020, financial statements was made to correct an overstatement of accounts payable by \$24,694 which resulted in an reduction of members’ deficit by \$24,694.

**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 reviewed through April 11, 2022, the date at which the financial statements were available to be issued.

**EXHIBIT C**  
**FRANCHISE AGREEMENT**

**MR. SANDLESS® FRANCHISE LLC  
SINGLE UNIT FRANCHISE AGREEMENT**

**DATA SHEET**

1. Name of Franchisee \_\_\_\_\_
2. Franchisee's Address \_\_\_\_\_  
\_\_\_\_\_
3. Franchisee's Designated Territory \_\_\_\_\_
4. Franchisee's Telephone Number \_\_\_\_\_
5. Franchisee's Facsimile Number \_\_\_\_\_
6. Franchisee's Cell Phone Number \_\_\_\_\_
7. Franchisee's E-Mail Address \_\_\_\_\_
8. Initial Franchise Fee \_\_\_\_\_
9. Effective Date \_\_\_\_\_
10. Received By \_\_\_\_\_
11. Date Received \_\_\_\_\_
12. # of Territories Purchased \_\_\_\_\_  
(approximately 100,000 population each)
13. Initial Franchise Fee       One Territory      \$15,000  
    Two Territories      \$20,000  
    Three Territories      \$25,000  
    Four Territories      \$30,000

The information contained in this Data Sheet is incorporated by reference into the Mr. Sandless Franchise LLC Single Unit Franchise Agreement



**MR. SANDLESS FRANCHISE LLC  
SINGLE UNIT FRANCHISE AGREEMENT**

**TABLE OF CONTENTS**

<b>1. FRANCHISE GRANT.....</b>	<b>7</b>
<b>2. TERRITORY AND LOCATION .....</b>	<b>7</b>
2.1 DESIGNATED TERRITORY.....	7
2.2 RESERVATION OF RIGHTS AND ALTERNATIVE CHANNELS OF DISTRIBUTION .....	7
2.3 REGIONAL ACCOUNTS .....	7
2.4 SERVICE VEHICLE.....	8
2.5 OFFICE.....	8
<b>3. TERM AND SUCCESSOR OPTIONS .....</b>	<b>9</b>
3.1 TERM.....	9
3.2 SUCCESSOR OPTIONS .....	9
<b>4. TRAINING .....</b>	<b>10</b>
4.1 INITIAL TRAINING PROGRAM.....	10
4.2 ADDITIONAL TRAINING PROGRAMS AND SEMINARS .....	10
4.3 ATTENDANCE AT ANNUAL CONVENTIONS.....	10
<b>5. CONFIDENTIAL OPERATIONS MANUAL .....</b>	<b>10</b>
<b>6. APPLICABLE LAWS AND LICENSING REQUIREMENTS .....</b>	<b>11</b>
<b>7. OPENING.....</b>	<b>11</b>
7.1 OPENING FOR BUSINESS.....	11
7.2 GRAND OPENING ADVERTISING.....	11
<b>8. CONSULTATION AND ADVICE.....</b>	<b>11</b>
<b>9. YOUR OBLIGATIONS .....</b>	<b>12</b>
9.1 OPERATIONS .....	12
9.2 PERFORMANCE CRITERIA.....	12
9.3 COMPLIANCE WITH APPLICABLE LAWS .....	12
9.4 COMPLIANCE WITH OUR POLICIES AND PROCEDURES .....	12
9.5 BEST EFFORTS .....	12
9.6 PERSONAL SUPERVISION.....	12
9.7 CUSTOMER SERVICE .....	13
9.8 AUTHORIZED PRODUCTS AND SERVICES AND APPROVED SUPPLIERS .....	13
9.9 COMPLIANCE WITH STANDARDS AND SPECIFICATIONS.....	14
9.10 CENTRAL TELEPHONE NUMBER.....	14
9.11 COMPUTER SOFTWARE AND HARDWARE.....	14
9.12 COLLECTION OF DATA .....	15
9.13 DEBTS AND OBLIGATIONS .....	16
9.14 PRODUCT WARRANTY PROGRAMS.....	16
9.15 CONSUMER COMPLAINTS.....	16
9.16 NOTIFICATIONS OF ACTIONS.....	16
9.17 TELEPHONE.....	16
9.18 ANTI-TERRORIST ACTIVITIES .....	16
<b>10. INITIAL AND CONTINUING FEES .....</b>	<b>17</b>
10.1 INITIAL FRANCHISE FEE.....	17
10.2 ROYALTY FEE.....	17
10.3 GROSS SALES REPORTS .....	17
10.4 MANNER OF PAYMENT.....	18

10.5	INTEREST ON OVERDUE AMOUNTS .....	18
10.6	TAXES ON PAYMENTS TO US.....	18
<b>11.</b>	<b>PROPRIETARY MARKS AND COPYRIGHTS.....</b>	<b>18</b>
11.1	LICENSE .....	18
11.2	OWNERSHIP .....	18
11.3	GOODWILL.....	18
11.4	MODIFICATION .....	18
11.5	AUTHORIZED AND UNAUTHORIZED USE.....	18
11.6	INFRINGEMENT .....	19
11.7	OTHER COVENANTS.....	19
11.8	FRANCHISEE DEVELOPMENTS.....	19
11.9	CUSTOMER DATA .....	19
<b>12.</b>	<b>CONFIDENTIAL INFORMATION .....</b>	<b>20</b>
<b>13.</b>	<b>MARKETING.....</b>	<b>20</b>
13.1	GENERALLY; APPROVAL OF MATERIALS .....	20
13.2	TERRITORIAL MARKETING RESTRICTION.....	20
13.3	INTERNET WEBSITE .....	21
13.4	ADVERTISING FUND.....	21
13.5	PAY PER CLICK PROGRAM.....	22
13.6	DISCONTINUANCE OF ADVERTISING .....	22
<b>14.</b>	<b>INSURANCE .....</b>	<b>22</b>
<b>15.</b>	<b>BOOKS, RECORDS AND REPORTS .....</b>	<b>23</b>
15.1	BOOKS AND RECORDS.....	23
15.2	PERIODIC REPORTS .....	24
15.3	FISCAL YEAR; ANNUAL FINANCIAL STATEMENT AND TAX RETURN .....	24
15.4	INITIAL BUSINESS PLAN; ANNUAL BUSINESS PLAN .....	24
<b>16.</b>	<b>ACCOUNTING .....</b>	<b>24</b>
16.1	APPLICATION OF PAYMENTS .....	24
16.2	INTEREST .....	24
16.3	AUDITS .....	24
<b>17.</b>	<b>INSPECTIONS.....</b>	<b>25</b>
<b>18.</b>	<b>COVENANTS.....</b>	<b>25</b>
18.1	DURING THE TERM OF THIS AGREEMENT .....	25
18.2	AFTER THE TERM OF THIS AGREEMENT.....	25
18.3	INTENT AND ENFORCEMENT .....	26
18.4	EMPLOYEES .....	26
<b>19.</b>	<b>INDEPENDENT LICENSEE; INDEMNIFICATION.....</b>	<b>26</b>
19.1	INDEPENDENT LICENSEE.....	26
19.2	RESPONSIBILITY FOR DEBTS .....	27
19.3	DISPUTE REGARDING TAXES OR INDEBTEDNESS .....	27
19.4	INDEMNIFICATION.....	27
<b>20.</b>	<b>NOTICES .....</b>	<b>27</b>
<b>21.</b>	<b>SALE OR ASSIGNMENT .....</b>	<b>28</b>
21.1	ASSIGNMENT BY US.....	28
21.2	ASSIGNMENT BY YOU .....	28
21.3	CONDITIONS FOR TRANSFER .....	28
21.4	DEATH OR DISABILITY .....	29
21.5	RIGHT OF FIRST REFUSAL .....	29

21.6	TRANSFER TO A CORPORATION OR LIMITED LIABILITY COMPANY .....	30
<b>22.</b>	<b>TERMINATION.....</b>	<b>31</b>
22.1	AUTOMATIC TERMINATION.....	31
22.2	TERMINATION WITH NOTICE AND WITHOUT OPPORTUNITY TO CURE.....	31
22.3	TERMINATION WITH NOTICE - SEVEN (7) DAY CURE PERIOD.....	32
22.4	TERMINATION WITH NOTICE - THIRTY (30) DAY CURE PERIOD .....	32
22.5	CROSS-DEFAULT.....	33
22.6	OUR RIGHT TO DISCONTINUE SERVICES TO YOU .....	33
22.7	AMENDMENT PURSUANT TO APPLICABLE LAW .....	33
<b>23.</b>	<b>YOUR OBLIGATIONS UPON TERMINATION .....</b>	<b>33</b>
23.1	YOUR OBLIGATIONS .....	33
23.2	SECURITY INTEREST IN PERSONAL PROPERTY .....	34
23.3	OPTION TO PURCHASE PERSONAL PROPERTY .....	35
23.4	LIQUIDATED DAMAGES.....	35
<b>24.</b>	<b>CHOICE OF LAW; DISPUTE RESOLUTION.....</b>	<b>35</b>
24.1	GOVERNING LAW.....	35
24.2	INTERNAL DISPUTE RESOLUTION.....	35
24.3	MEDIATION .....	36
24.4	THIRD PARTY BENEFICIARIES.....	36
24.5	INJUNCTIVE RELIEF.....	36
24.6	JURISDICTION AND VENUE.....	36
24.7	JURY TRIAL WAIVER .....	36
24.8	WAIVER OF PUNITIVE DAMAGES .....	37
24.9	LIMITATION OF ACTION .....	37
24.10	ATTORNEYS' FEES.....	37
24.11	NON-WAIVER.....	37
<b>25.</b>	<b>CONSTRUCTION .....</b>	<b>37</b>
25.1	ENTIRE AGREEMENT.....	37
25.2	SURVIVAL .....	38
25.3	SEVERABILITY .....	38
25.4	CONSTRUCTION .....	38
25.5	BINDING AGREEMENT.....	38
<b>26.</b>	<b>PERSONAL GUARANTY OF SHAREHOLDERS, PARTNERS, MEMBERS AND MANAGERS ..38</b>	
<b>27</b>	<b>REPRESENTATIONS AND ACKNOWLEDGMENTS .....</b>	<b>39</b>
27.1	NO WARRANTIES .....	39
27.2	NO AUTHORITY .....	39
27.3	RECEIPT .....	39
27.4	YOUR BUSINESS EFFORTS.....	39
27.5	OPPORTUNITY TO REVIEW BY YOUR ADVISORS .....	39
27.6	EXECUTION OF AGREEMENT .....	40
<b>28.</b>	<b>SECURITY INTEREST .....</b>	<b>40</b>
28.1	COLLATERAL .....	40
28.2	INDEBTEDNESS SECURED.....	40
28.3	ADDITIONAL DOCUMENTS .....	40
28.4	POSSESSION OF COLLATERAL .....	41
28.5	OUR REMEDIES IN EVENT OF DEFAULT .....	41
28.6	SPECIAL FILING AS FINANCING STATEMENT.....	41
<b>29.</b>	<b>MISCELLANEOUS .....</b>	<b>41</b>
29.1	OPERATION IN THE EVENT OF ABSENCE OR DISABILITY .....	41
29.2	STEP-IN RIGHTS .....	41

29.3	YOUR EMPLOYEES .....	42
29.4	CONSENT TO DO BUSINESS ELECTRONICALLY.....	42
29.5	MODIFICATION OF THE SYSTEM.....	42

**Attachments**

- Attachment 1 – Approved Products and Services
- Attachment 2 – Territory Addendum and Map
- Attachment 3 – Guaranty Agreement and Acknowledgment by Guarantor
- Attachment 4 – Confidentiality and Non-Compete Agreement
- Attachment 5 – Internet Websites and Telephone Listing Agreement

**MR. SANDLESS FRANCHISE LLC  
SINGLE UNIT FRANCHISE AGREEMENT**

**THIS FRANCHISE AGREEMENT** (the “Agreement”) is made as of the Effective Date set forth on the Data Sheet of this Agreement between Mr. Sandless Franchise LLC, a Pennsylvania limited liability company with an address at 2970 Concord Rd, Aston, PA 19014 (“we”, “us”, “our”, “Franchisor”, “Mr. Sandless” and the Franchisee identified in the Data Sheet (“you”). The information contained in the Data Sheet is incorporated into this Agreement.

**BACKGROUND**

A. Through the expenditure of time, skill, effort and money, we and our affiliate have developed and own a unique and distinctive system (the “System”) relating to the establishment and operation of a professional businesses under the name “Mr Sandless” offering interior and exterior wood surface services, including indoor wood floor refinishing, including sanding, dustless refinishing, screening and recoats, sandless refinishing, wood floor care, wood floor cleaning, floor maintenance, floor care, floor refinishing, and floor cleaning for tile, VCT, terrazzo, marmoleum, linoleum, vinyl, asphalt, rubber, laminates, concrete, slate, brick, stone, granite, grout sealing and coloring, ceramic floors, cabinet refinishing and exterior wood refinishing, exterior wood care, exterior wood cleaning, and exterior wood maintenance (“Business” or Franchised Business”). The distinguishing characteristics of our System include proprietary operating procedures, proprietary products, trade dress, and standards and specifications for products and services, as periodically amended in our sole discretion (the “System”).

B. The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark “Mr. Sandless” and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by us in writing) for use in connection with the System (hereinafter referred to as “Marks” or “Proprietary Marks”);

C. We offer franchises to qualified individuals for the right to use the System and Proprietary Marks within designated territories (the “Business”). Unless otherwise stated to the contrary herein, the term “Business” shall apply to both a Mr. Sandless Business.

D. You have applied to us for the right to operate a Business pursuant to the terms of this Agreement, and we have approved your application in reliance upon all of the representations made in your application, including those concerning your financial resources, your business experience and interests, and the manner in which the franchise will be owned and operated.

E. You acknowledge that you have read this Agreement and our Franchise Disclosure Document, and that you have been given an opportunity to obtain clarification of any provision that you did not understand. You also understand and agree that the terms and conditions in this Agreement are necessary to maintain our high standards of quality and service, and the uniformity of those standards at all Mr. Sandless Businesses.

**AGREEMENT**

**NOW THEREFORE**, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, mutually agree as follows:

## **1. FRANCHISE GRANT**

We hereby grant to you, and you hereby accept, a nonexclusive franchise to establish and operate one (1) Franchised Business pursuant to the terms of this Agreement. This Agreement does not give you the right to establish additional Franchised Businesses.

## **2. TERRITORY AND LOCATION**

### **2.1 Designated Territory**

You shall operate your Business only within the designated territory identified, or (if the parties have not agreed upon a territory at the time this Agreement is signed) to be identified, in the Data Sheet (the "Designated Territory"). The size and configuration of your Designated Territory is defined in terms of contiguous zip codes and/or by a map attached to this Agreement as Attachment 2. You may not offer or sell any products or services offered by the Business to customers located outside of the Designated Territory. However, you may offer or sell products or services to customers located outside of and adjacent to your Designated Territory if the customer is located in an area that is not serviced by another System franchisee, and you have received prior written approval from us, which approval may be granted or denied at our sole discretion.

During the term of this Agreement, so long as you are in substantial compliance with the terms and conditions of this Agreement, we will not establish or locate, or grant any third party the right to establish or locate, another Mr. Sandless Business using the System and Proprietary Marks within the Designated Territory, except as set forth in Section 2.2 below. This Agreement does not grant you any other territorial rights. Notwithstanding the foregoing, if you meet our qualifications, you may purchase one or more additional territories of approximately 100,000 population each, not to exceed a total of four (4) territories under this Agreement. You shall pay an additional territory fee of Five Thousand Dollars (\$5,000.00) for each additional territory purchased. Upon such additional purchase, we will amend Attachment 2.

### **2.2 Reservation of Rights and Alternative Channels of Distribution**

We retain the right to establish, or to grant others the right to establish, Mr. Sandless Businesses outside the Designated Territory. You acknowledge and agree that certain of our or our affiliates' products, whether now existing or developed in the future and whether or not designated as "proprietary products", may be distributed in the Designated Territory by us, our affiliates, our franchisees, licensees or designees, in such manner and through such channels of distribution as we, in our sole discretion, shall determine. Such alternative channels of distribution shall include, but are not limited to, sales of any products offered hereunder or other products using the Proprietary Marks or using other marks or private labeling at or through home improvement stores, home shows, the internet (including orders via our Website), mail order or other distributions methods or supply chains. We reserve the right, among others, as to any distribution arrangements relating thereto. You understand that this Agreement grants you no rights: (i) to distribute such products via alternative channels of distribution as described in this section; or (ii) to share in any of the proceeds received by any party from such sales via alternative channels of distribution. We will not sell the Mr. Sandless services in a "do it yourself" kit by any means which bypasses the franchise System.

### **2.3 Regional Accounts**

The term "Regional Account" means any entity, customer, contract, or business which on its own behalf or through agents, franchisees or other third parties owns, manages, controls or otherwise has responsibility for five (5) or more businesses and whose presence is not confined within any one particular designated territory. Any dispute as to whether a particular customer is a Regional Account shall be determined by us in our sole discretion and our determination shall be final and binding.

2.3.1 We shall have the exclusive right, unless otherwise specifically delegated in writing, on behalf of us, you, and/or other franchisees utilizing the Proprietary Marks, to negotiate and enter into agreements or approve forms of agreement to provide services to Regional Accounts, licensees or franchisees, including locations within the Designated Territory. You must refer all potential Regional Accounts to us. You are not permitted to negotiate terms with any Regional Account.

2.3.2 Following the execution of a contract with or the acceptance of a bid by a Regional Account which contemplates the provision of services to one or more Regional Account locations within the Designated Territory, you have the option to perform such services pursuant to the terms and conditions of the Regional Account contract or on such terms and conditions as we in our discretion determine.

2.3.3 If the Regional Account determines not to use your services, if you elect not to provide services to a Regional Account in conformity with the terms and conditions of the Regional Account bid or contract, or if the Regional Account is not satisfied with your work, we shall have the right, exercisable in our sole discretion, to:

(i) provide, directly or through any other licensee or franchisee utilizing the Proprietary Marks, services to the Regional Account location(s) within the Designated Territory on the terms and conditions contained in the Regional Account bid or contract; and/or

(ii) contract with another party to provide such services to the Regional Account location(s) within the Designated Territory on the terms and conditions contained in the Regional Account bid or contract between us and the Regional Account, utilizing the Proprietary Marks or any other trademarks, service marks or trade names.

2.3.4 Neither the direct provision by us (or a franchisee, licensee, or agent of ours) of services to Regional Accounts as authorized in Section 2.3.3(i) above, nor our contracting with another party to provide such services as authorized in 2.3.3(ii) above, shall constitute a violation of Section 2.1 of this Agreement relating to the Designated Territory, even if such services are delivered from a location within the Designated Territory. You surrender any compensation or consideration for work performed by others in the Designated Territory pursuant to this section.

## **2.4 Service Vehicle**

You will be required to acquire and maintain a vehicle meeting our specifications, suitable for service calls to customer's homes; to apply such signage and logos, including a full vehicle wrap, to such vehicle as we may require from time to time; to maintain the vehicle according to the standards established by us from time to time; and to make all sales calls using such service vehicle. You shall, from time to time, upon our request, submit documentation to us concerning the exterior condition of your vehicle. Such documentation shall consist of not less than four (4) photographs taken within two (2) weeks of submission, one (1) of each view (front, rear, and sides) of the vehicle. If we deem that the vehicle is not in good physical appearance and condition, we shall promptly notify you of the requirement to purchase or lease a vehicle that meets our standards and specifications. We shall not unreasonably deny consent to the use of your vehicle.

## **2.5 Office**

You may, and we anticipate that you will, operate your Business from your home. However, if you choose to operate your Business from a commercial office, you must comply with this Section 2.5. Your proposed location must meet our then-current criteria, must be approved by us, and must be outfitted pursuant to our standards and specifications, and the following shall apply:

2.5.1 Approval of Lease. We have the right to review, evaluate and approve proposed leases for any commercial office space prior to execution of such leases. You must deliver to us an executed copy of the lease within fifteen (15) calendar days after its execution. Neither our review of the lease nor our acceptance of a site that you have selected for your office constitutes a representation or guarantee that you will succeed at the selected office or an expression of our opinion regarding the terms of the lease. You are solely responsible for selecting a site for the operation of your Businesses.

2.5.2 Relocation. If for any reason you wish to relocate your office, you must first notify us, and obtain our written approval for the new office. We reserve the right to require you to locate any new site for your Business within your Designated Territory.

### **3. TERM AND SUCCESSOR OPTIONS**

#### **3.1 Term**

The initial term of this franchise shall begin on the Effective Date set forth on the Data Sheet by us and shall expire at midnight on the tenth (10<sup>th</sup>) anniversary of the Effective Date.

#### **3.2 Successor Options**

At the end of the initial term, you have the right to enter into a new franchise agreement and other agreements and legal instruments and documents customarily employed by us and in the form then generally being offered to prospective franchisees in the state in which your Business is located (the “Successor Franchise Agreement”), if you meet the following conditions:

3.2.1 You are in compliance with all the terms and conditions of this Agreement at the time you request to enter into a Successor Franchise Agreement and have substantially complied with the operating standards and criteria established by us throughout the initial term and any successor term;

3.2.2 You have satisfied all monetary obligations owed to us and our affiliates;

3.2.3 You are in compliance with all other agreements between you and us and/or our affiliates;

3.2.4 You have provided us with written notice of your intention to renew the Franchise Agreement at least ninety (90) days but not more than one hundred eighty (180) days prior to expiration of the then current term;

3.2.5 You have the right to remain in possession of the Business premises, or you have secured other premises acceptable to us for the successor term;

3.2.6 At our request, you effectuate, at your expense, any changes in services, equipment, service vehicles, items offered or business system so as to reflect our then-current image, including, but not limited to, interior and exterior design or offerings of Mr. Sandless Businesses;

3.2.7 You execute our then-current form of franchise agreement (“Successor Franchise Agreement”), which may vary materially from the terms of this Agreement and may include, without limitation, higher royalty and advertising fees. The Successor Franchise Agreement, when executed, will supersede this Agreement in all respects;

3.2.8 You pay a successor agreement fee to us in the amount of (a) One Thousand Dollars (\$1,000), if the Successor Franchise Agreement relates to a Mr. Sandless Business per business owned (the “Successor Agreement Fee”).



3.2.9 You satisfy our then-current training requirements for continuing franchisees at your expense, as of the date of such subsequent agreement; and

3.2.10 You sign a general release in the form prescribed by us, in favor of us and our affiliates and their respective officers, directors, agents, and employees, for all claims arising out of or related to this Agreement or any related agreements with us or our affiliates.

## **4. TRAINING**

### **4.1 Initial Training Program**

Within sixty (60) days of the Effective Date of this Agreement, and prior to the opening of your Business (the “Initial Training Period”), you (if you are an individual) or at least one (1) of your principals (if you are a corporation, partnership or limited liability company) and your Designated Manager (defined in Section 9.6), if any, and your Technical Manager (defined in Section 9.6), if any, shall attend and satisfactorily complete our training program at our headquarters in Aston, Pennsylvania or at such other location designated by us. We will provide tuition-free training for up to three (3) persons, including you (if you are an individual) or at least one of your principals (if you are a corporation, partnership or limited liability company), and your Designated Manager, if any, or your Technical Manager, if any. Each of your additional or replacement Designated Managers or Technical Managers shall attend, at your expense including our then current tuition rate, and successfully complete the training program to our satisfaction prior to assuming management responsibilities. You shall be solely responsible for all other training-related expenses including, without limitation, travel expenses to and from the training site, lodging accommodations for additional persons, dining expenses, and salaries for your employees. The training program lasts two (2) to five (5) days and involves classroom and hands-on experience. No trainee will be entitled to any monies or payment for any services performed by such trainee during the training program.

### **4.2 Additional Training Programs and Seminars**

We have the right, but are not obligated, to provide continuing education training programs or seminars for previously trained franchisees, Designated Managers, Technical Managers and employees and to require you and/or any employee to attend and successfully complete these programs or seminars. In addition, all of your new employee hires must attend courses at our corporate offices as we may require from time to time. We will not require your attendance at more than one (1) program in any calendar year and any mandatory program shall not exceed three (3) days during any calendar year. You are solely responsible for tuition and all training-related expenses including, without limitation, travel expenses, living and dining accommodations, and employee salaries.

### **4.3 Attendance at Annual Conventions**

You must attend all Annual Conventions, if scheduled, unless exigent circumstances exist and you receive our prior approval not to attend, or in the event that the nature of the exigent circumstances renders obtaining prior approval impracticable, you must notify us of the reasons for your non-attendance as soon as it becomes practicable. All costs related to the Annual Convention, including but not limited to, travel expenses, lodging and entertainment shall be your sole responsibility.

## **5. CONFIDENTIAL OPERATIONS MANUAL**

We will loan you one (1) copy of our confidential operations manual(s) (collectively, the “Operations Manual”) containing policies, procedures, standards, specifications and methods of operating a Mr. Sandless Business. We have the right to amend and supplement the Operations Manual from time to time in our discretion. You must maintain the Operations Manual at your Business, and insert all supplements, amendments and revisions promptly upon receipt. If there is a dispute concerning the content

of the Operations Manual, the master copy maintained at our headquarters will control. The Operations Manual may be provided electronically or via the Internet, at our sole and absolute discretion.

If you require a replacement Operations Manual, we will provide you a replacement copy at the cost of One Thousand Dollars (\$1,000) after you surrender to us the previous Operations Manual or its remaining parts if it has been partially lost or destroyed. If your copy of the Operations Manual is lost or destroyed in its entirety, you must submit to us an affidavit of lost or destroyed manual prior to receiving a replacement copy. The contents of the Operations Manual are protected by the Copyright law of the United States and may not be disclosed to any person or entity not affiliated with Mr. Sandless and may not be duplicated, copied, reproduced or altered in any way. In the event that we post the Operations Manual on our website, accessible only to us and our franchisees, it shall be in “read only” format and may not be downloaded, saved, copied, duplicated, distributed or altered in any way. A violation of our copyright will be punishable by the maximum extent permitted by law.

## **6. APPLICABLE LAWS AND LICENSING REQUIREMENTS**

You must obtain and maintain all permits, licenses, and registrations required for the lawful operation of your Business and comply with all health and safety codes. Upon written request, we may provide you reasonable assistance in complying with applicable licensure requirements. You must provide us with copies of all permits, licenses and registrations within thirty (30) days of opening your Business.

## **7. OPENING**

### **7.1 Opening for Business**

You must open the Business for business within one hundred twenty (120) days of execution of this Agreement (“Grand Opening”). If you cannot open within such one hundred twenty (120) day period due to vandalism, fire, act of God or other circumstances beyond your control, you must request an extension from us immediately, which extension will not be unreasonably withheld. You may not open the Business for business until we have approved the Business for opening.

### **7.2 Grand Opening Advertising**

During the seven (7) days immediately prior to the scheduled Grand Opening of your Business and through the first thirty (30) days after the Grand Opening of your Business, you must expend at least One Thousand Five Hundred Dollars (\$1,500) on grand opening advertising and promotion within your Designated Territory (“Grand Opening Advertising”). You shall make such expenditure in accordance with our written requirements and specifications, and your Grand Opening Advertising campaign, including the materials used and the placement thereof, must be approved by us before they may be used. Within sixty (60) days of your the Grand Opening, you shall supply us with written evidence (by means of cancelled checks, paid invoices, copies of advertisements, and other information we request) of the purchase and publication of such Grand Opening Advertising, promotion and publicity. You have the right, but are not required, to spend additional sums with respect to Grand Opening Advertising.

## **8. CONSULTATION AND ADVICE**

In addition to the assistance rendered to you prior to and in connection with your Business’ Grand Opening, we will provide continuing consultation and advice as we deem advisable regarding flooring techniques, merchandising and retailing, sales techniques, personnel development and other business, operational and advertising matters which directly relate to your Business. Such assistance will be provided, at our option, by telephone, e-mail, facsimile, periodically through on-site assistance by appropriate personnel of ours, and/or other methods. We will make available to you any and all

improvements and changes in our services or business methods to the same extent and in the same manner as they are made available to other franchisees.

## **9. YOUR OBLIGATIONS**

### **9.1 Operations**

You shall operate the Business during such hours of the day and such days of the year as we shall specify from time to time, subject only to applicable law.

### **9.2 Performance Criteria**

You must consistently perform not less than eight (8) floor jobs a month within six (6) months of the Grand Opening of your Business. If you own multiple Mr. Sandless Businesses, then notwithstanding this Section 9.2, you must consistently perform, on a monthly basis, not less than eight (8) floor jobs plus an additional two (2) floor jobs for each territory you own and operate. Your failure to comply with this minimum performance criteria will be a material default of this Agreement and we will have the right, among others, to reduce the size of or your rights in the Designated Territory or to terminate this Agreement.

### **9.3 Compliance with Applicable Laws**

You shall operate your Business in strict compliance with all applicable laws, regulations and ordinances including, without limitations, laws and regulations applicable to or affecting health and safety.

You and your principals agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws, as described in Section 9.18 below.

### **9.4 Compliance with Our Policies and Procedures**

You shall operate your Business in strict compliance with this Agreement and our standards, specifications, policies and procedures as set forth the Operations Manual, as it may be amended from time to time, or otherwise in writing. You shall at no time engage in deceptive, misleading or unethical practices or conduct which may have a negative impact on the reputation and goodwill of us, our affiliates, our franchisees, the System or the Proprietary Marks.

### **9.5 Best Efforts**

You shall exploit the Designated Territory to its fullest potential, and use your best efforts to develop new customers, increase business and expand the market for all products and services authorized for sale by your Business through your personal participation and active promotion.

### **9.6 Personal Supervision**

9.6.1 You (if you are an individual) or at least one (1) of your principals who owns at least a ten percent (10%) interest in the Business (if you are a corporation, partnership or limited liability company), shall personally supervise the day-to-day operation of the Business. At your request, we may permit you to operate the Business through a full-time designated manager (the "Designated Manager") who will work at least forty (40) hours per week and who will supervise the day-to-day operations of the Business. However, the appointment of a Designated Manager shall not relieve you of any duties or obligations under this Agreement, and compliance with this Agreement and all aspects of the System shall be your sole responsibility. You may also hire a technical manager to oversee the Business' physical operations and the work performed under the Proprietary Marks ("Technical Manager"). The Designated Manager and Technical Manager must successfully complete our training program and sign Confidentiality and Non-Compete Agreements in the form attached as Attachment 4 to this Agreement prior to assuming

their responsibilities. We shall be a third-party beneficiary of each Confidentiality and Non-Compete Agreement, with the independent right to enforce such agreement's terms.

9.6.2 You are required to perform through an accredited agency that has been approved by us, in the Operations Manual or otherwise in writing, a background check of all prospective employees prior to hiring them, and only hire employees that have passed such background check, and otherwise meet the criteria provided in the Operations Manual. You understand and acknowledge that you are solely responsible for hiring employees and for the terms of their employment, including wages and benefits.

## **9.7 Customer Service**

You and all employees shall: (i) render prompt, willing and courteous service to all customers, and adhere to our customer service procedures; (ii) deal fairly and honestly with us, prospective customers, customers, suppliers and others with whom you or your employees shall come in contact in connection with the operation of the Business; and (iii) present a neat and clean appearance at all times. We may require that designated uniforms or clothing be worn by you and all of your employees.

## **9.8 Authorized Products and Services and Approved Suppliers**

9.8.1 You must offer all authorized products and services and only those products and services that we specify. We have the right to require you to purchase or lease any products including, without limitation, service and marketing supplies, branded clothing, inventory items and equipment from designated or approved suppliers as well as to enter into service agreements with approved vendors. All service and marketing supplies ordered directly through us are subject to a ten percent (10%) administrative fee over cost. A description of currently authorized products and services is attached as Attachment 1 to this Agreement (the "Authorized Products and Services"). We have the right to add, eliminate, modify and substitute any of the Authorized Products and Services or the designated suppliers in our sole discretion, and there are limits in this Agreement on our ability to do so. You acknowledge that we may require approved and designated suppliers to provide us with accountings of its sales to individual Businesses. You acknowledges and agrees that: (i) we and/or our affiliates may be a designated supplier or sole approved supplier of any product or service that you are required to lease or purchase, (ii) we and/or our affiliates may receive payment from supplier(s) related to your required purchases or leases, and (iii) any payments so received are for our benefit only and may be used or applied in any manner determined by us in our sole and absolute discretion;

9.8.2 List of Supplies/Suppliers. Make available from time to time, and amend as deemed appropriate by Franchisor, a list of required and/or recommended products and services for System franchisees and a list of approved and/or recommended suppliers of such items. Franchisee acknowledges that Franchisor or Franchisor's affiliate(s) may be the sole approved supplier(s) of certain products and services that Franchisee is required to purchase to operate the Franchised Business.

9.8.2 If you wish to offer any product or service that we have not authorized or to acquire items or services from an unapproved supplier, you must request our approval in writing and provide us with all information we may reasonably need to evaluate the proposed product, service or supplier. We may approve or reject proposed products, services or suppliers in our sole and absolute discretion. We will make a good faith effort to notify you of our approval within fifteen (15) days of receiving all required information. Our failure to approve a product, service or supplier within this fifteen (15) day period will constitute disapproval of the proposed product, service or supplier. If we approve your request to offer a new product or service or to acquire items from a new supplier, such approval will be only for the specific product, service or supplier for which approval was granted. If we incur any costs in connection with testing a particular product or evaluating an unapproved supplier at your request, you or the supplier must reimburse our reasonable testing costs, but not more than Five Hundred Dollars (\$500), regardless of

whether we subsequently approve the item or supplier. Nothing in the foregoing shall be construed to require us to approve any particular supplier.

9.8.3 We may base our approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation we deem necessary or desirable in the System as a whole. We have the right to receive payments from suppliers on account of their dealings with you and other franchisees, and to use any and all amounts we receive without restriction (unless instructed otherwise by the supplier) for any purposes we deem appropriate. Nothing herein shall require us to approve an unreasonable number of suppliers for a given item, which approval might, in our reasonable judgment, result in higher costs or prevent the effective or economical supervision of approved suppliers. We may revoke our approval of particular products or suppliers when we determine, in our sole discretion, that such products or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease purchasing such products or from such supplier. You must use products purchased from approved suppliers solely in connection with the operation of your Business and not for any competitive business purpose.

9.8.4 If you use unapproved products, solutions or supplies on a customer job, you will be fined Two Thousand Five Hundred Dollars (\$2,500) per day of your use and risk termination of your franchised business.

## **9.9 Compliance with Standards and Specifications**

The Business shall at all times emulate the image intended for the System including, without limitation, its high standards of quality, cleanliness, convenience and courteous service. You shall comply with all of our standards and specifications for, among other things, vehicles, inventory, supplies, equipment and Business appearance, as they are disclosed to you in the Operations Manual or otherwise in writing. You shall purchase and place or erect, at your expense, all signs and interior and exterior graphics and only such signs and interior and exterior graphics, as well as vehicle signage, as we may from time to time prescribe for use by System franchisees.

## **9.10 Central Telephone Number**

We have the right, but not the obligation, to establish and maintain a toll free telephone number for the purpose of accepting and confirming customer orders nationwide, providing customer service and customer follow-up, and conducting satisfaction surveys. If we establish a toll free number, you must comply with our procedures for implementing the nationwide service as we specify in the Operations Manual or otherwise in writing, and you may be required to pay a fee related to the establishment, operation and maintenance of the toll free telephone number, which you agree to pay.

## **9.11 Computer Software and Hardware**

You must purchase and maintain all computer hardware, software and other equipment (“Computer Equipment”) specified by us to be used in connection with the operation of your Business. You must update or replace any of the Computer Equipment, including software, as we specify, and you must use the Computer Equipment in the manner specified by us. You must establish and maintain Internet access and an electronic mail address as we require, and you must keep us apprised of this information during the term of this Agreement. We have the right to require you to enter into a separate maintenance agreement for the Computer Equipment, and to update or upgrade Computer Equipment components as we deem necessary. There are no limits in this Agreement on either our right to require you to obtain updates and/or upgrades for your Computer Equipment, or the cost of any such updates and/or upgrades.

We have the right to access your customer database on your Computer Equipment at any time and you will provide us with access, at your expense, as well as any necessary user IDs and passwords for such access. We may access and download all information stored on your Computer Equipment, including sales

and customer information, and there is no limit on our right to access and download this data. We may use the data downloaded from your Computer Equipment in any manner we choose, without compensation to you. Your customer database will, at all times, remain our property.

We reserve the right to require you to install a “systems backup solution” which backs up critical data stored in your computer system using an off-premises storage scheme. At our request, you must provide us with access to your backed up data.

Notwithstanding the fact that you must buy, use and maintain the Computer Equipment under our standards and specifications, you will have the sole and complete responsibility for: (1) the acquisition, operation, maintenance and upgrading of the Computer Equipment; and (2) any and all consequences that may arise if the Computer Equipment is not properly operated, maintained and upgraded, and/or we are not provided with access to the Computer Equipment as we require.

9.11.1 Area Computer Network, Intranet or Extranet Participation. You are required to participate in any System-wide area computer network, intranet system or extranet system that we implement and you may be required by us to use such area computer network, intranet system or extranet system to, among other things: (i) submit your reports due under this Agreement to us on-line; (ii) view portions of the Operations Manual; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; and (v) receive training. You agree to use the facilities of any such area computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that we include in the Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements.

## **9.12 Collection of Data**

You shall collect and maintain such data relating to the business as we may require from time to time, including but not limited to, the names, addresses and purchase history of all customers. You shall provide such data to us in the form we specify. Any such data shall be our sole property and shall not be disclosed or distributed to any person or entity for any reason; provided that you have a license to use any such data solely for internal marketing and accounting purposes in accordance with all applicable laws and regulations. You acknowledge that any customer purchasing any products or services from your Business is a customer of the System and us, and you will turn any and all customer records or data over to us upon request. As described in Section 9.11 above, you must also provide us with electronic access to such data. You relinquish any interest in or ownership to all data that you collect from customers or others in connection with the Business, including customer lists, and acknowledge that such information is deemed to be owned by us. You are prohibited from selling any portion of your customer records or data.

You shall abide by all applicable laws pertaining to privacy of information collected or maintained regarding customers or other individuals (“Privacy”), and shall comply with our standards and policies pertaining to Privacy. If there is a conflict between our standards and policies pertaining to Privacy and applicable law, you shall: (a) comply with the requirements of applicable law; (b) immediately give us written notice of said conflict; and (c) promptly and fully cooperate with us and our counsel as we may request to assist us in our determination regarding the most effective way, if any, to meet our standards and policies pertaining to Privacy within the bounds of applicable law.

If you do not collect the information required and submit it to us when due, you will be fined \$250 per month when you fail to do so.

### **9.13 Debts and Obligations**

You shall pay all the debts and obligations relating to the operation of the Business and shall not fail to pay any debts to third parties that may result in claims of liability to us. The debt referred hereinto refers solely to such debt incurred by you (the Business) and not any debt of ours.

### **9.14 Product Warranty Programs**

You shall participate in, comply with and honor all approved warranty programs and approved forms of warranties, as described in the Operations Manual.

### **9.15 Consumer Complaints**

You must answer all consumer complaints or better business bureau complaints within twenty-four (24) hours of receipt or such shorter period of time as may be provided in the complaint. You must provide us with a copy of such complaint and your answer within three (3) days of the date the answer is forwarded to the consumer.

### **9.16 Notifications of Actions**

You must notify us in writing within five (5) days of the receipt of any complaint of any nature relating directly or indirectly, to the operation of your Business or of the commencement of any action, suit or proceeding against you, and of the issuance of any inquiry, subpoena, order writ, injunction award, or decree of court, agency or other governmental instrumentality, which arises out of, concerns, or may affect the operation or financial condition of the Business, including without limitation, any criminal action or proceeding brought by you against employees, customers, or other persons, and you shall within ten (10) days of receipt by you or your counsel, provide us with copies of all pleading and other documents. Without limiting the foregoing, you agree to notify us in advance of your intent to initiate any civil or criminal action against a customer or employee relating to the operation of the Business.

### **9.17 Telephone**

You must obtain at your own expense one (1) telephone line and listing to be used exclusively in the operation of your Business, to be listed under the Mr. Sandless trade name and not under your corporate, partnership, or individual name, and to be used exclusively in connection with your operation of the Business. If you operate a combination Mr. Sandless Business, you may use one telephone number for both. Upon the expiration, transfer or termination of this Agreement for any reason, you must cease using such telephone number(s) and listing(s), and assign same to us or our designee. Your Business must be serviced by a suitable telephone system in accordance with the Operations Manual and approved by us. You must answer the telephone in the manner set forth by us in the Operations Manual.

### **9.18 Anti-Terrorist Activities**

You certify that neither you, nor your owners, principals, employees or anyone associated with you are listed in the Annex to Executive Order 13224. (The Annex is available at <http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html>.) You agree not to hire or have any dealings with a person listed in the Annex. You certify that you have no knowledge or information that, if generally known, would result in you, your owners, principals, employees, or anyone associated with you being listed in the Annex to Executive Order 13224. You agree to comply with and/or assist us to the fullest extent possible in our efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, you certify, represent, and warrant that none of your property or interests is subject to being “blocked” under any of the Anti-Terrorism Laws and that you and your owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws.

You are solely responsible for ascertaining what actions must be taken by you to comply with all such Anti-Terrorism Laws, and you specifically acknowledge and agree that your indemnification responsibilities as provided in Section 19.4 of this Agreement pertain to your obligations under this Section 9.18. Any misrepresentation by you under this Section or any violation of the Anti-Terrorism Laws by you, your owners, principals or employees shall constitute grounds for immediate termination of this Agreement and any other agreement you have entered into with us or one of our affiliates in accordance with the terms of Section 22.2.20 of this Agreement.

As used herein, “Anti-Terrorism Laws” means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any governmental authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

## **10. INITIAL AND CONTINUING FEES**

### **10.1 Initial Franchise Fee**

In consideration of the execution of this Agreement and our granting to you the franchise covered hereby, you agree to pay to us an Initial Franchise Fee (the “Initial Franchise Fee”), payable upon the execution of this Agreement, which sum shall be deemed fully earned by us upon receipt thereof and is non-refundable. The Initial Franchise Fee to be paid by you hereunder is as set forth on the Data Sheet.

### **10.2 Royalty Fee**

Each month, you must pay us a royalty fee (the “Royalty Fee”), no later than the fifteenth (15<sup>th</sup>) day of each calendar month based on the Business being operated pursuant to this Agreement. The Royalty Fee payable hereunder shall be an amount equal to six percent (6%) of the Gross Sales (as defined below) generated in the immediately preceding calendar month with a minimum due of Six Hundred Dollars (\$600). “Gross Sales” includes all revenues you generate from all business conducted at or from the Business during the preceding reporting period, including amounts received from the sale of goods and services of any nature whatsoever. Gross Sales does not include the amount of any tax imposed by any federal, state, municipal or other governmental authority on the purchase by the customer, through you, including but not limited to sales tax. You agree to pay such amounts as and when due. Gross Sales shall be booked on a cash basis. Sales relating to items or services for which the full purchase price has been refunded or the item exchanged shall be excluded from Gross Sales at the time of refund or exchange, provided that any such sales have previously been included in Gross Sales. There is no royalty due the first three (3) months after opening, transfers not included. You are deemed open after your first paying job.

### **10.3 Gross Sales Reports**

You must send us monthly Gross Sales reports (“Gross Sales Reports”) by the fifteenth (15<sup>th</sup>) day of each calendar month for the Gross Sales generated in the immediately preceding calendar month. The Gross Sales Reports must set forth your monthly Gross Sales generated during the previous month, the number of jobs performed by the Business during the previous month and any other information we may require. We may change the form and content of the Gross Sales Reports from time to time.

If you underreport your sales, underreport on your Gross Sales Report, or otherwise conceal jobs and income from us, you will be fined Two Thousand Five Hundred Dollars (\$2,500) per occurrence and risk termination of your franchised business.



#### **10.4 Manner of Payment**

You shall deposit all revenues from the operation of your Business into one bank account within two (2) days of receipt, including cash, checks, and credit card receipts. Before opening your Business, you shall provide us with your bank name, address and account number. You shall immediately notify us of any change in your banking relationship, including changes in account numbers. We reserve the right to require you to pay any fees due under this agreement by such means as we may specify from time to time, including check, debit or credit card.

#### **10.5 Interest on Overdue Amounts**

Any late payment or underpayment of the royalty or advertising fee (as described in Section 13.4 below), and any other charges or fees you owe us or our affiliates, will bear interest from the original due date until such amount is paid in full at the lesser of eighteen percent (18%) interest per year or the highest lawful interest rate which may be charged for commercial transactions in the state in which your Business is located. Nothing contained in this Section shall prevent us from exercising, in our sole judgment, any other rights or remedies available to us under this Agreement.

#### **10.6 Taxes on Payments to Us**

In the event any taxing authority, wherever located, imposes any tax, levy or assessment on any payment you make to us, you must, in addition to all payments due to us, pay such tax, levy or assessment. The taxes on payments to us shall not include the income taxes that we incur.

### **11. PROPRIETARY MARKS AND COPYRIGHTS**

#### **11.1 License**

During the term of this Agreement, you are granted a non-exclusive license to use the Proprietary Marks in connection with the operation of your Business. You shall display the Proprietary Marks only in the manner that we direct or permit. Your license to use the Proprietary Marks shall automatically cease upon termination or expiration of this Agreement.

#### **11.2 Ownership**

You acknowledge that the Proprietary Marks are valid and, as between us and you, are our sole property. You will not, either during or after the term of this Agreement, do anything, or assist any other person to do anything, which would infringe upon, harm or contest our rights in any of the Proprietary Marks.

#### **11.3 Goodwill**

You acknowledge that all goodwill which may arise from your use of any of the Proprietary Marks is and shall at all times remain our sole and exclusive property and shall inure to our sole benefit.

#### **11.4 Modification**

You acknowledge that we have the right to add, modify, substitute or discontinue use of any of the Proprietary Marks in our sole discretion. You agree to make any additions, deletions and modifications on all interior and exterior signs, packaging materials, printed materials and advertising as we direct, at your own expense.

#### **11.5 Authorized and Unauthorized Use**

You must use the Proprietary Marks in conjunction with the symbols “SM,” “TM” or “®,” as applicable, in order to indicate that the Proprietary Marks are protected under federal law. You agree to use the Proprietary Marks solely in the manner prescribed by us and you may not use any of the Proprietary

Marks in connection with the offer or sale of any unauthorized products or in any other manner which we have not explicitly authorized in writing.

### **11.6 Infringement**

You shall promptly notify us of any infringement of, or challenge to, the Proprietary Marks and we shall, in our discretion, take such action as we deem appropriate. We will indemnify and hold you harmless from any suits, proceedings, demands, obligations, actions or claims, including costs and reasonable attorneys' fees, for any alleged infringement under federal or state trademark law arising solely from your use of the Proprietary Marks according to this Agreement and our other written directives, if you have promptly notified us of such claim. If we undertake the defense or prosecution of any litigation pertaining to any of the Proprietary Marks, you must execute any and all documents and do such acts and things as may, in the opinion of our counsel, are necessary to carry out such defense or prosecution.

### **11.7 Other Covenants**

You will not, either during or after the term of this Agreement, do anything, or aid or assist any other person to do anything, which would hinder or prevent us from using or licensing the use of the Proprietary Marks in any jurisdiction. If you are a corporation, partnership or limited liability company, the name of your entity shall not include any portion of any the Proprietary Marks; provided, however, you shall register for fictitious name usage (a "d/b/a") in the jurisdiction in which the Business is located and promptly provide us a copy of the registration. You shall not use the Proprietary Marks, or any part thereof, as part of any Website domain name without our prior written consent, which we are not required to provide.

### **11.8 Franchisee Developments**

We shall own and have the exclusive right to use and incorporate in the System, for the benefit of other franchisees, us and our affiliates, any modifications, changes and improvements (collectively, "improvements") to the System, in whole or in part, developed or discovered by you, your principals or your employees or agents in connection with the System or the operation of a Business, without any liability or obligation to you. This includes, but is not limited to, discoveries or development of products, systems or techniques, management practices or procedures, architectural designs and philosophies and names or groups of words relating to the System or describing the services offered by Mr. Sandless Businesses.

You and your principals shall assign to us any rights you may have or acquire in such improvement, including the right to modify the improvement, and otherwise shall waive and/or release all rights of restraint and moral rights in and to the improvement. You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any improvement in any and all countries, and you further agree to execute and provide us with all necessary documentation for obtaining and enforcing these rights. You and your principals shall irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such improvement. In the event that the provisions of this Agreement are found to be invalid or otherwise unenforceable, you and your principals shall grant to us a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the improvement.

### **11.9 Customer Data**

We shall own and have exclusive rights to use all customer data compiled by you in the operation of your Business.

## **12. CONFIDENTIAL INFORMATION**

You acknowledge and agree that the Operations Manual, training material, our trade secrets, and methods and other techniques and know-how are our exclusive and confidential property, which we provide to you in confidence (“Confidential Information”). You agree to use the Confidential Information only for the purposes and in the manner we authorize in writing, which use will inure exclusively to our benefit. Our trade secrets consist of, without limitation, sales techniques, merchandising and display techniques, Business layout, advertising formats, accounting systems, operations systems, policies, procedures, systems, compilations of information, records, specifications, manuals, methods and procedures for sandless wood floor refinishing, dustless wood floor refinishing, sand and stain wood floor refinishing, wood floor care, wood floor cleaning, and floor maintenance, exterior wood refinishing, wood care, wood cleaning, and wood maintenance and other confidential information which we or our affiliates have developed for use in the operation of Mr. Sandless Businesses. You may not contest, directly or indirectly, our ownership of our trade secrets, methods or procedures, or contest our right to register, use or license others to use any such trade secrets, methods and procedures. You (including your partners, officers, directors, shareholders, as applicable), your employees, and their respective heirs, successors and assigns, are prohibited from using and/or disclosing any Confidential Information in any manner other than as we permit and must execute Confidentiality and Non-Compete Agreement in the form attached as Attachment 4.

## **13. MARKETING**

### **13.1 Generally; Approval of Materials**

You must participate in all marketing programs required by us in writing or contained in the Operations Manual. You may place or display at your Business (interior, exterior and on vehicles) only the signs, emblems, lettering, logos and displays and advertising materials as we approve in writing from time to time.

You must submit to us for our review, at least twenty-one (21) days prior to your use, samples of all sales promotional and advertising materials you desire to use. Our failure to approve or disapprove the materials within such twenty-one (21) day period will be deemed disapproval. You may not use any advertising or promotional materials for which we have not given our specific, prior written approval. At our request, you must include certain language in your local advertising and promotional materials, such as “Franchises Available” and our website address and telephone number.

If you fail to get approval prior to using any piece of marketing in your Business, or use generally any unapproved marketing efforts including online, you will be fined Five Hundred Dollars (\$500) per occurrence.

### **13.2 Territorial Marketing Restriction**

You are not permitted to solicit customers and/or advertise outside the Designated Territory, except to the extent that you have received our prior written approval to do so. Such approval to be granted or denied is at our sole discretion. We may condition our authorization upon your agreement to offer System franchisees that are operating Businesses in contiguous territories the opportunity to participate in, and share the expense of, such solicitation and/or advertising. You may not advertise your Business or any products or services offered by the Business via the Internet without our prior written consent, which may be given or withheld in our sole discretion. Notwithstanding the foregoing, we recognize that certain methods of advertising (such as radio and television) may reach a larger audience outside of your Designated Territory and, in such event and provided you have offer other System franchisees the opportunity to participate in such advertising, you will not be in violation of this Agreement.

### **13.3 Internet Website**

We may establish a website that provides information about the System and the Mr. Sandless products and services. We may use part of the monies from the Advertising Fund (described in Section 13.4 below) that we collect under this Agreement to pay or reimburse the costs associated with the development, maintenance and update of such website. We will be the webmaster, either directly or through a third party, and we have sole discretion and control over such website. You are not permitted to maintain an individual website related to the Business, or to establish a uniform resource locator (URL) incorporating any variation of the “Mr. Sandless” name or the Proprietary Marks, without our prior written approval, which we are not required to provide. You must also participate in any System-wide area computer network, intranet system, or extranet implemented by us, as described in Section 9.11.1 above.

13.3.1 You acknowledge that we are the lawful, rightful and sole owner of the Internet domain name [www.MrSandless.com](http://www.MrSandless.com), [www.MSFloorRefinishing.com](http://www.MSFloorRefinishing.com), [www.MSInstalls.com](http://www.MSInstalls.com) and any other Internet domain names registered by us or our affiliates, and you unconditionally relinquish any ownership interest in those or any colorably similar Internet domain name. You agree not to register any Internet domain name in any class or category that contains words used in or similar to any brand name owned by us or our affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words.

13.3.2 Websites are considered as “advertising” under this Agreement, and are subject (among other things) to our review and prior written approval before they may be used (as described in Section 13.1 above). As used in this Agreement, the term “Website” means an interactive electronic document contained in a network of computers linked by communications software that you operate or authorize others to operate and that refers to the Business, Proprietary Marks, us, or the System. The term Website includes Internet and World Wide Web home pages.

13.3.3 In connection with any Website, you may not establish a Website related to the Proprietary Marks or the System, nor may you offer, promote, or sell any products or services, or make any use of the Proprietary Mark, through the Internet without our prior written approval. As a condition to granting any consent, we will have the right to establish any requirement that we deem appropriate, including a requirement that your only presence on the Internet will be through one or more web pages that we establish on our Website.

13.3.4 You acknowledge and agree that you are strictly prohibited from promoting your Business or using the Proprietary Marks in any manner on social or networking Websites, including, but not limited to, Facebook, LinkedIn, Twitter, X, Instagram, or TikTok without our prior written consent.

### **13.4 Advertising Fund**

We have established a System-wide advertising fund (the “Advertising Fund”) for the common benefit of System franchisees. You are required to participate in and contribute monthly to the Advertising Fund an amount equal to one percent (1%) of your Gross Sales. You must pay the Advertising Fee in the same manner and at the same time as the Royalty Fees due under this Agreement. Any Businesses owned by us or our affiliates will contribute to the Advertising Fund on the same basis as our franchisees. The Advertising Fund will be administered as follows:

13.4.1 We will use Advertising Fund contributions, in our sole discretion, to develop, produce and distribute national, regional and/or local advertising and to create advertising materials and public relations programs which promote, in our sole judgment, the products and services offered by Mr. Sandless Businesses. We have the sole right to determine contributions and expenditures from the Advertising Fund, or any other advertising program, and sole authority to determine, without limitation, the selection of the advertising materials and programs; provided, however, that we will make a good faith effort to expend Advertising Fund contributions in the general best interests of the System on a national or

regional basis. We may use the Advertising Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including the cost of preparing and producing television, radio, magazine and newspaper advertising campaigns, the cost of direct mail and outdoor billboard advertising; the cost of public relations activities and advertising agencies; the cost of developing and maintaining a Website; and personnel and other departmental costs for advertising that we internally administer or prepare. Nevertheless, you acknowledge that neither you nor any other System franchisees will benefit directly or on a pro rata basis from such expenditures. While we do not anticipate that any part of the Advertising Fund contributions will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use the Advertising Fund for public relations or recognition of the Mr. Sandless brand, for the creation and maintenance of a Website, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating “Franchises Available.”

13.4.2 We may periodically assist franchises to maintain high quality standards through customer surveys, customer interviews, and other similar initiatives (“Surveys”). The cost of such programs will be borne by the Advertising Fund. The cost of these programs may be charged directly to you if your results of a Survey fall below System established minimum standards for such Surveys. Any such fees charged will be contributed to the Advertising Fund.

13.4.3 We have the right to reimburse ourselves from the Advertising Fund contributions for such reasonable costs and overhead, if any, as we may incur in activities reasonably related to the direction and implementation of the Advertising Fund. Any monies remaining in the Advertising Fund at the end of any fiscal year shall carry forward to the next fiscal year.

13.4.4 We will prepare on an annual basis, and will have available for you within sixty (60) days of the end of the fiscal year, a statement of contributions and expenditures for the Advertising Fund. The statement will be presented to you upon your written request. The Advertising Fund is not required to be independently audited.

### **13.5 Pay Per Click Program**

You may request that we market your Designated Territory through our established internet pay per click programs. The cost for these programs in your Designated Territory are solely your responsibility and may range from from Ten Cents (10¢) to Four Dollars (\$4.00) per click.

### **13.6 Discontinuance of Advertising**

We may require you to discontinue the use of any advertising or marketing material, within time frames prescribed by us, at your sole cost and expense.

## **14. INSURANCE**

At all times during the term of this Agreement and at your own expense, you must obtain and keep in force the insurance policies with minimum coverage limits that we specify. We reserve the right to modify the required policies and amounts, and you must comply with each such change. As of the Effective Date, you must maintain at least the minimum following insurance coverages:

- **General Liability** including Personal and Advertising Liability is required with limits of \$500,000 per occurrence and \$1,000,000 aggregate limit, with a per project aggregate. The policy should include contractual liability covering claims from both direct and vicarious liability.

- **Per Project Aggregate.** This will provide you with a separate aggregate limit of liability for each active project.
- **On-Site Limited Warranty - Care, Custody, Control Coverage.** This insurance is intended to provide you with coverage for property damage to real or personal property of others while in the care, custody, or control of the franchisee. Also provides limited coverage for your work.
- **Property coverage.** Any owned or leased property, including equipment used at various jobsites, should be covered by a comprehensive property insurance policy.
- **Auto Liability** is required with limits of \$500,000 Combined Single Limit on all owned, hired and non-owned vehicles. Autos should be titled and registered in your company name.
- **Workers Compensation/Employers Liability** with state statutory limits.

Each policy shall be written by an insurance company acceptable to us, and shall name us, our affiliates and our officers, directors, agents, attorneys and employees as additional insured parties. You shall deliver to us each year renewal certificates. All policies must provide that the policy may not be canceled, terminated, modified or reduced in terms of coverage, without thirty (30) days' prior written notice to us. In addition, each of your policies must provide for the following:

- You must provide us with a Certificate of Insurance before your Business opens and upon each renewal naming us and our respective officers, directors, employees and agents as an additional named insured.
- We should be named as an additional insured for ongoing operations as well as completed operations. This is accomplished by ISO forms CG2010 (7/04) and CG2037 (7/04) or equivalent.
- We must be named as an additional insured on a primary and non-contributory basis.
- Your insurance policies should waive all rights of subrogation against us.
- Failure to comply with our insurance requirements imposed is grounds for termination of the franchise agreement.

If you fail to obtain or maintain the required insurance, we have the right, but are not obligated, to obtain and maintain such insurance coverage on your behalf and to charge you for such coverage, together with a service fee which shall not exceed eighteen percent (18%) of the insurance premium. There is no assurance that the minimum insurance requirements will be adequate to satisfy your needs.

## **15. BOOKS, RECORDS AND REPORTS**

### **15.1 Books and Records**

You must maintain according to our specifications all books, accounts, records and memoranda disclosing all transactions relating to or involving the operation of the Business. Our representatives shall have access to audit, examine, inspect and copy all such books, accounts, records, memoranda, computer files and systems to review, inspect and poll such data. Financial records and statements must be kept and maintained in conformity with generally accepted accounting principles or such other accounting method that is acceptable for tax reporting purposes. You must keep and maintain such record-keeping or electronic reporting systems as we may require and make the same available to us as we specify or as a report or statement. You must use those forms specified by us. In addition, you must keep, in the manner specified by us, consecutively numbered customer receipt forms for each purchase or service rendered in the operation of the Business. You must retain all books, records and reports for our inspection and, upon our

request, forward them to us via email, fax or mail as we request. You acknowledge and agree that the financial data of your Business (i) is owned by us, (ii) is our Proprietary Information, and (iii) may be published in franchise disclosure document(s) issued by us following the Effective Date hereof.

### **15.2 Periodic Reports**

You must provide to us periodic royalty reports and all other documentation as we may reasonably prescribe from time to time. We reserve the right to specify the accounting and/or bookkeeping procedures, formats, systems and forms you will use in the operation of the Business. You must deliver to us, on the fifteenth (15<sup>th</sup>) day of each month, a complete and accurate revenue statement on the form required by us evidencing your Gross Sales, the minimum advertising expenditure, and such other data and information as may be required.

### **15.3 Fiscal Year; Annual Financial Statement and Tax Return**

Your fiscal year must run from January 1<sup>st</sup> through December 31<sup>st</sup>. Within sixty (60) days after the close of each of your fiscal years, you must deliver to us annual financial statements, including but not limited to profit and loss statements, for the preceding year prepared in accordance with generally accepted accounting principles or such other accounting methods that are acceptable for tax reporting purposes. You must furnish to us copies of federal, state and local sales, payroll, income or other tax returns filed in connection with the Business by April 15<sup>th</sup> of each year for the preceding year.

### **15.4 Initial Business Plan; Annual Business Plan**

Prior to the Grand Opening of your Business you must submit to us a business plan for the first twelve (12) months of operation of the Business. Each year of the Term of this Agreement, you must submit to us, no later than December 1<sup>st</sup> of each year, a business plan for the next fiscal year which meets our advertising expenditure requirements. Such Business Plans will be on the form we specify and shall include such information as we require.

## **16. ACCOUNTING**

### **16.1 Application of Payments**

We have the right to apply all payments as we deem appropriate in our discretion, regardless of the purpose for which such payment is designated; provided, however, we shall not apply payment to any indebtedness that you have identified in writing as a disputed charge.

### **16.2 Interest**

You must pay all bills, fees, charges and other obligations to us in strict accordance with the applicable payment and credit terms. Any amount not paid when due will bear interest from the due date until fully paid at the rate of eighteen percent (18%) per annum, or the maximum allowed by law, whichever rate shall be less. Interest will be compounded monthly. The payment of such interest or other amounts due shall not be deemed to constitute a waiver of any other rights available to us.

### **16.3 Audits**

We or our designee may inspect or conduct an audit of your accounts, business and financial books and records, local advertising records, tax returns and other records during regular business hours. If the audit discloses an understatement of Gross Sales for any period (s), you must immediately pay us all Royalty Fees, Advertising Fees and any other sums due under this Agreement, plus interest on these monies at the rate set forth in this Agreement. If any audit reveals that you have underreported any amounts by two percent (2%) or more in any period(s), or if you fail to timely submit complete, accurate and legible reports, then in addition to paying all monies due with interest thereon, you shall reimburse us for the cost of the

audit, including the charges of any independent certified public accountant, attorneys' fees, other legal costs and the travel expenses, room, board and compensation of our employees.

## **17. INSPECTIONS**

We have the right at any time during regular business hours, and without prior notice, to conduct a reasonable inspection of the Business. Any such inspection will be at our expense, unless we are required to make any additional inspections in connection with your failure to comply with this Agreement. In such event, we have the right to charge you for the costs of making the additional inspections, including without limitation travel expenses, room and board and compensation of our employees. You must promptly remedy at your sole expense any deficiency found during any inspection.

## **18. COVENANTS**

### **18.1 During the Term of This Agreement**

During the term of this Agreement, neither you, your principals, nor any member of the immediate family of you or your principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

18.1.1 Own, maintain, engage in, be employed by, lend money to, extend credit to or have any interest in any other business offering wood floor refinishing, including sanding, dustless refinishing, screening and recoats, sandless refinishing, wood polishing, wood floor care, wood floor cleaning, floor maintenance, floor care, floor refinishing, and floor cleaning for tile, VCT, terrazzo, marmoleum, linoleum, vinyl, asphalt, rubber, laminates, concrete, slate, brick, stone, granite, grout sealing and coloring, ceramic floors, and cabinet refinishing, and exterior wood refinishing or any other services and/or products similar to those offered under the System (a "Competitive Business"); provided, however, that this Section does not apply to your operation of any other Mr. Sandless Business pursuant to a valid franchise agreement with us or your ownership of less than five percent (5%) of any publicly held company;

18.1.2 Divert or attempt to divert any business or customer of the Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System.

### **18.2 After the Term of This Agreement**

18.2.1 For a period of two (2) years after the expiration (provided you have not entered into a successor franchise agreement), transfer or termination of this Agreement, regardless of the cause, neither you, your principals, nor any member of the immediate family of you or your principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation participate in any Competitive Business which includes sanding, dustless refinishing, screening and recoats, sandless refinishing, wood polishing, wood floor care, wood floor cleaning, floor maintenance, floor care, floor refinishing, and floor cleaning for tile, VCT, terrazzo, marmoleum, linoleum, vinyl, asphalt, rubber, laminates, concrete, slate, brick, stone, granite, grout sealing and coloring, ceramic floors, and cabinet refinishing, and exterior wood refinishing or any other services and/or products similar to those offered under the System.

18.2.2 For a period of two (2) years after the expiration, transfer or termination of this Agreement, regardless of the cause, neither you, your principals, nor any member of the immediate family of you or your principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:



(i) Own, maintain, engage in, be employed by, or have any interest in any Competitive Business which includes sanding, dustless refinishing, screening and recoats, sandless refinishing, wood polishing, wood floor care, wood floor cleaning, floor maintenance, floor care, floor refinishing, and floor cleaning for tile, VCT, terrazzo, marmoleum, linoleum, vinyl, asphalt, rubber, laminates, concrete, slate, brick, stone, granite, grout sealing and coloring, ceramic floors, and cabinet refinishing, and exterior wood refinishing or any other services and/or products similar to those offered under the System within the Designated Territory; or within a radius of fifty (50) miles of any Mr. Sandless Business in operation; or

(ii) Solicit business from customers of your former Business or contact any supplier of ours for any Competitive Business which includes sanding, dustless refinishing, screening and recoats, sandless refinishing, wood polishing, wood floor care, wood floor cleaning, floor maintenance, floor care, floor refinishing, and floor cleaning for tile, VCT, terrazzo, marmoleum, linoleum, vinyl, asphalt, rubber, laminates, concrete, slate, brick, stone, granite, grout sealing and coloring, ceramic floors, and cabinet refinishing, and exterior wood refinishing or any other services and/or products similar to those offered under the System purpose.

### **18.3 Intent and Enforcement**

It is the parties' intent that the provisions of this Section 18 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the covenants contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 18 by you, any of your principals, or any member of the immediate family of you or your principals, we shall be entitled to an injunction restraining such person from any such actual or threatened breach. You agree that in the event of the actual or threatened breach of this Section 18, our harm will be irreparable and that we have no adequate remedy at law to prevent such harm. You acknowledge and agree on your own behalf and on behalf of the persons who are liable under this Section 18 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 18 in no way prevent any such person from earning a living. You further acknowledge and agree that the time limitation of this Section 18 shall be tolled during any default under this Section.

### **18.4 Employees**

You shall require and obtain execution of covenants similar to those set forth in this Section (including covenants applicable upon the termination of a person's employment with you) from all employees, contractors or third persons who will have access to Mr. Sandless confidential and proprietary information, and you shall provide us with executed versions thereof. Such covenants shall be substantially in the form set forth in Attachment 4 as revised and updated from time to time and contained in the Manual. You shall indemnify and hold us harmless from any and all liability, loss, attorneys' fees, or damage we may suffer as a result of your failure to obtain executed restricted covenants by employees, agents and third persons as required by this Section.

## **19. INDEPENDENT LICENSEE; INDEMNIFICATION**

### **19.1 Independent Licensee**

You are and shall be an independent licensee under this Agreement, and no partnership shall exist between you and the us. This Agreement does not constitute you as an agent, legal representative, or employee of ours for any purpose whatsoever, and you are not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisors. You agrees not to incur or contract any debt or obligation on behalf of us or commit any act, make any representation, or advertise in any manner which may adversely affect any right of Franchisor or be detrimental to Franchisor or other franchisees of Franchisor. We does not assume any liability, and will not be considered liable, for any agreements,

representations, or warranties made by you which are not expressly authorized under this Agreement. We will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to your operations of the Franchised Business. Pursuant to the above, you agree to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorneys' fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs, or judgments against Franchisor arising out of any allegation of an agent, partner, or employment relationship.

### **19.2 Responsibility for Debts**

You acknowledge full responsibility for all the debts and obligations of your Business including, but not limited, to all bills, debts, taxes, rents, employee taxes, unemployment compensation insurance and employee benefits. You shall not use the Proprietary Marks to incur or secure any obligation for yourself or for any other person or entity. We shall not be liable for any of the debts or obligations of your Business.

### **19.3 Dispute Regarding Taxes or Indebtedness**

In the event of any bona fide dispute as to liability for taxes assessed or other indebtedness, you may contest the validity or the amount of tax or indebtedness in accordance with the procedures of the taxing authority or applicable law, provided that in no event shall you permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by creditor, to occur against the premises of the Business or any improvements thereon.

### **19.4 Indemnification**

You and your principals agree to indemnify, defend and hold us, our affiliates and their respective shareholders, directors, officers, employees, agents, successors and assignees ("Indemnitees") harmless against and to reimburse them for all claims, obligations, liabilities and damages ("Claims"), including any and all taxes, directly or indirectly arising out of, in whole or in part: (a) the operation of your Business, including your advertising; (b) the use of the Proprietary Marks; (c) the transfer of any interest in this Agreement or the Business in any manner not in accordance with this Agreement; (d) the infringement, alleged infringement, or any other violation or alleged violation by you or any of your principals of any patent, mark or copyright or other proprietary right owned or controlled by third parties; or (e) libel, slander or any other form of defamation of us, the System or any franchisee or developer operating under the System, by you or by any of your principals. For purposes of this indemnification, Claims shall include all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in the defense of any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not such Claims exceed the amount of insurance coverage available through you to us. We shall have the right to defend any such Claim against us in such manner as we deem appropriate or desirable in our sole discretion. Such an undertaking by us shall, in no manner or form, diminish your and each of your principals' obligation to indemnify the Indemnitees and to hold them harmless. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

## **20. NOTICES**

Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified mail or courier, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective addresses as set forth in the introductory paragraph of this Agreement, or at such other address or addresses as the parties may from time to time designate in writing.

## **21. SALE OR ASSIGNMENT**

### **21.1 Assignment by Us**

We have the right to assign this Agreement and to delegate our obligations under this Agreement in whole or in part in our sole discretion. We are not obligated to provide you with prior notice of such assignment, nor are we obligated to obtain your consent to such assignment. If we assign our rights and obligations under this Agreement, we shall not be required to stay in the same industry or to provide any product or service to you.

### **21.2 Assignment by You**

Your rights under this Agreement are personal, and you shall not sell, transfer, assign or encumber your interest in the Business without our prior written consent. Any sale, transfer, assignment or encumbrance made without our prior written consent shall be voidable at our option and shall subject this Agreement to termination as specified herein. A sale, transfer or assignment requiring our prior written consent shall be deemed to occur: (i) if you are a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of your voting stock or any increase in the number of outstanding shares of your voting stock which results in a change of ownership, (ii) if you are a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if you are a limited liability company, upon the assignment, sale, pledge or transfer or any interest in the limited liability company. Any new partner, shareholder, or member or manager owning more than ten percent (>10%) of the outstanding shares of the corporate entity will be required to personally guarantee your obligations under this Agreement.

### **21.3 Conditions for Transfer**

We shall have the right to condition our consent to a transfer of the Business upon the following:

21.3.1 The satisfaction of all of your monetary and nonmonetary obligations under this Agreement and any other agreement between you and us or our affiliates;

21.3.2 The buyer having met our qualifications for new franchisees;

21.3.3 The buyer's upgrade of the Business to conform with our then-current specifications;

21.3.4 We are provided with an executed agreement of sale between you and the buyer;

21.3.5 The buyer's successful completion of our training program as stated in Section 4.1;

21.3.6 The buyer's receipt of your last year's business tax return and other documents relevant to your Business;

21.3.7 Your execution (or your principals' execution, as applicable) of a general release, in a form prescribed by us, of all claims against us and our officers, directors, agents, and employees. Notwithstanding such release, you shall remain obligated under those provisions of this Agreement that expressly extend beyond the term hereof;

21.3.8 The buyer's execution of our then-current Single Unit Franchise Agreement as well as execution of a personal guaranty if a partnership, corporation or limited liability company;

21.3.9 Payment to us of a transfer fee in the amount of (a) Five Thousand Dollars (\$5,000) per owner no matter how many businesses you are transferring, if the transfer is of a Mr. Sandless Business

or a combination Mr. Sandless Business; or (b) One Thousand Dollars (\$1,000) per owner no matter how many businesses you are transferring;

21.3.10 If the buyer is a corporation or limited liability company, the corporation's or limited liability company's satisfaction of our requirements for such entities as set forth in Section 21 (except Section 21.6) below. In addition, we must approve all shareholders of a corporation transferee, or all members and managers of a limited liability company transferee. We may require that a particular individual remain the owner of at least fifty-one percent (51%) of the outstanding stock of a franchisee corporation, or retain an interest of at least fifty-one percent (51%) in the limited liability company, as applicable, and serve as the corporation's chief executive officer or the limited liability company's manager;

21.3.11 The buyer must obtain, within the time limits set by us, and maintain thereafter, all permits and licenses required for the operation of the Business;

21.3.12 The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises;

21.3.13 The purchase price and terms of the proposed transfer are not so burdensome to the buyer as to impair or materially threaten its future operation of the Business and performance under its franchise agreement;

21.3.14 You must request that we provide the prospective buyer with our current form of disclosure document and we shall not be liable for any representations not included in the disclosure document;

21.3.15 Our approval of the transfer shall not constitute a waiver of any claims we may have against you;

21.3.16 We shall have the right to disclose to any prospective buyer such revenue reports and other financial information concerning you and your Business as you have supplied to us hereunder; and

21.3.17 In any event, we may withhold or condition our consent to any transfer as we deem appropriate based on the circumstances of the transfer or otherwise.

#### **21.4 Death or Disability**

In the event of your death, disability or incapacity (or the death, disability or incapacitation of your principals or personal guarantors if you are a partnership, corporation or limited liability company), your legal representative (or your principal's or guarantor's respective legal representative, as applicable) shall have the right to continue the operation of the Business under this Agreement, without payment of a transfer fee, if: (i) within ninety (90) days from the date of death, disability or incapacity (the "90 Day Period"), such person has obtained our prior written approval; and (ii) such person successfully completes our training programs (which we will provide at our then-current tuition rate). Such assignment by operation of law will not be deemed in violation of this Agreement, provided such heirs or legatees accept the conditions imposed by this Agreement and are acceptable to us. If our requirements have not been met within the 90 Day Period, we have the right to step in and manage the Business, as described in Article 29, or we may terminate this Agreement.

#### **21.5 Right of First Refusal**

We shall have the irrevocable first right and option to purchase your Business on the same terms and conditions as any bona fide purchaser. If you receive an acceptable bona fide offer from a third party

to purchase the Business or any or all of the Business's assets, you shall provide us with a copy of the written purchase offer, which offer shall contain all of the terms of the proposed sale and the identity of the proposed purchaser. At our request, the proposed purchaser shall promptly complete and submit to us a franchise application and any other information we deem necessary, in our discretion, to evaluate the proposed transferee. We may exercise this right of first refusal by notifying you of our decision to do so in writing within thirty (30) days after receipt of all items required above. Silence on our part shall constitute rejection of the right of first refusal. If we fail to exercise this option, all provisions relating to assignment of this Agreement remain in full force and effect. Our election not to exercise our option as to any offer shall not affect our right of first refusal as to any subsequent offer. Any sale or attempted sale without first giving us the right of first refusal shall be void and of no force or effect. Any material changes to the terms of the written purchase offer shall constitute a new offer, and we shall again have the right of first refusal described herein.

## **21.6 Transfer to a Corporation or Limited Liability Company**

If you are an individual or partnership, you have the right to assign your rights under this Agreement to a corporation or limited liability company. Such transfer shall not be subject to the conditions set forth in Section 23.3 of this Agreement, provided that the corporation or limited liability company complies with the following requirements:

21.6.1 The corporation or limited liability company must be newly organized and its activities confined to acting exclusively as a Mr. Sandless franchisee;

21.6.2 You are, and at all times remain, the owner of at least fifty-one percent (51%) of the outstanding shares of the corporation or a controlling interest in the limited liability company;

21.6.3 The corporation or limited liability company agrees in writing to assume all of your obligations hereunder;

21.6.4 All shareholders of the corporation, or all members and managers of the limited liability company, must sign our Guaranty Agreement, personally agreeing to be bound by the terms of this Agreement, and guaranteeing performance of all of the franchisee's obligations under this Agreement;

21.6.5 Each stock certificate must be conspicuously endorsed upon its face with a statement in form satisfactory to us that it is held subject to, and that further assignment or transfer is subject to, all restrictions imposed upon assignment by this Agreement. In addition, a corporate franchisee's shareholders' agreement, if any, or a limited liability company's operating agreement, as applicable, must restrict transfer of interests to third parties;

21.6.6 The articles of incorporation and bylaws of the corporation, or the operating agreement or other governing document of the limited liability company, shall reflect this Agreement and all other agreements we specify, and the transferee must submit to us such documents relating to the corporation or limited liability company as we may require;

21.6.7 No shares may be issued or transferred without our written consent;

21.6.8 No changes to the corporation or limited liability company's governing documents may be made without our express written consent;

21.6.9 No shares may be pledged as collateral for any corporate or limited liability company obligations without our express written consent;

21.6.10 Corporate or limited liability company books and records, including minutes of meetings, must be furnished to us upon request; and

21.6.11 The corporation or limited liability company, as applicable, must adhere to the requirements set forth in this Agreement relating to management of the Business.

A transfer pursuant to this Section 21.6 may occur one (1) time only.

## **22. TERMINATION**

### **22.1 Automatic Termination**

This Agreement will automatically terminate, without notice and without an opportunity to cure, if you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed); if you are dissolved; if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the Premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

### **22.2 Termination With Notice and Without Opportunity to Cure**

We have the right to terminate this Agreement, which termination shall become effective upon delivery to you of notice of termination, without providing you an opportunity to cure, if:

22.2.1 If, in our sole and absolute discretion, you fail to successfully complete our training programs at least thirty (30) days prior to opening your Business;

22.2.2 You or any of your principals is convicted of or pleads no contest to a felony or criminal misconduct relevant to the performance of your duties under this Agreement, or if we believe that such crime or misconduct is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith or our interests therein;

22.2.3 You purport to sell, transfer or assign your rights under this Agreement without complying with the provisions of Article 21;

22.2.4 Your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation;

22.2.5 You operate the Business in a manner that presents a health or safety hazard to your customers, employees or the public and such manner of operation continues uncorrected after notice from us;

22.2.6 You have misrepresented any material information to us given in connection with this Agreement including, without limitation, information in your franchise application or you falsify any material information provided to us;

22.2.7 You or your principals commit any fraud or engage in any illegal conduct in connection with the Business; or intentionally underreport or misstate any information you are required to report to us;

22.2.8 You misuse any of the Proprietary Marks, Copyrights or Confidential Information and fail to immediately cease or correct such use after receiving written or oral notification from us;

22.2.9 If you fail to conduct your Grand Opening within the timeframe required by Article 7 of this Agreement;

22.2.10 You abandon your Business (for purposes of this provision, the term “abandon” shall mean your failure to operate the Business for three (3) or more consecutive days. Short, standard vacation periods are not considered abandonment);

22.2.11 If you fail to cure any default of your lease or sublease for your Business’s location within the relevant cure period, if any, or to remedy any default under any note, lease, or sublease for the Business’s location, or for the equipment or inventory therein, or lose the right to possession of the Business’s location, provided however, that if any such loss of possession results through no fault of your own, and the premises are damaged or destroyed by fire, flood or other natural disaster such that they cannot, in our sole judgment, reasonably be restored, or you are not permitted under the lease or sublease to restore, then this Agreement shall not be terminated for that reason for a period of sixty (60) days thereafter, provided that we have approved (i) a site within that time to which you will relocate for the remainder of the term of this Agreement; and (ii) your schedule for reopening the Business, which approval shall not be unreasonably withheld;

22.2.12 If the provisions contained in this Agreement for transfer by you upon death, disability or incompetency are not strictly followed;

22.2.13 You violate the covenant not to compete;

22.2.14 You fail to meet the Performance Criteria set forth in Section 9.2, if applicable; or

22.2.15 You violate any of the provisions of this Agreement and/or any other agreement with us on two (2) or more occasions within any twelve (12) month period (notwithstanding the cure of any individual violation).

### **22.3 Termination With Notice - Seven (7) Day Cure Period**

We have the right to terminate this Agreement, which notice will become effective upon delivery of notice of termination, after providing you a seven (7) day cure period, if you fail to pay any sums due or owing to us or our affiliates, together with applicable interest thereon, or if you fail to obtain and maintain the insurance required by Article 14 herein.

### **22.4 Termination With Notice - Thirty (30) Day Cure Period**

We have the right to terminate this Agreement, after providing you a thirty (30) day cure period, if you fail to obtain our approval or consent as required by this Agreement; you may avoid termination if you pay a lump sum payment of Five Hundred Dollars (\$500) to us prior to the expiration of the cure period, or if you fail to comply with any other term of this Agreement.

## **22.5 Cross-Default**

Any default by you (or any person/company affiliated with you) under this Agreement may be regarded as a default under any other agreement between us (or any of our affiliates) and you (or any of your affiliates). Any default by you (or any person/company affiliated with you) under any other agreement, including, but not limited to, any lease and/or sublease, between us (or any of our affiliates) and you (or any person/company affiliated with you), and any default by you (or any person/company affiliated with you) under any obligation to us (or any of our affiliates) may be regarded as a default under this Agreement. Any default by you (or any person/company affiliated with you) under any lease, sublease, loan agreement, security interest or otherwise, whether with us, any of our affiliates and/or any third party may be regarded as a default under this Agreement and/or any other agreement between us (or any of our affiliates) and you (or any of your affiliates).

In each of the foregoing cases, we (and any of our affiliates) will have all remedies allowed at law, including termination of your rights (and/or those of any person/company affiliated with you) and our (and/or our affiliates') obligations. No right or remedy which we may have (including termination) is exclusive of any other right or remedy provided under law or equity and we may pursue any rights and/or remedies available.

## **22.6 Our Right to Discontinue Services to You**

If you are in breach of any obligation under this Agreement, and we deliver to you a notice of termination pursuant to this Article 22, we have the right to suspend our performance of any of our obligations under this Agreement including, without limitation, the sale or supply of any services or products for which we are an approved supplier to you and/or suspension of your web page on our Website, until such time as you correct the breach.

## **22.7 Amendment Pursuant to Applicable Law**

Notwithstanding anything to the contrary contained in this Article, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this franchise and the parties hereto shall limit our rights of termination under this Agreement or shall require longer notice periods than those set forth above, this Agreement is deemed amended to satisfy the minimum notice periods or restrictions upon such termination required by such laws and regulations; provided, however, that such constructive amendment shall not be deemed a concession by us that the grounds for termination set forth in this Agreement do not constitute "good cause" for termination within the meaning ascribed to that term by any applicable law or regulation. We shall not be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or proceeding relating to this Agreement or the termination of this Agreement.

## **23. YOUR OBLIGATIONS UPON TERMINATION**

### **23.1 Your Obligations**

Upon termination or expiration of this Agreement, you shall:

23.1.1 Promptly pay to us any sums due and owing, and to other persons or entities sums which may result in a claim of liability to us;

23.1.2 Immediately cease using the Proprietary Marks, Copyrights and Confidential Information and refrain from referencing any past association with us;



23.1.3 Immediately discontinue all advertising under the names “Mr. Sandless” or any similar name;

23.1.4 Promptly take such action as may be required to cancel all registrations relating to the use of any of the Proprietary Marks, including, but not limited to, any electronic address, domain name, search engine or website that associates you with us, the Business or the Proprietary Marks (if we allowed you to establish same), as well as any trade name or assumed name registrations, and will not directly or indirectly at any time or in any manner identify any premises or any business as a franchise, or yourself as a franchisee, of ours; and you shall not, in any manner or for any purpose, use any of the Proprietary Marks or any colorable imitation thereof. You shall notify the telephone company and all listing agencies of the termination or expiration of your right to use any telephone number and any classified or other telephone directory listings associated with such names and to authorize the transfer of same to us or our new franchisee. You acknowledge that, as between us and you, we have the sole rights to and interest in all , social media accounts, electronic mail addresses, telephone numbers, and other listings associated with the Proprietary Marks. You will provide us, on execution, with an undated assignment of the telephone number to us, in the form annexed hereto as Attachment 5;

23.1.5 If directed by us, promptly make such changes and modifications in your business methods, business facility, and otherwise as we direct so as to effectively distinguish your business from any appearance as a Mr. Sandless Business;

23.1.6 Promptly destroy or surrender to us, at your expense, all signs, stationery, letterhead, forms and other printed materials containing any of the Proprietary Marks or any other similar name or mark;

23.1.7 Promptly return to us, at your expense, the Operations Manual and other materials provided by us or containing Confidential Information or Trade Secrets, or other information which relates to the System or the operation of the Business, including but not limited to computer files, customer data, programs and other materials provided to you by us;

23.1.8 Maintain all books, records and reports we require for a period of not less than one (1) year, and permit us to inspect such documents at any time during such year;

23.1.9 Deliver to us a complete list of all persons employed by you during the three (3) years immediately preceding termination or expiration of this Agreement, together with all employment files for each person on the list;

23.1.10 Provide us, within thirty (30) days after the effective date of termination or expiration of this Agreement, evidence satisfactory to us of your compliance with the foregoing obligations;

23.1.11 Comply with all provisions of this Agreement that by their nature survive the termination or expiration of this Agreement; and

23.1.12 Execute from time to time any necessary papers, documents and assurances to effectuate the intent of this Article 23.

## **23.2 Security Interest in Personal Property**

We shall have a security interest in any equipment, supplies and other personal property on the site, as described in Section 28 below.

### **23.3 Option to Purchase Personal Property**

We or our assignee also have the option, but are not obligated, to purchase any personal property used in connection with operation of your Business by providing you written notice of our election within thirty (30) days after termination or expiration of this Agreement and paying you the book value for such personal property within thirty (30) days of such notice. For purposes of this Section, “book value” means the amount you actually paid for the personal property less depreciation (calculated by using the straight-line depreciation method on a five (5) year depreciation schedule irrespective of the depreciation method or schedule you use for accounting purposes). Notwithstanding the foregoing, to the extent that we exercise our right to purchase any personal property that is subject to a lease or finance agreement, the purchase price of such personal property shall equal the amount of your remaining obligations under the lease or finance agreement, as applicable. We shall be entitled to offset the purchase price by the amount of money owed by you to us for any payments necessary to acquire clear title to property or for any other debt. If we exercise our option to purchase, pending the closing of such purchase, we have the right to appoint a manager to maintain operation of the Business, or we may require that you close the Business during such period without removing any assets. You are required to maintain in force all insurance policies required under this Agreement until the date of such closing.

### **23.4 Liquidated Damages**

Upon breach, early termination or upon termination of this Agreement according to its terms and conditions, you agree to pay to us within fifteen (15) days after the effective date of this Agreement’s termination, in addition to reasonable attorney’s fees and the amounts owed hereunder, liquidated damages equal to the average monthly Royalty Fees you paid during the twelve (12) months of operation preceding the effective date of termination multiplied by (a) twenty-four (24) (being the number of months in two (2) full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is higher.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Agreement’s termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalty Fees would have grown over what would have been this Agreement’s remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

The liquidated damages provision only covers our damages from the loss of cash flow from the Royalty Fees. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee section. You and each of your owners agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee section.

## **24. CHOICE OF LAW; DISPUTE RESOLUTION**

### **24.1 Governing Law**

This Agreement shall be deemed to have been made in the Commonwealth of Pennsylvania and shall be construed according to the laws of Pennsylvania.

### **24.2 Internal Dispute Resolution**

You must first bring any claim or dispute between you and us to our President and/or Chief Executive Officer. You must exhaust this internal dispute resolution procedure before you may bring your dispute before a third-party.

### **24.3 Mediation**

At our option, all claims or disputes between you and us or our affiliates arising out of, or in any way relating to, this Agreement, or any of the parties' respective rights and obligations arising out of this Agreement, shall be submitted first to mediation in Delaware County, Pennsylvania under the auspices of the National Franchise Mediation Program ("NFMP"), in accordance with the NFMP's Commercial Mediation Rules then in effect. Before commencing any legal action against us or our affiliates with respect to any such claim or dispute, you must submit a notice to us which specifies, in detail, the precise nature and grounds of such claim or dispute. We will have a period of thirty (30) days following receipt of such notice within which to notify you as to whether we or our affiliates elect to exercise our option to submit such claim or dispute to mediation. You may not commence any action against us or our affiliates with respect to any such claim or dispute in any court unless we fail to exercise our option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by us. The parties shall each bear their own costs of mediation and shall share equally the filing fee imposed by NFMP and the mediator's fees. Our rights to mediation, as set forth herein, may be specifically enforced by us.

### **24.4 Third Party Beneficiaries**

Our officers, directors, shareholders, agents and/or employees are express third party beneficiaries of this Agreement and the mediation provision contained herein, each having authority to specifically enforce the right to mediate claims asserted against such person(s) by you.

### **24.5 Injunctive Relief**

Nothing contained in this Agreement herein shall prevent us from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect our interest prior to the filing of any mediation proceeding or pending the trial or handing down of a decision or award pursuant to any mediation proceeding conducted hereunder.

### **24.6 Jurisdiction and Venue**

With respect to any proceeding not subject to or unresolved by mediation, the parties agree that any action at law or in equity instituted against either party to this Agreement shall be commenced only in any court of general jurisdiction in Delaware County, Pennsylvania, or the United States District Court for the Eastern District of Pennsylvania. You acknowledge that this Agreement has been entered into in the Commonwealth of Pennsylvania and that you are to receive valuable and continuing services emanating from our headquarters in Aston, Pennsylvania, including but not limited to assistance, support and the development of the System. In recognition of such services and their origin, you hereby irrevocably consent to the personal jurisdiction of the state and federal courts of Pennsylvania set forth above.

### **24.7 Jury Trial Waiver**

**THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR YOUR PURCHASE FROM US OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.**

## **24.8 Waiver of Punitive Damages**

You waive to, the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which you may have against us arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, your recovery shall be limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

## **24.9 Limitation of Action**

24.9.1 You agree that no cause of action arising out of or under this Agreement may be maintained by you against us unless brought before the expiration of: (i) one (1) year after the act, transaction or occurrence upon which the action is based; or (ii) one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim against us under this Agreement, whichever occurs first. Any action not brought within this period shall be barred as a claim, counterclaim or defense.

24.9.2 You hereby waive the right to obtain any remedy based on the alleged fraud, misrepresentation, or deceit of us, including, without limitation, rescission of this Agreement, in any arbitration, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

## **24.10 Attorneys' Fees**

If either party institutes any judicial or arbitration proceeding to enforce any monetary or nonmonetary obligations or interpret the terms of this Agreement and we prevail in the action or proceeding, you shall be liable to us for all costs, including reasonable attorneys' fees, incurred in connection with such proceeding.

## **24.11 Non-waiver**

Our failure to insist upon strict compliance with any provision of this Agreement shall not be a waiver of our right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by us respecting any breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Agreement shall be cumulative. Our election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.

## **25. CONSTRUCTION**

### **25.1 Entire Agreement**

This Agreement contains the entire agreement between the parties concerning the Mr. Sandless franchise; no promises, inducements or representations not contained in this Agreement have been made, nor shall any be of any force or effect, or binding on the parties; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. Modifications of this Agreement must be in writing and signed by both parties. We reserve the right to change our policies, procedures, standards, specifications or Operations Manual, at our discretion.

## **25.2 Survival**

Any provisions of this Agreement which may be reasonably interpreted to impose any obligation after termination or expiration hereof shall survive such termination or expiration and be binding upon the parties.

## **25.3 Severability**

The parties agree that if any provisions of this Agreement may be construed in two (2) ways, one (1) of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision shall have the meaning which renders it valid and enforceable. The language of all provisions of this Agreement shall be construed according to fair meaning and not strictly construed against either party. The provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable. If any material provision of this Agreement shall be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, we reserve the right to terminate this Agreement.

## **25.4 Construction**

The terms “franchisee” and “you” shall be construed to refer to the male or female gender in all cases where the franchisee is an individual, masculine or feminine modifiers and pronouns notwithstanding. The term “Franchisee” and “you” include all persons or entities identified as “franchisee” in the Data Sheet. The term “principals” shall include your general and limited partners, if you are a partnership, your officers, directors and shareholders, if you are a corporation, and your members and managers, if you are a limited liability company. The paragraph captions are inserted only for convenience and reference, and are not intended to define, limit or describe the scope, intent or language of this Agreement or any provisions hereof.

## **25.5 Binding Agreement**

This Agreement shall be binding upon the parties and their heirs, executors, personal representatives, successors and assigns. All franchisee signatories to this Agreement and all partners of a partnership franchisee, all officers, directors and shareholders of a corporate franchisee, and all members and managers of a limited liability company franchisee, shall be jointly and severally liable for the performance of all terms, covenants and conditions hereof.

## **26. PERSONAL GUARANTY OF SHAREHOLDERS, PARTNERS, MEMBERS AND MANAGERS**

You acknowledge that all partners in a limited partnership, shareholders in a corporate franchisee, or members and managers in a limited liability company franchisee are obligated to execute a Guaranty Agreement whereunder each agrees to personally abide by all of the terms and conditions of this Agreement, and guarantees to us your performance of this Agreement and your financial obligations. Unless all such partners, shareholders, or members and managers execute such Guaranty Agreement concurrently herewith, this Agreement shall, at our option, become null and void and confer no rights upon you nor any partner, shareholder, member or manager. All guarantors shall be jointly and severally liable for the performance of all of the terms, covenants and conditions hereof.

## **27 REPRESENTATIONS AND ACKNOWLEDGMENTS**

### **27.1 No Warranties**

We make no warranties, express or implied, nor any representation whatsoever other than as expressly set forth herein. Nothing in this or any related agreement, however, is intended to disclaim the representations made by us in the Franchise Disclosure Document that was furnished to you by us.

### **27.2 No Authority**

NO SALESPERSON, REPRESENTATIVE OR OTHER PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE US EXCEPT AN AUTHORIZED OFFICER OF OURS BY WRITTEN DOCUMENT. YOU ACKNOWLEDGE THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY US OR ON OUR BEHALF, WHICH HAVE CAUSED YOU TO ENTER INTO THIS AGREEMENT. YOU UNDERSTAND THAT WHETHER YOU SUCCEED AS A FRANCHISEE IS DEPENDENT UPON YOUR EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF YOUR EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND OUR CONTROL OR INFLUENCE. YOU FURTHER UNDERSTAND THAT SOME FRANCHISEES ARE MORE, OR LESS, SUCCESSFUL THAN OTHER FRANCHISEES AND THAT WE HAVE MADE NO REPRESENTATIONS THAT YOU WILL DO AS WELL AS ANY OTHER FRANCHISEE.

### **27.3 Receipt**

THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF THE MR. SANDLESS FRANCHISE LLC DISCLOSURE DOCUMENT, FINANCIAL STATEMENTS AND CONTRACTS FOR THE MR. SANDLESS BUSINESS FRANCHISE AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO EXECUTION OF THIS AGREEMENT OR PAYMENT OF ANY MONIES FOR THE FRANCHISE.

### **27.4 Your Business Efforts**

YOU, AS AN INDEPENDENT BUSINESS PERSON OR ENTITY, RECOGNIZE THAT THERE ARE ECONOMIC HAZARDS IN CONNECTION WITH THE OPERATION OF ANY BUSINESS, INCLUDING THE TYPE CONTEMPLATED PURSUANT TO THIS AGREEMENT. YOU ACKNOWLEDGE THAT WE DO NOT GUARANTEE YOUR SUCCESS, FINANCIAL OR OTHERWISE, EVEN THOUGH YOU MAY FOLLOW OR RELY ON OUR ADVICE, RECOMMENDATIONS, PROGRAMS, POLICIES AND PROCEDURES. YOU ACKNOWLEDGE THAT YOU HAVE MADE AN INDEPENDENT INVESTIGATION OF THE FRANCHISED BUSINESS AND THAT, EXCEPT AS MAY BE CONTAINED IN ITEM 19 OF THE FRANCHISE DISCLOSURE DOCUMENT, NO REPRESENTATION HAS BEEN MADE BY US REGARDING THE POTENTIAL OR FUTURE PROFITABILITY OF THE FRANCHISED BUSINESS, NOR OF THE FUTURE NUMBER OF MR. SANDLESS BUSINESSES AND ANY BENEFITS FLOWING THEREFROM. YOU UNDERSTAND THAT ANY INCOME OR PROFITS YOU MAY REALIZE WILL BE PRIMARILY THE RESULT OF YOUR EFFORTS AND LABORS, AND NOT THOSE OF US OR THIRD PARTIES. THIS FRANCHISE IS NOT A SECURITY AND YOU AGREE NOT TO RELY ON US OR ANY THIRD PARTY TO PRODUCE INCOME FOR YOU PURSUANT TO THIS AGREEMENT.

### **27.5 Opportunity to Review by Your Advisors**

YOU ACKNOWLEDGE THAT WE HAVE RECOMMENDED, AND THAT YOU HAVE HAD THE OPPORTUNITY TO OBTAIN, REVIEW OF THIS AGREEMENT AND OUR FRANCHISE DISCLOSURE DOCUMENT BY YOUR LAWYER, ACCOUNTANT OR OTHER BUSINESS ADVISOR PRIOR TO EXECUTION HEREOF.

## **27.6 Execution of Agreement**

EACH OF THE UNDERSIGNED PARTIES WARRANTS THAT IT HAS THE FULL AUTHORITY TO SIGN AND EXECUTE THIS AGREEMENT. IF YOU ARE A PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY, THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF SUCH PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY WARRANTS TO US, BOTH INDIVIDUALLY AND IN HIS CAPACITY AS PARTNER, OFFICER, MEMBER OR MANAGER, AS APPLICABLE, THAT ALL OF THE PARTNERS OF THE PARTNERSHIP, ALL OF THE SHAREHOLDERS OF THE CORPORATION, OR ALL OF THE MEMBERS AND MANAGERS OF THE LIMITED LIABILITY COMPANY, AS APPLICABLE, HAVE READ AND APPROVED THIS AGREEMENT, INCLUDING ANY RESTRICTIONS WHICH THIS AGREEMENT PLACES UPON RIGHTS TO TRANSFER THEIR INTEREST IN THE PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY.

## **28. SECURITY INTEREST**

### **28.1 Collateral**

You grant to us a security interest (“Security Interest”) in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of the Business, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Business. All items in which a security interest is granted are referred to as the “Collateral”.

### **28.2 Indebtedness Secured**

The Security Interest is to secure payment of the following (the “Indebtedness”):

28.2.1 All amounts due under this Agreement or otherwise by you;

28.2.2 All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;

28.2.3 All expenses, including reasonable attorneys’ fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement; and

28.2.4 All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any successor agreement or extension of this Agreement, whether or not you execute any extension agreement or successor agreement.

28.2.5 Our security interest, as described herein, shall be subordinated to any financing related to your operation of the Business, including, but not limited to, a real property mortgage and equipment leases.

### **28.3 Additional Documents**

You will from time to time as required by us join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us.

#### **28.4 Possession of Collateral**

Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral.

#### **28.5 Our Remedies in Event of Default**

You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code of Pennsylvania (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.

#### **28.6 Special Filing as Financing Statement**

This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

### **29. MISCELLANEOUS**

#### **29.1 Operation in the Event of Absence or Disability**

In order to prevent any interruption of the Business operations which would cause harm to the Business, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Business, operate the Business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement. All monies from the operation of the Business during such period of operation by us shall be kept in a separate account, and the expenses of the Business, including reasonable compensation and expenses for our representative, shall be charged to said account. If, as herein provided, we temporarily operate the Business franchised herein for you, you agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

#### **29.2 Step-In Rights**

If we determine in our sole judgment that the operation of your Business is in jeopardy, or if a default occurs, then in order to prevent an interruption of the Business which would cause harm to the System and thereby lessen its value, you authorize us to operate your Business for as long as we deem necessary and practical, and without waiver of any other rights or remedies which we may have under this Agreement. In our sole judgment, we may deem you incapable of operating the Business if, without limitation, you are absent or incapacitated by reason of illness or death; you have failed to pay when due or have failed to remove any and all liens or encumbrances of every kind placed upon or against your Business; or we determine that operational problems require that we operate your Business for a period of time that we determine, in our sole discretion, to be necessary to maintain the operation of the Business as a going concern.



We shall keep in a separate account all monies generated by the operation of your Business, less the expenses of the Business, including reasonable compensation and expenses for our representatives. In the event of our exercise of the Step-In Rights, you agree to hold harmless us and our representatives for all actions occurring during the course of such temporary operation. You agree to pay all of our reasonable attorneys' fees and costs incurred as a consequence of our exercise of the Step-In Rights. Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination.

### **29.3 Your Employees**

We have no authority to control, either directly or indirectly, the essential terms and conditions of employment of your employees. You acknowledge and agree that you, in your sole and absolute discretion, shall determine all such essential terms and conditions of employment, which are defined in the Manual. You specifically agree that any training we provides for your employees is geared to impart to those employees, with your ultimate authority, the various procedures, protocols, systems, and operations of a Mr. Sandless business and in no fashion reflects any employment relationship between us and such employees. If ever it is asserted that we are the employer, joint employer or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration or other setting, you irrevocably agrees to assist us in defending said allegation, appearing at any venue requested by us to testify on our behalf, participate in depositions, other appearances or preparing affidavits rejecting any assertion that Franchisor is the employer, joint employer or co-employer of any of your employees.

### **29.4 Consent to Do Business Electronically**

The parties to the Franchise Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the State of Colorado, the parties hereby affirm to each other that they agree with the terms of the Franchise Agreement, and by attaching their electronic signature, including any DocuSign signature, to the Franchise Agreement, they are executing the document and intending to attach their electronic signature to it. Furthermore, the parties acknowledge that the other parties to the Franchise Agreement can rely on an electronic signature, including a DocuSign signature, as the respective party's signature.

### **29.5 Modification of the System**

You understand and agree that the System must not remain static if it is to meet (without limitation) presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends and other marketplace variables, and if it is to best serve the interests of us, you and all other franchisees. Accordingly, you expressly understand and agree that we may from time to time change the components of the System including, but not limited to, altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which your Business is authorized and required to offer; modifying or substituting entirely the building, premises, equipment, signage, trade dress, decor, color schemes and uniform specifications and all other unit construction, design, appearance and operation attributes which you are required to observe hereunder; and changing, improving, modifying or substituting the Proprietary Marks. You expressly agree to comply with any such modifications, changes, additions, deletions, substitutions or alterations.

The parties hereto, intending to be legally bound, have hereunto executed this Agreement under seal the day and year first above written.

FRANCHISEE

\_\_\_\_\_

FRANCHISOR:

**MR. SANDLESS FRANCHISE LLC**

By: \_\_\_\_\_

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

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

By: \_\_\_\_\_

Name: Daniel J. Prasalowicz

Title: President

This Agreement is not fully executed until signed by the Chairman or President of Mr. Sandless Franchise LLC:

ATTACHMENT 1  
TO  
**MR. SANDLESS FRANCHISE LLC**  
SINGLE UNIT FRANCHISE AGREEMENT

**SCHEDULE OF AUTHORIZED AND APPROVED PRODUCTS AND SERVICES**

For purposes of the Franchise Agreement, the following products and services are currently “Authorized and Approved Products and Services” as described in Section 9.8.

**SERVICES:**

**Mr. Sandless® Sandless Floor Refinishing**

Including all Commercial, Residential and Corporate Wood Floors.

**Mr. Sandless® Orbital Sanding and Dustless Refinishing**

Including all Commercial, Residential and Corporate Wood Floors.

**Mr. Sandless® Tile Refinishing and Maintenance**

Including all types of flooring

Mr. Sandless® Grout Coloring and Sealing

**Mr. Sandless® Installs**

Including all types of flooring.

**Floor Gaps and Holes Custom Color Patching**

Includes filling nail holes, bore holes, board gaps and split boards

**Carpet Removal**

Including carpet/mat packing for disposal, tack board removal, and staple removal

**Quarter Round**

Including staining, finishing, cutting, and custom installation

**Base Board**

Including staining, finishing, cutting, and custom installation

**Floorboard Replacement**

Including staining, finishing, cutting, and custom installation

**Mr. Sandless® Outdoor Refinishing and Maintenance**

Including decks, fences, gazebos, concrete and all other wood structures, commercial and residential

**PRODUCTS:**

Mr. Sandless® Wood Floor Cleaner: product #350001

Microfiber Dust Mop: product #120818MS

Infinity Twist Mop: product #123018MS

Big Wonder Mop: product #122010

Big Wonder Refill: product #122011

Nitty Gritty Rollover Mop: product #122005

Nitty Gritty Refill: product #12206

Sav-A Floor Tabs (Black) 7/8” tabs: product #0920000

Sav-A Floor Tabs (Black) 1¼” tabs: product #092001

Furniture Glides (White) 1¼ round: product #075120

Furniture Glides (White) 1¾ round: product #075121

Furniture Glides (White) 2¼ round: product #075122

Furniture Glides (White) 2¾ round: product #075123

DeFenders Protective Pads ½” X 6” strips: product #092012

DeFenders Protective Pads 7/8” round: product #092010

DeFenders Protective Pads 1¼” round: product #092011

**ATTACHMENT 2**  
**TO**  
**MR. SANDLESS FRANCHISE LLC**  
**SINGLE UNIT FRANCHISE AGREEMENT**

**TERRITORY ADDENDUM AND MAP**

Franchisee's Designated Territory (as defined in Section 2.1 of the Franchise Agreement) shall encompass the following area:

---

---

The map below is a representation of the zip codes included in the Designated Territory. The map below is for reference only and does not define or limit the Designated Territory, which is solely defined by the zip codes above.

FRANCHISEE

---

FRANCHISOR:

**MR. SANDLESS FRANCHISE LLC**

By: \_\_\_\_\_

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

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

By: \_\_\_\_\_

Name: Daniel J. Prasalowicz

Title: President

Date: \_\_\_\_\_

**ATTACHMENT 3**  
**TO**  
**MR. SANDLESS FRANCHISE LLC**  
**SINGLE UNIT FRANCHISE AGREEMENT**

**GUARANTY AGREEMENT**

WHEREAS, a Franchise Agreement dated \_\_\_\_\_ (“Franchise Agreement”), has been entered into between Mr. Sandless Franchise LLC (“Franchisor”) and \_\_\_\_\_ (referred to as “Franchisee”) for the operation by Franchisee of a Mr. Sandless pursuant to such Franchise Agreement; and

WHEREAS, the undersigned guarantor desires to guarantee the obligations of Franchisee to Franchisor;

NOW, THEREFORE, the parties hereto, intending to be legally bound, do hereby agree as follows:

The undersigned, as a person with an interest in a Mr. Sandless franchise, agrees to personally and unconditionally guarantee the obligations of Franchisee to Franchisor and shall personally be subject to and bound by all terms, conditions, restrictions and prohibitions contained in the Franchise Agreement including, without limitation, the confidentiality provisions, covenants, and indemnification provisions contained in Sections 12, 18 and 19.4, respectively. Further, the undersigned agrees to personally act as surety for the full and faithful performance of all of the financial obligations, commitments and payments required of the Franchisee in such Franchise Agreement. The undersigned agrees that Franchisor does not have to pursue any remedies it may have against the Franchisee or any other individual guarantor; but, rather, it may proceed directly and primarily against the undersigned with or without joining the Franchisee or other guarantors as principals or as named parties in any such proceeding. The undersigned is jointly and severally liable for such obligations, commitments and payments required of the Franchisee.

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

**ACKNOWLEDGMENT BY GUARANTOR**

WHEREAS, a Guaranty Agreement dated \_\_\_\_\_, 20\_\_ is being entered into between Mr. Sandless Franchise LLC (“Franchisor”) and \_\_\_\_\_ (“Guarantor”), whereunder Guarantor has guaranteed the obligations of a corporate, limited partnership or limited liability company franchisee to Franchisor, and

WHEREAS, Franchisor and Guarantor desire to clarify the relationship between them.

NOW, THEREFORE, Guarantor acknowledges that Guarantor has conducted an independent investigation of the Mr. Sandless Franchise LLC franchise program and recognizes that the business venture contemplated by the franchisee involves business risk and success will be largely dependent upon the ability of the franchisee, Guarantor and other persons with an interest in the franchise as independent business persons. Franchisor expressly denies the making of, and Guarantor acknowledges not receiving, any guaranty or warranty, express or implied, nor any representation as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement. Guarantor further represents that Guarantor is not a party to any agreement which might interfere with the performance required of persons with an interest in the franchise under the Mr. Sandless Franchise LLC’s Single Unit Franchise Agreement, and that entering into such agreement shall not in any way interfere with or constitute a breach of any prior to existing contract to which Guarantor is a party.

\_\_\_\_\_  
Guarantor

**ATTACHMENT 4  
TO  
MR. SANDLESS FRANCHISE LLC  
SINGLE UNIT FRANCHISE AGREEMENT**

**CONFIDENTIALITY AND NON-COMPETE AGREEMENT  
(for trained employees and others with access to Franchisor's confidential information)**

## CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Confidentiality and Non-Compete Agreement (the “Agreement”) is made and entered into this day of \_\_\_\_\_, by \_\_\_\_\_, a(n) \_\_\_\_\_ (“Franchisee”), a franchisee of Mr. Sandless Holdings, Inc., and Mr. Sandless Franchise LLC (“Franchisor”), and \_\_\_\_\_, an individual (“Covenantor”).

**WHEREAS**, Franchisee and Franchisor are parties to a franchise agreement dated \_\_\_\_\_ (the “Franchise Agreement”), whereby Franchisor has granted Franchisee the right to use certain of Franchisor’s trademarks and copyrights, including but not limited to, the Mr. Sandless trademarks and logo, website, documents, advertisements, photographs, social media content, promotional materials and operations manual (collectively referred to as the “Intellectual Property”) for the establishment and operation of a Mr. Sandless franchised business;

**WHEREAS**, in connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the Intellectual Property and other confidential information, knowledge, know-how, techniques, Mr. Sandless training, and other materials used in or related to the Mr. Sandless brand and/or concerning the methods of operation of a Mr. Sandless franchised business (collectively referred to as “Confidential Information”);

**WHEREAS**, the Intellectual Property and Confidential Information provide economic advantages to Franchisor and licensed users of Franchisor, including Franchisee;

**WHEREAS**, Franchisee has acknowledged the importance of restricting the use, access and dissemination of the Intellectual Property and Confidential Information, and Franchisee therefore has agreed to obtain from Covenantor a written agreement protecting the Intellectual Property and Confidential Information and further protecting the Mr. Sandless brand against unfair competition; and

**WHEREAS**, Covenantor acknowledges that receipt of and the right to use the Intellectual Property and Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

**NOW, THEREFORE**, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

**1. Confidentiality Agreement.**

**a.** Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use the Intellectual Property and such Confidential Information only in the course of his or her employment by or association with Franchisee in connection with the operation of a Mr. Sandless franchised business under the Franchise Agreement and in accordance with the requirements thereof.

**b.** Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Intellectual Property or Confidential Information, and shall not reproduce, in whole or in part, any of the Intellectual Property or Confidential Information, without Franchisor’s express written permission.

**c.** Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except, and only then to the limited extent necessary, to those employees of Franchisee for training and assisting such employees in the operation of Franchisee’s Mr. Sandless franchised business.



**d.** Covenantor shall surrender any material containing some or all of the Intellectual Property or Confidential Information to Franchisee or Franchisor, upon request, or upon termination of employment or association with Franchisee.

**e.** Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Mr. Sandless brand.

**f.** Upon termination of employment or association with Franchisee, Covenantor shall immediately lose all rights to access and/or use the Intellectual Property and Confidential Information for any purpose whatsoever.

## **2. Covenants Not to Compete.**

**a.** In order to protect the goodwill and unique qualities of the Mr. Sandless, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor further agrees and covenants that during Covenantor's employment or association with Franchisee, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business or customer of Franchisee's Mr. Sandless franchised business or of other franchisees in the Mr. Sandless system to any competitor, by direct or indirect inducement or otherwise, or

(ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any floor care, refinishing, cleaning and maintenance business substantially similar to the Franchisee's Mr. Sandless franchised business ("Competitive Business").

**b.** In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the goodwill and unique qualities of the Mr. Sandless system, Covenantor further agrees and covenants that, upon the termination of Covenantor's employment or association with Franchisee and continuing for twenty four (24) months thereafter, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business or customer of Franchisee's Mr. Sandless franchised business or of other franchisees in the Mr. Sandless system to any competitor, by direct or indirect inducement or otherwise, or

(ii) participate as an owner, partner, director, officer, employee, or consultant or serve in any other managerial, operational, or supervisory capacity in any Competitive Business fifty (50) miles of Franchisee's Territory or the territory of any other Mr. Sandless affiliate-owned or franchised business.

**c.** The parties acknowledge and agree that each of the covenants contained herein are 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.

**d.** If the period of time or the geographic scope specified Section 2.b. above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition,

Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement or any portion thereof, without Covenantor's or Franchisee's consent, effective immediately upon receipt by Covenantor of written notice thereof, and Covenantor agrees to forthwith comply with any covenant as so modified.

**3. General.**

**a.** Franchisee shall take full responsibility for ensuring that Covenantor acts as required by this Agreement.

**b.** Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisee is obligated to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies that are made available to it at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

**c.** Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

**d.** Any failure by Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

**e.** THIS AGREEMENT SHALL BE INTERPRETED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF PENNSYLVANIA, WITHOUT REFERENCE TO PENNSYLVANIA CHOICE OF LAW PRINCIPLES. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF OR HERSELF TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS OF THE STATE OF PENNSYLVANIA. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON COVENANTOR IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY PENNSYLVANIA OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE IN PENNSYLVANIA, PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION THAT INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE THAT HAS JURISDICTION.

**f.** The parties agree that each of the foregoing covenants contained herein shall be construed as independent of any other covenant or provision of this Agreement.

**g.** Covenantor acknowledges and agrees that each of the covenants contained herein will not impose any undue hardship on Covenantor since Covenantor has other considerable skills, experience and education which affords Covenantor the opportunity to derive income from other endeavors.

**h.** This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

**i.** All notices and demands required to be given hereunder shall be in writing, and shall be delivered personally or by certified or registered mail, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or the date delivery is refused. All such notices shall be addressed to the party to be notified at the following addresses:

If directed to Franchisee:

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

If directed to Covenantor:

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

Any change in the foregoing addresses shall be effected by giving written notice of such change to the other parties.

**j.** Franchisor is an intended third-party beneficiary of this Agreement, and Franchisor may take whatever action it deems necessary to enforce Covenantor's obligations hereunder. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns.

**k.** The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor, without the prior written consent of Franchisor.

The undersigned have entered into this Confidentiality and Non-Compete Agreement as of the date first written above.

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

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

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

COVENANTOR:

\_\_\_\_\_

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

ATTACHMENT 5  
TO  
MR. SANDLESS FRANCHISE LLC  
SINGLE UNIT FRANCHISE AGREEMENT

**INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE AND  
TELEPHONE LISTING AGREEMENT**

**THIS INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE AND TELEPHONE ACCOUNT AGREEMENT** (the “Agreement”) is made and entered into this day of \_\_\_\_\_ (the “Effective Date”), by and between Mr. Sandless Franchise LLC, a Pennsylvania limited liability company with an address at 2970 Concord Rd, Aston, PA 19014 (the “Franchisor”), and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business located at \_\_\_\_\_ and \_\_\_\_\_’s principal(s) \_\_\_\_\_, an individual residing at \_\_\_\_\_ and \_\_\_\_\_, an individual residing at \_\_\_\_\_ (“Principal(s)”). \_\_\_\_\_ and Principal(s) shall be individually and collectively referred to as, and each is, the “Franchisee”.

**WHEREAS**, Franchisee desires to enter into a franchise agreement with Franchisor for an Mr. Sandless business (“Franchise Agreement”) which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, software accounts, and use telephone listings linked to the Mr. Sandless brand.

**WHEREAS**, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

**NOW, THEREFORE**, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions**

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. **Internet Advertising and Telephone Accounts**

2.1 **Interest in Websites, Social Media, and Software Accounts and Other Electronic Listings.** Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, software accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet websites, and the right to hyperlink to certain websites and listings on various internet search engines (collectively, “Electronic Advertising”) related to the Franchised Business or the Marks.

2.2 **Interest in Telephone Numbers and Listings.** Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, social media and software companies, and other listing agencies (collectively, the “Internet Companies”) with which Franchisee has Electronic Advertising and Telephone Listings: (i) to transfer all of Franchisee’s interest in such Electronic Advertising and Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising and Telephone Listings, Franchisee will immediately direct the Internet Companies to terminate such Electronic Advertising and Telephone Listings or will take such other actions with respect to the Electronic Advertising and Telephone Listings as Franchisor directs; and

2.3.1 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Franchisee has Telephone Listings: (i) to transfer all Franchisee’s interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact with full power and authority in Franchisee’s place and stead, and in Franchisee’s name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet Companies to transfer all Franchisee’s interest in and to the Electronic Advertising and Telephone Listings to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Electronic Advertising and Telephone Listings;

2.4.2 Direct the Telephone Companies to transfer all Franchisee’s interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee’s interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor’s written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet Companies and the Telephone Companies have duly transferred all Franchisee’s interests as described in paragraph 2.3 above to Franchisor, as

between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and/or Telephone Listing. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

### 3. Miscellaneous

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the Commonwealth of Pennsylvania, without regard to the application of Pennsylvania conflict of law rules.

(Signatures appear on the following page)-

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISEE (Entity):

\_\_\_\_\_

FRANCHISOR:

**MR. SANDLESS FRANCHISE LLC**

By: \_\_\_\_\_

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

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

By: \_\_\_\_\_

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

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

FRANCHISEE (Principal):

\_\_\_\_\_

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

FRANCHISEE (Principal):

\_\_\_\_\_

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

**EXHIBIT D**

**OPERATIONS MANUAL TABLE OF CONTENTS**

**MR. SANDLESS®**

**Process and Operations Manual V9**

**Table of Contents**

**SECTION I OPENING GUIDE ..... 1**

FIVE STEPS TO OPEN YOUR MR. SANDLESS BUSINESS .....1

*Organizing Your Business*..... 1

INSURE YOUR BUSINESS.....2

*Organizing Your Home Office* .....3

BUSINESS PHONE LINE .....4

*Quick Books* .....5

ORGANIZING THE MATERIALS YOU WILL NEED .....7

*Launching Your Business*.....9

TRADEMARKS, ADD-ONS AND OPTIONAL SERVICES.....10

*Opening Checklist*.....12

**SECTION II MARKETING YOUR SERVICE ..... 13**

WHAT IS MARKETING? .....13

*How Does Effective Marketing Work?*.....13

*The Concept of Marketing*.....16

SO HOW DOES IT WORK GETTING A RETURN ON INVESTMENT? .....17

*Who exactly is our typical client?* .....18

ADVERTISING YOUR SERVICE .....20

*Your Marketing Plan!* .....21

AD REQUIREMENTS .....27

*Advertising Checklist* .....28

**SECTION III PHONE CALLS AND BOOKINGS..... 29**

MAKING THE PHONE SALE .....31

The Short Script..... 32

MOST COMMON MISTAKES .....33

*Your Marketing Plan!* .....40

WHAT MAKES THE BEST BOOKER?.....41

**SECTION IV OPERATIONS..... 42**

YOUR CLIENT DATABASE .....44

Branch Daily Checklist..... 47

HIRING EMPLOYEES .....47

*Business Plan*.....50

**SECTION V ESTIMATES AND INSPECTIONS..... 52**

HOW TO IDENTIFY AND ADDRESS TROUBLE SPOTS .....54

**SECTION VI VEHICLE AND EQUIPMENT ..... 64**

MAINTAINING YOUR EQUIPMENT AND PREPARING FOR JOBS .....68

**SECTION VII THE PRE-SERVICE..... 70**

CARPET REMOVAL .....70

Preparations for the Start of the Service ..... 74



<b>SECTION VII THE SERVICE PART 1: THE WET PROCESS .....</b>	<b>77</b>
PREPARE THE SOLUTIONS AND EQUIPMENT .....	79
Machine Work the Floor.....	86
THE DREADED WEAR AREA GUIDE PART 1 .....	88
Rinse the Floor.....	91
Mastic Removal Service .....	92
NEW FLOOR OR SERVICE.....	93
Hand Service.....	94
Four BIG Service Mistakes.....	96
<b>SECTION VII THE SERVICE PART 2 : DETAILING .....</b>	<b>98</b>
STAINS TO CARRY .....	105
Oil Base Stain .....	107
<b>SECTION VII THE SERVICE PART 3: SEALING AND FINISHING .....</b>	<b>110</b>
GENERAL COLOR PRACTICES .....	114
Biggest Coloring Mistakes.....	116
USING DROP DEAD AMBER .....	118
Choosing what you will use.....	119
WHICH APPLICATOR TO USE.....	120
Curing the First Coat of Sealer or Color .....	125
HOW MANY APPLICATIONS OF SEALER ARE NEEDED? .....	127
Potential Problems in the finish .....	128
PREPARE FOR NEXT FLOOR .....	129
Being Lead Safe Page.....	129
<b>SECTION VII THE SERVICE PART 4: CLOSING OUT THE JOB.....</b>	<b>130</b>
USING YOUR AFTER CARE PACKS.....	131
Accepting Payment .....	132
AVOIDING SNAKE BITES! .....	133
How to Take and Submit Great Floor Pictures.....	134
<b>SECTION IX ADDITIONAL SERVICES AND REVENUE STREAMS.....</b>	<b>135</b>
CARPENTRY SERVICE .....	135
Product Sales.....	137
TILE REFINISHING .....	139
Ceramic Tile Service .....	141
ADDITIONAL TILE SERVICES .....	142
Finishing a sanded floor.....	143
Building your own floor models.....	144
<b>SECTION X SUPPLEMENTAL.....</b>	<b>148</b>
ADVERTISING QUICK START GUIDE .....	148
Types of Flooring.....	149

## **EXHIBIT E**

### **GENERAL RELEASE**

THIS AGREEMENT (“Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and between Mr. Sandless Franchise LLC, a Pennsylvania limited liability company having its principal place of business located at 2970 Concord Rd, Aston, PA 19014 (the “Franchisor”), and \_\_\_\_\_, a \_\_\_\_\_ with an address at \_\_\_\_\_ (hereinafter referred to as “Releasor”), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

1. **Release by Releasor:**

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys’ fees.

2. Releasor hereto represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys’ fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

4. Pennsylvania law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto.

5. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein, and said action must be filed in the Commonwealth of Pennsylvania.

6. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

[Washington Residents: the general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.]

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

Witness:

\_\_\_\_\_

RELEASOR:

\_\_\_\_\_

(Name)

Witness:

\_\_\_\_\_

MR. SANDLESS FRANCHISE LLC:

By: \_\_\_\_\_

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

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

**EXHIBIT F**  
**STATE SPECIFIC ADDENDA**

## CALIFORNIA APPENDIX

1. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains provisions that are inconsistent with the law, the law will control.
2. The Franchise Agreement provide for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).
3. The Franchise Agreement contains covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.
4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.
5. Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange.
6. The franchise agreement requires binding arbitration. The arbitration will occur in Pennsylvania with the costs being borne by the franchisee and franchisor. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California. Business and Professions Code Section 20040.5 relating to forum selection clauses restricting venue outside the state of California or arbitration may be preempted by the Federal Arbitration Act. Section 20040.5 may still apply to any provision relating to judicial proceedings. A binding arbitration provision may not be enforceable under generally applicable contract defenses, such as fraud, duress, or unconscionability.
7. The Franchise Agreement requires application of the laws of Pennsylvania. This provision may not be enforceable under California law.
8. You must sign a general release if you renew or transfer your franchise. California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).
9. **THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.**
10. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
11. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

12. OUR WEBSITES, [www.mrsandless.com](http://www.mrsandless.com) and [www.drdeck.com](http://www.drdeck.com), HAVE NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).
13. The California Department of Financial Protection and Innovation requires all initial fees and costs, including fees or costs related to any services rendered, any equipment and/or inventory delivered or any other costs related to the franchise, to be deferred until the franchisor's pre-opening obligations to the franchisee are complete and the franchisee is open for business. However, you must sign the Franchise Agreement before looking for a site (if you choose to lease space) or beginning training.
14. The highest interest rate allowed by law in California for late payments is 10% annually.
15. **The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**
16. Franchisees must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.
17. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.
18. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

**HAWAII ADDENDUM TO THE DISCLOSURE DOCUMENT**  
**AND AGREEMENT**

Item 5 and Section 10.1 of the Franchise Agreement is hereby amended to state:

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

**ILLINOIS ADDENDUM TO THE DISCLOSURE DOCUMENT  
AND AGREEMENTS**

Illinois law governs the franchise agreements.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement which designates jurisdiction or 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.

We will defer collection of the Initial Franchise Fees until we have satisfied our pre-opening obligations to you, and you have commenced business operations. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

See the last page of this Exhibit J for your signature.



**STATE ADDENDUM REQUIRED BY THE STATE OF INDIANA**

1. To be added to Item 3 of the Disclosure Document, is the following statement:

There are presently no arbitration proceedings to which the Franchisor is a party.

2. Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2.7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's designated territory.

3. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).

4. Under Indiana Code 23-2-2.7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests. This amends Article 24 of the Franchise Agreement.

5. Under Indiana Code 23-2-2.7-1 (10), franchisee may not agree to waive any claims or rights.

## **STATE ADDENDUM REQUIRED BY THE STATE OF MARYLAND**

This will serve as the State Addendum for Mr. Sandless Franchise LLC for the State of Maryland for the Mr. Sandless Franchise Disclosure Document and for its Franchise Agreement. The amendments to the Franchise Agreement included in this addendum have been agreed to by the parties.

1. The provision contained in the termination sections of the Franchise Agreement may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

2. Item 11 of the Franchise Disclosure Document shall be amended to state that a franchisee may obtain an accounting of the advertising fund as required by COMAR 02.02.08.04B(2), by requesting same in a written request to Franchisor.

3. According to COMAR 02.02.08.16L, Item 17 of the Franchise Disclosure Document shall be amended at the sections dealing with the issuance of general releases to the effect that the general release required as a condition of renewal and/or assignment/transfer are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law. The franchise agreement is amended to state that the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. Any disclaimer regarding the occurrence and/or acknowledgment of the non-occurrence of acts that would constitute a violation of the Franchise Law in order to purchase the franchise are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law. The Franchisee Disclosure Acknowledgment Statement, Schedule F to the Franchise Agreement, is amended to comply with this provision.

5. The limitation on the period of time arbitration and/or litigation claims must be brought pursuant to Section 24.9 of the Franchise Agreement shall not act to reduce the 3 year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Item 17 of the Franchise Disclosure Document and Section 24.9 of the Franchise Agreement are amended to state that any arbitration and/or litigation claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

6. Item 17 of the Franchise Disclosure Document is hereby amended to state that the Franchise Agreement requires binding arbitration, the site of which is in the Commonwealth of Pennsylvania, the costs of which are borne by the parties equally and any issues not decided by arbitration may be brought in a court of competent jurisdiction. The law of the Commonwealth of Pennsylvania governs the arbitration. However, pursuant to Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law, a franchisee is permitted to enter into litigation with the Franchisor in the State of Maryland, regardless of the language in the Franchise Agreement.

7. To the extent of any inconsistencies, Item 5 and Section 10.1 of the Franchise Agreement are hereby amended to further state:

“Based upon Franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, Franchisor will defer collection of the Initial Franchise Fee and other initial fees payable to Franchisor until Franchisor has fulfilled its initial pre-opening obligations.”

8. The franchise agreement is hereby amended to provide that the acknowledgements or representations of the franchisee which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

9. Sections 27.1 through 27.5 of the Franchise Agreement are hereby deleted.

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

ATTEST

MR. SANDLESS FRANCHISE LLC

\_\_\_\_\_

Witness

By: \_\_\_\_\_

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

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

FRANCHISEE:

\_\_\_\_\_

Witness

\_\_\_\_\_

## DISCLOSURE REQUIRED BY THE STATE OF MICHIGAN

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, franchisee has the right to request an escrow arrangement.

Any questions regarding this notice should be directed to:

Consumer Protection Division  
Attn: Katharyn Barron  
525 W. Ottawa Street, 1st Floor  
Lansing, Michigan 48933  
(517) 335-7567

## **STATE SPECIFIC ADDENDUM FOR THE STATE OF MINNESOTA**

This addendum to the Disclosure Document is agreed to this day of \_\_\_\_\_, and effectively amends and revises said Disclosure Document and Franchise Agreement as follows:

1. Item 13 of the Disclosure Document and Article 11 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

“In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee’s right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding such use.”

2. Item 17 of the Disclosure Document and Articles 3 and 22 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

“Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Stat. Sec. 80c.14, Subd.3, 4 and 5 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 Disclosure Document.”

3. Item 17 of the Disclosure Document and Article 24 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

“Minn. Stat. Sec. 80C.21 and Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of jurisdiction.”

4. Item 17 of the Disclosure Document and Articles 3 and 21 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

“Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release.”

5. Any reference to liquidated damages in the Franchise Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J which prohibits requiring you to consent to liquidated damages.

6. Section 24.7 of the Franchise Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J which prohibits waiver of a jury trial.

7. Article 24 of the Franchise Agreement regarding Limitations of Claims is hereby amended to comply with Minn. Stat. §80C.17, Subd. 5.

## **STATE SPECIFIC ADDENDUM FOR THE STATE OF NEW YORK**

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

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

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition

to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled “Requirements for franchisee to renew or extend,” and Item 17(m), entitled “Conditions for franchisor approval of transfer”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. 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.

7. The following is added to the end of the “Summary” section of Item 17(j), titled “Assignment of contract by franchisor”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. 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.



## **STATE SPECIFIC ADDENDUM FOR THE STATE OF NORTH DAKOTA**

This addendum to the Disclosure Document and Franchise Agreement effectively amends and revises said documents as follows:

1. Item 17(c) of the Disclosure Document and Articles 3 and 21 of the Franchise Agreement are hereby amended to indicate that a franchisee shall not be required to sign a general release.
2. Covenants not to compete are generally considered unenforceable in the State of North Dakota, in accordance with Section 51-19-09 of the North Dakota Franchise Investment Law. Item 17(r) of the Disclosure Document and Article 18 of the Franchise Agreement are amended accordingly.
3. Item 17(i) of the Disclosure Document, Article 22 of the Franchise Agreement requires the franchisee to consent to termination or liquidated damages. Since the Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, these provisions are hereby deleted in each place they appear in the Disclosure Document and Franchise Agreement used in North Dakota.
3. Item 17(u) of the Disclosure Document and Article 24 of the Franchise Agreement are amended to provide that arbitration shall be held at a site that is agreeable to all parties.
4. Item 17(v) of the Disclosure Document and the provisions of Article 24 of the Franchise Agreement which require jurisdiction of courts in the Commonwealth of Pennsylvania are deleted.
5. Item 17(w) of the Disclosure Document and Article 24 of the Franchise Agreement are amended to indicate that the agreements are to be construed according to the laws of the State of North Dakota.
6. Apart from civil liability as set forth in Section 51-19-12 N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents. Therefore, North Dakota franchisees will not be required to waive their rights under North Dakota law.
7. Item 6 of the Disclosure Document and Article 23 of the Franchise Agreement are hereby amended to delete all references to liquidated damages.
8. The provisions of Article 24 of the Franchise Agreement which require a franchisee to consent to (1) a waiver of trial by jury and (2) a waiver of exemplary and punitive damages are contrary to Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby deleted.
9. The provisions of Article 24 of the Franchise Agreement which require a franchisee to consent to a limitation of claims are hereby amended to state that the statute of limitations under North Dakota law applies.
10. In the State of North Dakota only, we will defer the payment of the initial franchise fee, multi-unit option fee, and any other initial payment until all of our material pre-opening obligations have been satisfied and until you open your business and it is operating. However, you must execute the Franchise Agreement prior to looking for a site or beginning training.

**STATE SPECIFIC ADDENDUM FOR THE STATE OF RHODE ISLAND**

The following amends Item 17 and is required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that:

“A provision in a franchise agreement restricting jurisdiction or venue to a forum outside of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

## **STATE SPECIFIC ADDENDUM FOR THE COMMONWEALTH OF VIRGINIA**

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

The following statement is added to Item 5:

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

Additional Disclosure: The following statements are added to Item 17.h:

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

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

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

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**REQUIRED BY THE STATE OF WASHINGTON**

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

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

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

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

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

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

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

The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and the franchise is open for business.

## **WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT AND RELATED AGREEMENTS**

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

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

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

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

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

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

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

Section 10.1 of the Franchise Agreement is hereby supplemented with the following:

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

Sections 27.1, 27.2, and 27.4 of the Franchise Agreement are hereby deleted.

The parties hereto have duly executed, sealed and delivered this Addendum dated this day of \_\_\_\_\_.

MR. SANDLESS FRANCHISE LLC

By: \_\_\_\_\_

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

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

FRANCHISEE:

\_\_\_\_\_

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

## EXHIBIT G

### FRANCHISED OUTLETS AS OF DECEMBER 31, 2023

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

#### **UNITED STATES MR. SANDLESS FRANCHISEES:**

##### Connecticut

Mr. Sandless East CT  
John Barrett  
127 Goodrich Rd.  
Glastonbury, Connecticut 06033  
860-794-7972  
Year Opened: 2023  
Total Units Owned = 1

Mr. Sandless Fairfield County  
David Zucker  
7 Wild Duck Road  
Wilton, Connecticut 06897  
(203) 798-9663  
Year Opened: 2016  
Total Units Owned = 4

Mr. Sandless Hartford  
Phil Schneider  
117 Hoffman Road  
Ellington, Connecticut 06029  
(860) 875-9663  
Year Opened: 2010  
Total Units Owned = 2

##### Florida

Mr. Sandless Sarasota  
Neil Bass  
4679 Hackamore Road  
Sarasota, Florida 34241  
(941) 677-8453  
Year Opened: 2010  
Total Units Owned = 2

Mr. Sandless Central Florida  
Chris Overall  
832 Delfino Place  
Lake Mary, Florida 32746  
407-399-8079  
Year Opened: 2022  
Total Units Owned = 1

##### Georgia

Mr. Sandless Gainesville  
Andy Ronemus and Jesus Gonzalez  
240 Floyd Lane  
Clarksville, Georgia 30523  
706-829-9123  
Year Opened: 2023  
Total Units Owned = 1

Mr. Sandless Atlanta Metro  
Steve & Donna Noury  
10325 Oxford Mill Cr.  
Alpharetta, Georgia 30022  
(770) 475-1415  
Year Opened: 2008  
Total Units Owned = 3

Mr. Sandless Atlanta  
Keith Prichard and Brent Rabren  
4183 Haynes Mill Ct.  
Kennesaw, Georgia 30144  
404-565-7061  
Year Opened: 2022  
Total Units Owned = 1

## Illinois

Mr. Sandless Springfield  
Paul Newsome  
408 Goldenrod Dr.  
Chatham, Illinois 62629  
(217) 483-3222  
Year Opened: 2012  
Total Units Owned = 1

Mr. Sandless Fox Valley  
Doug Herman  
707 Colomba Ct. #110  
Saint Charles, Illinois 60174  
312-758-2259  
Year Opened: 2016  
Total Units Owned = 2

## Indiana

Mr. Sandless Indianapolis  
Scot Clark  
445 West Bent Grass  
Brazil, Indiana 47834  
(317) 251-9663  
Year Opened: 2010  
Total Units Owned = 6

Mr. Sandless Evansville  
Randall Notter  
3566 Millersburg Rd  
Boonville, Indiana 47601  
(812) 641-0644  
Year Opened: 2010  
Total Units Owned = 3

Mr. Sandless Fort Wayne  
Bryan Meyer  
4235 Schwartz Rd.  
New Haven, Indiana 46774  
260-999-0060  
Year Opened: 2022  
Total Units Owned = 2

## Kansas

Mr. Sandless Kansas City  
Kevin McLiney  
8904 Wenonga Rd  
Leawood, Kansas 66206  
913-499-6044  
Year Opened: 2022  
Total Units Owned = 2

## Kentucky

Mr. Sandless Kentucky West  
David and Kim Clapp  
121 Krystal Gayle Lane  
Hickory, Kentucky 42051  
(270) 856-4700  
Year Opened: 2012  
Total Units Owned = 3

## Louisiana

Mr. Sandless New Orleans  
Thomas Beard and Christopher Higgins  
134 Pop Rummels Road  
Petal, Mississippi 39465  
(610) 218-1402  
Year Opened: 2019  
Total Units Owned = 1

Mr. Sandless Baton Rouge  
Andrew Wichert  
2136 Ovid St.  
Baton Rouge, Louisiana 70808  
(225) 939-9663  
Year Opened: 2019  
Total Units Owned = 1



## Maryland

Mr. Sandless Baltimore  
Sam Almengore  
1730 Judy Way  
Edgewood, Maryland 21040  
(410) 777-8141  
Year Opened: 2012  
Total Units Owned = 1

Mr. Sandless Silver Spring  
Shawn Cochran  
1103 Autumn Brook Avenue  
Silver Spring, Maryland 20906  
(301) 388-0200  
Year Opened: 2014  
Total Units Owned = 1

Mr. Sandless Frederick  
Brady Hill  
6460 Forrest Hills Ct.  
Frederick, Maryland 21701  
(240) 361-7962  
Year Opened: 2015  
Total Units Owned = 1

## Massachusetts

Mr. Sandless Central Massachusetts  
Frank Pupillo  
191 Fairhaven Rd.  
Worcester, Massachusetts 01606  
(508) 853-0600  
Year Opened: 2011  
Total Units Owned = 4

## Michigan

Mr. Sandless Lansing  
Tom Nemeth  
12156 Forest Meadows Rd.  
Perry, Michigan 48872  
(517) 675-7778  
Year Opened: 2012  
Total Units Owned = 3

Mr. Sandless West Michigan  
Tom Nemeth  
12156 Forest Meadows Rd.  
Perry, Michigan 48872  
(517) 675-7778  
Year Opened: 2018  
Total Units Owned = 2

Mr. Sandless Eastern Michigan  
Tom Nemeth  
7039 Westgate Drive  
Laingsburg, Michigan 48848  
517-749-4341  
Year Opened: 2008  
Total Units Owned = 5

Mr. Sandless Metro Detroit  
Anthony Agbay  
1441 West Long Lake Rd. Suite 175  
Troy, Michigan 48098  
248-515-6789  
Year Opened: 2022  
Total Units Owned = 1

## Minnesota

Mr. Sandless South Minneapolis  
Troy Irvine  
21301 Indian Hills Road  
Albert Lea, Minnesota 56007  
507-391-9100  
Year Opened: 2016  
Total Units Owned = 1

Mr. Sandless SE Minneapolis  
Barry Pinnock  
2221 Lukewood Drive  
Chanhassen, Minnesota 55317  
612-251-0021  
Year Opened: 2013  
Total Units Owned = 4

## Mississippi

Mr. Sandless Metro Jackson  
Don Blackwell  
104 A Reno St.  
Richland, Mississippi 39218  
(601) 829-9663  
Year Opened: 2011  
Total Units Owned = 3

## Missouri

Mr. Sandless Metro St. Louis  
Jason Rothluebbbers  
1627 Locust St #401  
St. Louis, Missouri 63103  
310-371-9343  
Year Opened: 2021  
Total Units Owned = 2

## Nebraska

Mr. Sandless NE Nebraska  
Patrick Luze  
88587 586th Ave  
Newcastle, Nebraska 68757  
402-508-1881  
Year Opened: 2023  
Total Units Owned = 1

Mr. Sandless SE Nebraska  
Adam Wallingford, Zach Pfeiffer  
500 Willow Lane, Suite 202  
Council Bluffs, Iowa 51503  
402-413-9193  
Year Opened: 2023  
Total Units Owned = 1

## Nevada

Mr. Sandless Northern Nevada  
Michael Griffin  
123 W. Arroyo St.  
Reno, Nevada 89509  
818-588-9267  
Year Opened: 2022  
Total Units Owned = 2

Mr. Sandless Las Vegas  
Carl Pappalardo  
10844 Franklin Hills Ave.  
Las Vegas, Nevada 89135  
725-666-3113  
Year Opened: 2022  
Total Units Owned = 2

## New Hampshire

Mr. Sandless East New Hampshire  
Jeff Yeaton  
22 Berry Lane  
Epsom, New Hampshire 03234  
(603) 736-0008  
Year Opened: 2017  
Total Units Owned = 2

## New Jersey

Mr. Sandless Cherry Hill  
Jerry Rich, Jr  
736 White Horse Pike Suite 204  
Audubon, New Jersey 08106  
(856) 323-8355  
Year Opened: 2016  
Total Units Owned = 1

## New York

Mr. Sandless North Long Island  
Mr. Chris Standerwick  
1512 Laurel Hollow Rd.  
Syosset, New York 11791  
(516) 367-9663  
Year Opened: 2010  
Total Units Owned = 1

Mr. Sandless Erie County NY  
Dan Desrosiers  
709 Longmeadow Rd.  
Amherst, New York 14226  
716-671-0757  
Year Opened: 2021  
Total Units Owned = 3

Mr. Sandless Saratoga Springs  
Todd Corcoran  
181 Wilton Gansevoort Rd.  
Gansevoort, New York 12831  
518-526-9999  
Year Opened: 2021  
Total Units Owned = 3

Mr Sandless Westchester  
Rohan Morrison  
4056 Baychester Ave  
Bronx, New York 10466  
(914) 663-9663  
Year Opened: 2015  
Total Units Owned = 1

Mr. Sandless Staten Island  
Matthew/Marie Gardiner  
42 Lisbon Place  
Staten Island, New York 10306  
(718) 715-4800  
Year Opened: 2006  
Total Units Owned = 2

Mr. Sandless Hudson Valley, NY  
William Irizarry  
24 Morris Dr.  
Newburgh, New York 12550  
8779663360  
Year Opened: 2007  
Total Units Owned = 1

## North Carolina

Mr. Sandless Central NC  
Ed McKean  
160 Silverthorne Drive  
Sanford, North Carolina 27332  
919-343-1450  
Year Opened: 2023  
Total Units Owned = 1

Mr. Sandless Greensboro  
Ed McKean  
160 Silverthorne Drive  
Sanford, North Carolina 27332  
336-751-7500  
Year Opened: 2017  
Total Units Owned = 4

Mr. Sandless Asheville  
Patrick O'Kelley  
20 Mountain Dr.  
Asheville, North Carolina 28801  
(828) 620-5964  
Year Opened: 2014  
Total Units Owned = 1

Mr. Sandless Charlotte  
Bryan and Griffin Woods  
7804 Conifer Circle  
Indian Trail, North Carolina 28079  
(704) 628-5736  
Year Opened: 2019  
Total Units Owned = 1

## Ohio

Mr. Sandless Columbus Ohio  
John Lyell  
7368 Upper Clarenton Drive S  
New Albany, Ohio 43054  
678-938-5736  
Year Opened: 2022  
Total Units Owned = 3

Mr. Sandless Youngstown  
Jon Austin  
183 Clifton Drive  
Boardman, Ohio 44512  
(330) 951-3502  
Year Opened: 2017  
Total Units Owned = 1

Mr. Sandless Akron  
Richard Jordan  
504 Hilbish Ave.  
Akron, Ohio 44312  
330-571-2347

Mr. Sandless Mid-Ohio  
Eric Van Fossen  
13320 School Lane Rd.  
Centerburg, Ohio 43011  
740-622-5326

Year Opened: 2021  
Total Units Owned = 3

Year Opened: 2022  
Total Units Owned = 1

## Oregon

Mr. Sandless Portland  
Steve Delephine and Brian Clark  
14304 NE 23rd Ave  
Vancouver, Washington 98686  
877-966-3360  
Year Opened: 2022  
Total Units Owned = 3

Mr. Sandless Southern Oregon  
Rodney Goodman  
344 Leandra Lane  
Eagle Point, Oregon 97524  
(541) 879-0443  
Year Opened: 2008  
Total Units Owned = 1

Mr. Sandless West Oregon  
Kyle Lee Wortman  
537 Nicholas Drive  
Springfield, Oregon 97477  
(541) 852-6655  
Year Opened: 2016  
Total Units Owned = 1

## Pennsylvania

Mr. Sandless Erie  
Nicholas Walters  
3401 Clifton Dr  
Erie, Pennsylvania 16505  
(941) 359-1899  
Year Opened: 2011  
Total Units Owned = 1

Mr. Sandless Pittsburgh  
Jim Rousher  
12274 Mahoning Ave. Suite 2  
North Jackson, Pennsylvania 44451  
(330) 538-9738  
Year Opened: 2006  
Total Units Owned = 4

Metro Philadelphia  
Ryan Zawicki  
2970 Concord Road  
Aston, Pennsylvania 19014  
610-364-2085  
Year Opened: 2023  
Total Units Owned = 9

Mr. Sandless Bucks County  
Luciano Anastasio  
475 Larchwood Rd  
Springfield, Pennsylvania 19064  
(610) 551-8866  
Year Opened: 2007  
Total Units Owned = 7

## South Carolina

Mr. Sandless North Augusta - Hilton Head  
Jeremy Herrington  
230 River North Dr. SC  
North Augusta, South Carolina 29841  
843-505-4449  
Year Opened: 2022  
Total Units Owned = 2

Mr. Sandless Charleston- Columbia  
Robert Guida  
2264 Saltwind Way  
Mount Pleasant, South Carolina 29466  
(843) 884-9663  
Year Opened: 2011  
Total Units Owned = 1

Mr. Sandless Greenville SC  
Chase Ford  
3 Stewart Street  
Williamston, South Carolina 28697  
(864) 314-6650  
Year Opened: 2017  
Total Units Owned = 1

Mr. Sandless Columbia SC  
Chip Bracalente  
118 Winn St.  
Sumter, South Carolina 29150  
803-464-5666  
Year Opened: 2022  
Total Units Owned = 2

Mr. Sandless Spartanburg  
Jeff McLaughlin  
403 Falling Rock Way  
Greenville, South Carolina 29615  
864-641-1423  
Year Opened: 2022  
Total Units Owned = 1

## South Dakota

Mr. Sandless Sioux Falls  
Thomas Clark Jr.  
2908 West Greenway St  
Sioux Falls, South Dakota 57107  
507-215-4122  
Year Opened: 2023  
Total Units Owned = 1

## Tennessee

Mr. Sandless Middle Tennessee  
Kim & David Clapp  
301 Vista Drive  
Kuttawa , Kentucky 42055  
(615) 828-8525  
Year Opened: 2019  
Total Units Owned = 4

Mr. Sandless East Tennessee  
Gaucho Inc. C/O Preston Cash  
2783 Woods Smith Road  
Knoxville, Tennessee 37921  
(865) 314-0999  
Year Opened: 2015  
Total Units Owned = 1

## Texas

Mr. Sandless North Houston  
Jody Marshburn  
1830 First St. East  
Humble, Texas 77338  
832-982-1226  
Year Opened: 2023  
Total Units Owned = 1

Mr. Sandless Cen-Tex  
Erika and Ty Greer and Scott Johnston  
616 Spring Valley Rd.  
Georgetown, Texas 78268  
512-864-5997  
Year Opened: 2023  
Total Units Owned = 1

Mr. Sandless Denton  
Matt Johnson  
8500 Timber Crest Court  
Frisco, Texas 75035  
469-525-1239  
Year Opened: 2012  
Total Units Owned = 6

Mr. Sandless North Dallas  
Matt Johnson  
8500 Timber Crest Court  
Frisco, Texas 75035  
(469) 525-1433  
Year Opened: 2016  
Total Units Owned = 3

Mr. Sandless Fort Worth  
Karin and Dave Kaminski  
557 Private Road 3627  
Springtown, Texas 76082  
817-300-4753  
Year Opened: 2023  
Total Units Owned = 1

Mr. Sandless Central West Texas  
Richard Barron  
400 County Road 189  
Carbon, Texas 76435  
254-631-8944  
Year Opened: 2020  
Total Units Owned = 1

Mr. Sandless Arlington  
Joe Burgess  
6925 Texas Cowboy Drive  
Fort Worth, Texas 76123

817-801-1390  
Year Opened: 2022  
Total Units Owned = 2

## Virginia

Mr. Sandless Tri Cities VA  
Todd Horton  
11349 Reedy Creek Rd  
Bristol, Virginia 24202  
843-877-6465  
Year Opened: 2022  
Total Units Owned = 2

Mr. Sandless Richmond  
Chris Tate  
7805 W. Broad St  
Richmond, Virginia 23294  
(804) 354-9663  
Year Opened: 2012  
Total Units Owned = 4

Mr. Sandless Northern Virginia  
Russell Ferrer  
901 Herons Run Land  
Woodbridge, Virginia 22191  
(703) 273-WOOD  
Year Opened: 2008  
Total Units Owned = 1

Mr. Sandless Central Virginia  
Sean Castrina  
516 Brookway Dr.  
Charlottesville, Virginia 22901  
434-202-3404  
Year Opened: 2023  
Total Units Owned = 1

## Washington

Mr. Sandless South Sound  
Brian Jones  
10707 Moller Dr.  
Gig Harbor, Washington 98332  
253-355-8051  
Year Opened: 2023  
Total Units Owned = 1

Mr. Sandless Three Rivers  
Richard Beamis  
105 B Abby Ave  
Benton City, Washington 99320  
509-981-8390  
Year Opened: 2024  
Total Units Owned = 1

Mr. Sandless Spokane  
Ryan Johnson  
3811 S. Moffit Road  
Spokane Valley, Washington 99206  
(509) 869-6780  
Year Opened: 2016  
Total Units Owned = 1

Mr. Sandless Vancouver  
Steve Delephine and Brian Clark  
14304 NE 23rd Ave  
Vancouver, Washington 98686  
360-606-8565  
Year Opened: 2022  
Total Units Owned = 1

## Washington DC

Mr. Sandless District of Columbia  
Harrison White  
1318 Allison Street  
NE Washington, Washington DC 20017  
253-355-8051  
Year Opened: 2023  
Total Units Owned = 1

## West Virginia

Mr. Sandless Tri-States  
Josh Watson and Jason May  
113 Long Branch Rd.

Mr. Sandless Panhandle  
Eric Royer  
4194 Williamsport Pike

Branchland, West Virginia 25506  
304-690-5600  
Year Opened: 2022  
Total Units Owned = 2

Martinsburg, West Virginia 25404  
681-242-2958  
Year Opened: 2020  
Total Units Owned = 1

## Wisconsin

Mr. Sandless of Northeast WI  
Kent Zaretske  
241 4th St.  
Neenah, Wisconsin 54956  
(920) 558-9663  
Year Opened: 2012  
Total Units Owned = 2

Mr. Sandless Madison La Crosse  
Steve Anderson  
3114 So. Pleasant Dr  
Holmen, Wisconsin 54636  
(608) 519-2442  
Year Opened: 2008  
Total Units Owned = 3

Total Units = 194

## CANADA AND INTERNATIONAL MR. SANDLESS FRANCHISEES:

### Auckland Region

Mr. Sandless South East Auckland  
Gunjan Parekh  
21 Onslow Road  
Papakura, Auckland Region 2110  
02108322962  
Year Opened: 2022  
Total Units Owned = 1

West Auckland  
Gunjan Parekh  
21 Onslow Road  
Papakura, Auckland Region 2110  
0228078889  
Year Opened: 2022  
Total Units Owned = 1

Mr. Sandless Auckland Central - North Shore  
Gunjan Parekh  
21 Onslow Road  
Papakura, Auckland Region 2110  
0228078889  
Year Opened: 2023  
Total Units Owned = 2

### Bay of Plenty Region

Mr. Sandless Western Bay of Plenty  
Barry and Lianne Walker  
57F Union Street  
Waihi, Bay of Plenty Region 3610  
09 629 6050  
Year Opened: 2011  
Total Units Owned = 1

### Hawke's Bay Region

Mr. Sandless Hawkes Bay  
Kelly Gordon and Sandra Smith  
Unit 1/25 Hinton Road, Taradale  
Napier, Hawke's Bay Region 4112  
021 157 7996

Year Opened: 2018  
Total Units Owned = 1

## Wellington Region

Mr. Sandless Wellington / Hutt Valley  
Shaun Dudley  
19B Charleston Avenue  
Boulcott, Lower-Hutt 4112  
021 873 290  
Year Opened: 2023  
Total Units Owned = 1

## Newfoundland

Mr. Sandless Newfoundland  
Rodney Abbott, Derrick James, Lamont Whalen  
1 Logy Bay Road  
St. John's, Newfoundland A1A 1J1  
(224) 645-3850  
Year Opened: 2010  
Total Units Owned = 2

## British Columbia

Mr. Sandless Kelowna  
John Bibby  
1349 McBride  
Kelowna, British Columbia V1Y4A5  
(250) 862-9633  
Year Opened: 2010  
Total Units Owned = 2

## Gauteng

Mr. Sandless Johannesburg- South Africa  
Richard Bentley  
1 Bronley Close  
Bryanston Johannesburg, Gauteng 2060  
114637324  
Year Opened: 2011  
Total Units Owned = 1

## Queensland

Mr. Sandless Brisbane  
Greg Lomas  
41 Wylie Avenue  
Coorparoo, Queensland 4151  
61 419 263 608  
Year Opened: 2014  
Total Units Owned = 1



**Western Australia**

Mr. Sandless Australia  
Bruce Hancock  
11 Barra Close  
Lemming, Western Australia 6149  
65 64814363  
Year Opened: 2010  
Total Units Owned = 1

**Total Units = 14**

**Franchise Agreements Signed but Outlet Not Open as of December 31, 2023**

Bay Area Floor Refinishers LLC  
1212 El Camino Real - Suite H # 386  
San Bruno, CA 94066  
Marc Manca and Edgardo Espinoza  
650-613-8368

**Former Franchisees**

Franchisees that had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or has not communicated with the franchisor within the 10 weeks preceding the Issuance Date of this Disclosure Document:

Southeast Mass Daniel Welton Charlton, MA 01507 508-614-9663	Rocky Mountains David Lea Oak Creek, CO 80467 970-846-0013
North Alabama Kevin Robinson Hanceville, Al 35077 205-215-9527	Manhattan WR Construction LLC Mt Laure, NJ 08054 917-662-8456
Kentuckiana Scott Waldman Louisville, KY 40241 502-943-5667	Central Coast Gary Maier Pismo Beach, Ca 93449 805-888-1774
Hudson Valley Steve Callaway Beacon, New York 12508 845-831-4595	Auckland North Joao Fernando Silva Correa de Melo Farm Cove, Auckland 2012 021920446

**EXHIBIT H**

**FRANCHISEE ACKNOWLEDGMENT STATEMENT**

**EXHIBIT J-1**  
**MR. SANDLESS FRANCHISEE ACKNOWLEDGEMENT STATEMENT**

**\*FOR USE BY WASHINGTON FRANCHISEES ONLY**

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

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

The acknowledgment does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

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

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

6. Franchisee acknowledges that it has received the Mr. Sandless Franchise, LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

\_\_\_\_\_  
Initial

7. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

\_\_\_\_\_  
Initial

8. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

10. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant

that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

\_\_\_\_\_  
Initial

FRANCHISEE (Entity)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

FRANCHISEE (Principal):

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

FRANCHISEE (Principal):

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

**EXHIBIT J-2**  
**MR. SANDLESS FRANCHISEE ACKNOWLEDGEMENT STATEMENT**

**\*NOT FOR USE IN CALIFORNIA, MARYLAND OR WASHINGTON**

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

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

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

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the

documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

7. Franchisee acknowledges that it has received the Mr. Sandless Franchise, LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

FRANCHISEE (Entity)

FRANCHISEE (Principal):

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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

FRANCHISEE (Principal):

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



## **STATE EFFECTIVE DATES**

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registrations in the following states having franchise disclosure laws, with the following effective dates:

<b><u>STATE</u></b>	<b><u>EFFECTIVE DATE</u></b>
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	July 3, 2023, amended _____
Maryland	Pending
Michigan	March 11, 2024
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	June 27, 2023

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**RECEIPT**

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

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

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

If Mr. Sandless Franchise, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit A.

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

Daniel J. Prasalowicz 2970 Concord Road Aston, PA 19014 (610) 364-2080	Gerald H. Rich, Jr. 2970 Concord Road Aston, PA 19014 (610) 364-2080	Richard Holahan 2970 Concord Road Aston, PA 19014 (610) 364-2080
---	---	---

Issuance Date: April 9, 2024.

I received a Disclosure Document dated April 9, 2024, that included the following Exhibits:

- Exhibit A - State Agencies/Agents for Service of Process
- Exhibit B - Financial Statements of Mr. Sandless Franchise LLC
- Exhibit C - Franchise Agreement
- Exhibit D - Operations Manual Table of Contents
- Exhibit E - General Release
- Exhibit F - State Specific Addenda
- Exhibit G - Franchised Outlets as of December 31, 2023
- Exhibit H - Franchisee Acknowledgment Statements

Date Received: \_\_\_\_\_  
(If other than date signed)

DATE: \_\_\_\_\_

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

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

City, State: \_\_\_\_\_

\_\_\_\_\_  
(Signature of recipient)

**KEEP FOR YOUR RECORDS**

**RECEIPT**

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

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

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

If Mr. Sandless Franchise, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit A.

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

Daniel J. Prasalowicz 2970 Concord Road Aston, PA 19014 (610) 364-2080	Gerald H. Rich, Jr. 2970 Concord Road Aston, PA 19014 (610) 364-2080	Richard Holahan 2970 Concord Road Aston, PA 19014 (610) 364-2080
---	---	---

Issuance Date: April 9, 2024.

I received a Disclosure Document dated April 9, 2024, that included the following Exhibits:

- Exhibit A - State Agencies/Agents for Service of Process
- Exhibit B - Financial Statements of Mr. Sandless Franchise LLC
- Exhibit C - Franchise Agreement
- Exhibit D - Operations Manual Table of Contents
- Exhibit E - General Release
- Exhibit F - State Specific Addenda
- Exhibit G - Franchised Outlets as of December 31, 2023
- Exhibit H - Franchisee Acknowledgment Statements

Date Received: \_\_\_\_\_  
(If other than date signed)

DATE: \_\_\_\_\_

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

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

City, State: \_\_\_\_\_

\_\_\_\_\_  
(Signature of recipient)

Please return signed receipt to Mr. Sandless Franchise, LLC  
2970 Concord Road, Aston Pennsylvania 19014