

FRANCHISE DISCLOSURE DOCUMENT

FASTFRAME U.S.A., INC.
433 West Allen Avenue, #114
San Dimas, California 91773
Tel: (800) 631-4964
www.fastframe.com



FASTFRAME U.S.A., INC. offers franchises for custom framing retail stores (“Outlets”) featuring fast, turn-around service and the sale of related items to the public using the trade names of “FASTFRAME”, “FASTFRAME EXPERT PICTURE FRAMING”, and FASTFRAME, FRAMING, PRINTING, DESIGN, ARTWORK”.

Currently, FASTFRAME offers three forms of agreement in this Franchise Disclosure Document:

1. A Franchise Agreement, which allows you to open a full service custom framing Outlet with framing work done by you on site. You may also open a Satellite location within your Territory (see paragraph 2). The total investment necessary to begin operation of a FASTFRAME Outlet ranges from \$135,325 to \$246,663, which includes \$64,800 (\$44,800 for an existing franchisee), that must be paid to the franchisor or its affiliate.
2. A FASTFRAME Satellite Addendum, which you sign for each Satellite location in the same Territory as your existing FASTFRAME Outlet, including the conversion of an existing custom framing store to a FASTFRAME Outlet in your existing Territory. Generally, Satellites will not perform framing services on-site, but we may approve a Satellite where your existing FASTFRAME Outlet is a FASTFRAME Outlet. We offer Satellite Addendums only to existing franchisees who meet certain operational and financial criteria. The total investment necessary to begin operation of a Satellite ranges from \$32,700 to \$85,000. This includes \$10,000 that must be paid to the franchisor or its affiliate.
3. A Conversion Addendum is used if you are converting an independent frame store to a “FASTFRAME” Outlet. Your total investment necessary to convert an independent frame store to a “FASTFRAME” Outlet ranges from \$31,250 to \$151,263. This includes \$27,300 (if your initial fee is deferred) to \$47,300 (if your initial franchise fee is paid on signing), that must be paid to the franchisor or its affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Michael Rogers at 433 West Allen Avenue, #114 San Dimas, California 91773 and (800) 631-4964.

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 an attorney 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 for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: January 2, 2024.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit P.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit N includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only FASTFRAME business in my area?	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What’s it like to be a FASTFRAME franchisee?	Item 20 or Exhibit P lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. Out-of-State Dispute Resolution. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.
2. Mandatory Minimum Payments. You must make minimum payments for Designated Marketing Areas, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. Spousal Guaranty. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
4. Turnover Rate. In the last years, a large number of franchised outlets were terminated, not renewed, reacquired, or ceased operations for other reasons. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.
5. 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.

ADDENDUM TO FASTFRAME U.S.A., INC.
DISCLOSURE DOCUMENT
FOR THE STATE OF MICHIGAN

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

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

FASTFRAME, U.S.A., INC.
FRANCHISE DISCLOSURE DOCUMENT

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EXHIBITS

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- EXHIBIT R RECEIPT

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

To simplify the language in this disclosure document, “FASTFRAME,” “we,” “us” or “our” means FASTFRAME U.S.A., INC., the franchisor. “You” or “your” means the person who buys the franchise, and also includes your spouse, if you are an individual; your officers, directors, shareholders and members if you are a limited liability company or a corporation; and your partners, general and limited, if you are a partnership.

FASTFRAME is a California corporation, incorporated on November 3, 1986. From 1986 until October 1988, we operated under the name “FASTFRAME CALIFORNIA, INC.” Our principal business address is 433 West Allen Avenue, #114 San Dimas, California 91773. Exhibit “Q” lists our agents for service of process. FASTFRAME has no predecessors (during the past 10 years), parents or affiliates and does business under the names “Fastframe”, “Fastframe Expert Picture Framing” and “Fastframe, Framing, Printing, Design, Artwork.”

FASTFRAME has been offering store franchises of this type since 1987. We franchise the right to operate FASTFRAME Outlets and Satellites, offering fast, expert, custom framing services and related products to the general public from retail stores in shopping malls and strip centers that are generally leased. An Outlet is a full service custom framing Outlet with framing work done by you on site. You may also be permitted to open Satellite locations within your Territory; these Outlets typically do not do on-site framing work, such work being done by us (or by your Outlet, if applicable). As of the date of this disclosure document, we do not operate retail framing stores, but may do so in the future. We have not offered franchises in any other line of business, and have not conducted any other business activities.

Independent framing stores, regional and national chains, and some department stores as well as various companies that offer online framing, compete for framing business. FASTFRAME distinguishes itself by offering the services of highly trained framers; completing work quickly, often the same day in our FASTFRAME Outlets; offering customers a unique “Total Satisfaction Guarantee”; and stocking a large inventory of mats and moldings, and handling large commercial orders. The framing industry is expanding as FASTFRAME Outlets and others develop new framing concepts for items other than pictures and photographs, attracting new individual and business customers. Sales are not seasonal, and there are no special laws or regulations applicable to the framing store business. The market for framing services consists of the general public.

In certain geographic areas, FASTFRAME has appointed “Area Representatives” who offer and sell franchises and provide certain services to them after they join the FASTFRAME system, which may include you if you operate in an Area Representative’s assigned region (see Item 2).

At our option, if you are an existing franchisee and are signing a Franchise Agreement for an additional FASTFRAME Outlet, as a condition to you entering into an additional Franchise Agreement, you must sign an amendment to each of your existing Franchise Agreements (which may differ from the current form of Franchise Agreement attached as Exhibit B to this disclosure document) with FASTFRAME extending the term of each of your existing Franchise Agreements to terminate on the same date as your new Franchise Agreement.

If you were referred to us by an existing FASTFRAME Franchisee, we may pay the referring Franchisee a referral fee of \$2,500, payable when your FASTFRAME Outlet opens for business.

Some states have enacted laws and regulations that may affect your FASTFRAME Outlet, such as regulations and requirements with respect to facilities, environmental, health and safety, zoning, permits, employment laws, and wage standards, among other things. There are varying federal, state, and local laws and regulations regarding wages, employment, and insurance requirements and restrictions. The details of state, county and local laws and regulations vary from place to place. Some jurisdictions have passed laws that require businesses to pay employees a higher minimum wage than is required under federal law. These laws may disproportionately affect franchises. You should investigate and consult with an attorney, a

financial advisor or both whether there are regulations and requirements that apply in the geographic area in which you are interested in locating your FASTFRAME Outlet, including potential municipal and local requirements, and should consider both their effect and cost of compliance. In addition, in the operation of your FASTFRAME Outlet, you must comply with all laws and regulations that apply to businesses generally.

The Payment Card Industry Data Security Standard (“PCI”) requires that all companies that process, store, or transmit credit or debit card information maintain a secure environment. PCI applies to all merchants, regardless of size or number of transactions that accept, transmit or store any cardholder data.

ITEM 2. **BUSINESS EXPERIENCE**

John Fletcher, Chairman of the Board, President and Chief Executive Officer

John Fletcher is a co-founder and has served as a member of the Board of Directors of FASTFRAME since its inception in 1986. Mr. Fletcher currently serves as the Chairman of the Board of Directors, a position held since April 1990. Mr. Fletcher became FASTFRAME’s President and Chief Executive Officer as of October 2016.

Michael Rogers, Sr. Vice President and CFO

Michael Rogers joined FASTFRAME in 1990 and has been in the framing industry since 1981. Mr. Rogers currently serves as the Secretary of the Board of Directors, a position held since March 2020. Mr. Rogers became the Chief Operations Officer for FASTFRAME in Los Angeles, California as of January 2017, the Senior Vice President for FASTFRAME in Los Angeles, California as of March 2022 and the Chief Financial Officer for FASTFRAME in Los Angeles, California as of November 2023.

Area Representatives

The following describes the past 5 years of the business experience of the people engaged in representing FASTFRAME in offering for sale or selling a franchise (referred to sometimes as an Area Representative). Each of the Area Representatives is obligated to locate and pre-qualify prospective FASTFRAME franchises and to provide certain services to them after they join the FASTFRAME system such as store visits, in-store training, and distribution to Franchisees of new programs and procedures. Area Representatives provide these services to franchises located within the geographic territories described below.

Barbara Shaper, Area Representative

Barbara Shaper is an Area Representative in North and South Carolina and has been a FASTFRAME Outlet owner since 1990. Barbara Shaper currently operates one FASTFRAME outlet in Charlotte, North Carolina. Barbara Shaper has not offered franchises in any other line of business. The address for service of process for Barbara Shaper is 5110 Top Seed Court, Charlotte, North Carolina 28226.

Mira Clanton, Area Representative

Mira Clanton is an Area Representative through Azhure, LLC (“Azhure”), a Florida LLC. Clanton, through Azhure, has been an Area Representative for the FASTFRAME stores in Eastern and Western Florida since April 2016. Mira Clanton, through Azhure, operates one FASTFRAME location in Palm Beach Gardens, Florida. Mira Clanton is the Managing Member of Azhure, LLC. Neither Mira Clanton nor Azhure, LLC has offered franchises in any other line of business. The address for service of process for Azhure, LLC is 3530 Moon Bay Circle, Wellington, Florida 33414.

ITEM 3.
LITIGATION

Franchisor Initiated Lawsuits – Royalty Collection Suits Against Existing and Former Franchisees

Fastframe U.S.A., Inc. v. Carlos Hernandez. Los Angeles County Superior Court Case Number 23STCP02355 filed July 6, 2023. Petition to confirm Arbitration Award after Royalty collection suit against franchisee.

Fastframe U.S.A., Inc. v James Quinn - American Arbitration Association – Western Case Management Center in Los Angeles, California, AAA Case no. 01-21-0002-2829 filed March 12, 2021. Royalty collection suit against franchisee.

Other than these actions, there is no other litigation that is required to be disclosed in this Item.

ITEM 4.
BANKRUPTCY

There are no bankruptcies that are required to be disclosed in this Item.

ITEM 5.
INITIAL FEES

	Initial Franchise Fee₁	Opening Fee₂	Marketing Expense₃	Administrative Fee
Existing Franchisee: New Franchise Agreement (new outlet or the conversion of existing custom framing business) outside of your existing Territory ^{4, 7}	\$35,000 for an Outlet	\$14,800	\$5,000	\$0 (\$5,000 if we defer all or part of Initial Franchise Fee)
Satellite (new Outlet or conversion of existing custom framing business within your existing Territory) ⁵	\$0	\$5,000	\$5,000	\$0
New Franchisee: Outlet	\$35,000	\$14,800	\$15,000	\$0
Conversion of existing custom framing business ^{6, 7}	\$25,000	\$14,800	\$7,500	\$0 (\$5,000 if we defer all or part of Initial Franchise Fee)
Transfer of Existing Outlet ⁸	\$0	\$5,500	\$5,000	\$0
Renewal ⁹	Renewal Fee: \$6,250	\$0	\$0	\$0

- The initial franchise fee is payable when you sign your Franchise Agreement, although in special circumstances we may in our discretion permit you to pay a \$5,000 deposit when you sign the Franchise Agreement and the balance a short time later, usually within 7 to 21 days after signing. In exceptional cases, we may offer long term financing of a portion of your initial franchise fee, on terms agreed upon between us as further disclosed in Item 10.

2. The opening fee is payable when you sign the Franchise Agreement. The opening fee is used to offset our costs in providing site selection assistance, lease review, training programs and other pre-opening services. The opening fee also includes the cost of architectural designs up to \$1,000 (only for the first Outlet opened under your Franchise Agreement); you must pay the cost of architectural designs in excess of \$1,000. The Opening Fee will not exceed \$14,800
3. The initial marketing expense is payable at the earlier of (a) the time you sign a lease for your Outlet or Satellite, or (b) when you start the Training Program. The initial marketing expense covers our costs of customized opening advertising and promotional materials directed toward customers in the Territory. In our discretion, in lieu of paying these sums to us, we may allow you to spend these sums for opening advertising and promotion of your Outlet during the 3 months following opening and submit proof of the expenditures to us.
4. If you are an existing franchisee who is signing a Franchise Agreement to open an additional FASTFRAME Outlet outside of your existing Territory, we may defer all or part of the Initial Franchise Fee, in which case you will sign a Deferred Fee Addendum (Exhibit "E"), and you will pay, in addition to the Opening Fee (not to exceed \$14,800) and \$5,000 Marketing Expense identified in the above table, (a) that portion of the Initial Franchise Fee which we must pay to any Area Representative for your Territory, if any, plus (b) an Administrative Fee of \$5,000. See also Note 7 below.
5. If you are an existing franchisee who is signing a Satellite Addendum to your existing Franchise Agreement to open a FASTFRAME Satellite, whether at a new location or to convert an existing custom framing business to a FASTFRAME business, you will pay the \$5,000 Opening Fee and \$5,000 Marketing Expense identified in the above table, however, before you can transfer the Satellite apart from the Franchise Agreement under which it was opened, you must pay a fee equal to the greater of (a) the transfer fee described in Item 6, or (b) the then-current Initial Franchise Fee in effect at the time of the transfer. In addition, you must pay the broker fee, if any, payable to any broker involved in the sale, including any broker engaged by FASTFRAME.
6. If you are not an existing FASTFRAME franchisee and you are converting an independent framing store to a FASTFRAME Outlet and the Gross Sales at the framing store location which you are converting to a FASTFRAME Outlet exceeded \$500,000 during the previous 12 month period, we may defer all or part of the Initial Franchise Fee, in which case you will sign a Deferred Fee Addendum (Exhibit "E"), and you will pay, in addition to the Opening Fee (not to exceed \$14,000) and \$7,500 Marketing Expense identified in the above table, (a) that portion of the Initial Franchise Fee which we must pay to any Area Representative for your Territory, if any, plus (b) an Administrative Fee of \$5,000. See also Note 7 below.
7. If we defer all or a portion of your Initial Fee, you will sign a Deferred Fee Addendum (Exhibit "E"). Before you can transfer the Franchise Agreement, you must pay a transfer fee equal to the greater of (a) the transfer fee described in Item 6, or (b) the difference between (x) the then-current Initial Franchise Fee for new franchisees in effect at the time of the transfer and (y) the total of (i) the Initial Franchise Fee, if any, and (ii) the Administrative Fee you paid on signing the Franchise Agreement for that Outlet. In addition, you must pay the broker fee, if any, payable to any broker involved in the sale, including any broker engaged by FASTFRAME.
8. Under our current form of Franchise Agreement, if you are purchasing an existing FASTFRAME Outlet from an existing franchisee, you will not pay an Initial Franchise Fee, however, you must pay us an Opening Fee of \$5,500 and a Marketing Expense of \$5,000. The transferor must pay a transfer fee as described in Item 6. If the terms of the transferor's existing Franchise Agreement differs from our current form, your initial fees (and the transferor's transfer fee) will be modified if and as required by the transferor's existing Franchise Agreement.

9. If you are signing the Franchise Agreement to renew your franchise, you will pay a renewal fee equal to 25% of the initial franchise fee for an Outlet, whichever applies to the renewed agreement, and we will waive the opening and initial marketing fees for any then-existing FASTFRAME Outlet and FASTFRAME Satellite. We reserve the right to waive all or part of the renewal fee.

If you fail to find a satisfactory location or sign an approved lease for the Outlet within 90 days after signing the Franchise Agreement, and you demonstrate that you have made a diligent effort during the first 90 days to find a suitable location, and, in our opinion, your failure to find a location is not due directly or indirectly, to you or your efforts then we may, in our sole discretion: (a) extend the time period, or (b) terminate your Franchise Agreement and refund the amounts you paid for the initial franchise fee, initial marketing expense, opening fee and administrative fee, less our actual cost of site selection assistance and any other out-of-pocket costs incurred in preparation for your Opening, for example, preparation of floor plans for your FASTFRAME Outlet.

Except as described above, these initial fees are uniform for all franchises currently offered in this state and are not refundable. However, we reserve the right to waive all or part of the opening fee and marketing expense if you are a FASTFRAME employee or an existing FASTFRAME franchisee in good standing. You will normally pay these fees in a lump sum upon signing your Franchise Agreement or Satellite Addendum except as described above. We did not waive or discount any fees during our fiscal year ended September 30, 2023.

ITEM 6.
OTHER FEES

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty ^{1/2}	6% of total gross receipts	Each Wednesday for preceding week (Monday-Sunday)	Gross receipts include all revenue from the initial franchised location, and all Satellite locations; excludes sales or use tax receipts
Framing Services Fees ¹	Our then-current prices for the particular work requested, as calculated using our LifeSaver Software, typically ranging from \$80 to \$250 per project	30 days after invoice; provided that we are not obligated to extend you credit, and at our option, you may have to pay in advance, for framing services and related costs and expenses	Outlets and Satellite locations added under a Franchise Agreement, perform their own framing services. Framing Service Fees may vary based on the size and quality of the framing requested.
Marketing Services Program ¹	2% of gross receipts	Same as Royalty	

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Designated Marketing Areas (“DMA”)	A flat fee (currently ranging from \$200 to \$350 depending on which DMA your Outlet is in) on the 15th day of each month during the period of the Campaign (the “Flat Fee Contribution”), or (b) 2% of your Outlet’s weekly Gross Receipts up to the amount that would have been paid under the Flat Fee contribution (on each Wednesday through the end of the Campaign) (a “Percentage Contribution”), at your election	On the 15th day of each month during the period of the Campaign for the Flat Fee Contribution or On each Wednesday through the end of the Campaign for the Percentage Contribution	This fee only applies if your Outlet is in a designated marketing area that may be established by FASTFRAME at various times and you elect to participate in the advertising campaign.
Coop Campaign 3	\$100 to \$400 per month depending on your market and the nature of any proposed campaign	On the 15th of each month.	Coop Campaign is voluntary. Payable if your franchise is in an area in which we have established an advertising cooperative and you choose to participate.
Renewal 1	25% of the then current franchise fee	Paid with notice of intent to renew	As of the date of this disclosure document, we have not charged a renewal fee, but instead encourage you to use the renewal fee to remodel and upgrade your Fastframe Outlet. We reserve the right to charge a renewal fee in our sole discretion.
Audit 1	Cost of audit plus any late fees and charges	30 days after billing	Payable only if audit necessary because of your non-cooperation or if audit shows an under-reporting of gross receipts of more than 1% for any week. Late fees and charges are described in Section 5.2.4 of the Franchise Agreement.
Transfer Fee 1	The transfer fee will be (i) 5% of the total purchase price being paid	Due when transfer approved	No charge if you transfer to a corporation that you control.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
	<p>to you for your FASTFRAME business, excluding inventory if you find the buyer for your business; or (ii) 10% of the total purchase price, excluding inventory, if FASTFRAME finds the buyer; provided that FASTFRAME will waive the transfer fee if a broker engaged by FASTFRAME finds the Buyer.</p> <p>If you paid an Administrative Fee when you signed the Satellite Addendum or Franchise Agreement instead of an Initial Franchise Fee, the transfer fee will be the greater of (i) the then-current Initial Franchise Fee minus the Administrative Fee you previously paid for the FASTFRAME Outlet, or (ii) the transfer fee described above.</p> <p>In addition, you must pay the broker fee, if any, payable to any broker involved in the sale, including any broker engaged by FASTFRAME. Broker fees are typically 10% of the total purchase price, but may be higher. You and the broker will determine the broker's fees before the sale.</p>		
Interest on financing of Initial Franchise Fee ₁	12% or the highest rate allowed by law, whichever is less	Monthly in accordance with your Secured Promissory Note	Payable only if we finance part of your initial franchise fee as described in Item 10

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Insurance and other reimbursements ⁴	Amount of unpaid premiums or other charges	Upon demand	Payable only if you fail to maintain required insurance and we elect to obtain coverage for you; or if you fail to pay any account payable and we pay it for you.
Reimbursement for Repairs and Remodeling ¹	FASTFRAME's costs for repairs and remodeling	The next scheduled due date for payment of the Weekly Royalty after notification by FASTFRAME	Payable only if you do not make the necessary repairs and/or remodeling within 5 days after notification by FASTFRAME, and we arrange to have the repairs done for you
Late Fee, charges for unpaid checks, drafts or electronic payments and default reimbursement ¹	Up to \$100	Upon demand	Payable only if any portion of the sums due FASTFRAME are not paid when due.

1. All fees are payable to FASTFRAME by electronic funds transfer, debit or credit card. All fees are non-refundable except as stated and are uniform for franchises currently being offered in this state. At our request, we may require you to make all payments due under the Franchise Agreement by electronic funds transfer or any similar arrangement, in which case you must sign the documents that are necessary for us to implement the payment system.
2. If you fail to timely report any Gross Receipts, or if we are unable to access and accurately determine the Gross Receipts for your Fastframe Outlet over a given reporting period, then we may, at our option, estimate your Gross Receipts, calculate the corresponding fees that you must pay us based on your Gross Receipts, and debit or otherwise collect and recover those fees, based on (a) an average of the Gross Receipts during the last prior twelve reporting periods for which a report of Gross Receipts was provided to us (or during all reporting periods for which a report of Gross Receipts was provided to us if fewer than twelve in total have been reported), or (b) the information for the applicable reporting period(s) that we are able to retrieve from your computer system and point-of sale software.
3. FASTFRAME from time to time establishes formal advertising cooperatives in certain Nielsen designated market areas. If your Outlet is in one of these areas you may choose to participate and sign the cooperative advertising campaign pledge form (see Exhibit "F"). (See Item 11 for further details). If FASTFRAME has Company-owned Outlets in the area, it will likewise participate, but your contribution to the campaign will not be increased by the vote of FASTFRAME or other participating franchisees.
4. You must maintain insurance of the types and minimum amounts (naming us as additional insureds) that we specify in your franchise agreement (See Section 8.7 of the Franchise Agreement), the operations manual, or in supplementary notices. You may obtain additional insurance as you desire. Insurance policies may not be subject to amendment or cancellation without at least 30 days prior written notice to us. You must provide us with certificates of insurance evidencing coverage on an ongoing basis.

You and we may negotiate any or all of the fees described in this Item 6.

ITEM 7.
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

NEW FASTFRAME OUTLET

Column 1 Type of Expenditure	Column 2 Amount		Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee or Administrative Fee ₁	\$35,000	\$35,000	Lump Sum	Upon signing Franchise Agreement	FASTFRAME
Opening Fee ₂	\$14,800	\$14,800	Lump Sum	Upon signing Franchise Agreement	FASTFRAME
Initial Marketing Expense ₃	\$15,000	\$15,000	Lump Sum	The earlier of signing lease or entering training	FASTFRAME
<u>Store Opening Costs</u> ₄ Leasehold Improvements and Signage	\$5,000	\$78,000	Cash; as arranged	During build-out	Contractor/ landlord
Machinery, Equipment, Computer System & LifeSaver Software	\$29,125	\$39,798	Cash; as arranged	As incurred before opening	FASTFRAME; suppliers
Fixtures & Displays	\$8,000	\$20,000	Cash; as arranged	As incurred before opening	FASTFRAME; suppliers
Shipping, Taxes, and Miscellaneous	\$500	\$5,000	Cash; as arranged	30 days of invoice	FASTFRAME; suppliers
Initial Inventory & Supplies ₅	\$10,900	\$14,065	Cash; as arranged	30 days of invoice	FASTFRAME; suppliers
Prepaid Business Expenses, Travel & Lodging ₆	\$7,000	\$10,000	As arranged	Before opening	Landlord; utilities; Suppliers; FASTFRAME
Additional Funds (3 Months) ₇	\$10,000	\$15,000	As arranged	As incurred after opening	Landlord; utilities; employees; suppliers; FASTFRAME
Total Estimated Costs ₈	\$135,325	\$246,663			

FASTFRAME SATELLITE LOCATION

Column 1 Type of Expenditure	Column 2 Amount		Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
	Low	High			
Opening Fee ²	\$5,000	\$5,000	Lump Sum	Upon signing Franchise Agreement or Satellite Addendum , as applicable	FASTFRAME
Initial Marketing Expense ³	\$5,000	\$5,000	Lump Sum	Upon signing Franchise Agreement or Satellite Addendum , as applicable	FASTFRAME
<u>Store Opening Costs</u> ⁴ Leasehold Improvements and Signage	\$4,000	\$44,000	Cash; as arranged	During build-out	Contractor/ landlord
Fixtures & Displays; Computer System & LifeSaver Software	\$6,700	\$11,000	Cash; as arranged	As incurred before opening	FASTFRAME; Suppliers
Shipping, Taxes, and Miscellaneous	\$500	\$2,000	Cash; as arranged	30 days of invoice	FASTFRAME; suppliers
Initial Inventory & Supplies ⁵	\$1,500	\$3,000	Cash; as arranged	30 days of invoice	FASTFRAME; suppliers
Prepaid Business Expenses, Travel & Lodging ⁶	\$5,000	\$7,500	As arranged	Before opening	Landlord; utilities; suppliers; FASTFRAME
Additional Funds (3 Months) ⁷	\$5,000	\$7,500	As arranged	As incurred after opening	Landlord; utilities; employees; suppliers; FASTFRAME
Total Estimated Costs ⁸	\$32,700	\$85,000			

CONVERSION OF AN EXISTING CUSTOM FRAMING BUSINESS

Column 1 Type of Expenditure	Column 2 Amount		Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
	Low	High			
Initial Franchisee Fee or Administrative Fee ₁	\$5,000	\$25,000	Lump Sum	Upon signing Franchise Agreement	FASTFRAME
Opening Fee ₂	\$14,800	\$14,800	Lump Sum	Upon signing Franchise Agreement	FASTFRAME
Initial Marketing Expense ₃	\$7,500	\$7,500	Lump Sum	Before converting to FASTFRAME Outlet	FASTFRAME
Store Opening Costs ₄ Leasehold Improvements and Signage	\$1,000	\$15,000	Cash; as arranged	Before converting to FASTFRAME Outlet	Contractors
Machinery, Equipment, Computer System & LifeSaver Software	\$1,700	\$39,798	As arranged	Before converting to FASTFRAME Outlet	FASTFRAME; suppliers
Fixtures & Displays and Point of Sale Items	\$1,000	\$10,000	As arranged	Before converting to FASTFRAME Outlet	FASTFRAME; suppliers
Shipping, Taxes, and Miscellaneous	\$250	\$5,000	As arranged	Before and after converting to FASTFRAME Outlet	FASTFRAME; suppliers
Initial Inventory & Supplies ₅	\$-0-	\$14,065	As arranged	Before and after converting to FASTFRAME Outlet	Suppliers
Training - Travel & Lodging ₆	\$-0-	\$5,100	Cash; as arranged	Before converting to FASTFRAME Outlet	Suppliers
Additional Funds (3 Months) ₇	\$-0-	\$15,000	As arranged	As incurred after opening	Landlord; utilities; employees; suppliers; FASTFRAME
Total Estimated Costs ₈	\$31,250	\$151,263			

Notes to Initial Investment Tables Above:

1. The Initial Franchise Fee and Administrative Fee are detailed in Item 5. In exceptional cases, we may agree to finance the initial franchise fee or a portion thereof (see Item 10 for details). As described in Item 5, we may defer all or part of the Initial Franchise Fee if (a) you are an existing franchisee opening an Outlet outside of your existing territory, (b) you are a new franchisee converting an independent framing store to a FASTFRAME Outlet if your Gross Sales during the prior 12 months was greater than \$500,000, or (c) you are a FASTFRAME employee. If we agree to defer all or any portion of the Initial Franchise Fee, you will pay an Administrative Fee of \$5,000 when you sign your Franchise Agreement. There is no Initial Franchise Fee for Satellite locations. Renewing Franchisees pay a renewal fee equal to 25% of the then current initial franchise fee (i.e., presently \$8,750).
2. The Opening Fee covers our administrative costs, initial training manuals and materials, and store set-up and on-the-job training. As described in Item 5, your Opening Fee is \$5,000 if you are (a) an existing franchisee opening a Satellite or (b) an employee of Fastframe U.S.A., Inc., and \$5,500 if you are purchasing an existing FASTFRAME Outlet from an existing franchisee.
3. Item 5 also details the initial marketing expense. The marketing program will vary in length (usually 3 to 6 months) and content depending on the local marketing climate, time of year and other factors. As described in Item 5, your Initial Marketing Expense is (a) \$5,000 if (i) you are an existing franchisee opening an Outlet or Satellite, or (ii) you are an employee of Fastframe U.S.A., Inc., (b) \$7,500 if you are a new franchisee converting an independent framing store to a FASTFRAME Outlet, or (c) \$15,000 if you are a new franchisee opening a new Outlet. You do not pay this fee at renewal for any then-existing FASTFRAME Outlets and Satellites.
4. The store opening costs consist of the following:
 - (a) Leasehold Improvements - general construction; installation of equipment and fixtures; flooring; lighting, and signage. These costs will vary depending on such factors as the size and condition of the site; its location; local economic factors such as labor costs, building and safety permits, local building codes and requirements, local taxes, or any landlord contribution to leasehold improvements. The costs enumerated in Section 8.1 of the Franchise Agreement are “build-out” costs, which include all costs that you incur in constructing and fixturing a FASTFRAME Outlet site including materials, labor, professional services, permits, compliance with government regulations and signs. In isolated cases, a franchisee has exceeded the “high” estimate for leasehold improvements due to the need for extensive structural work to refurbish and rehabilitate the store location. The chart does not include these exceptions. The estimates do not include any tenant improvement allowance from the landlord.
 - (b) Machinery and Equipment - all equipment, machinery, and selected hand tools necessary to operate a FASTFRAME Outlet, including the computer hardware and point of sale software for one primary computer.
 - (c) Fixtures and Displays - all furniture, work benches, storage units, and merchandizing and display panels for both the retail show room and the rear frame shop production area. Some, but not all of these items, may be designed by and manufactured under contract to FASTFRAME and are for use exclusively in FASTFRAME Outlets.
 - (d) Shipping, Taxes, and Miscellaneous - State and local taxes relating to fixtures, equipment, and other miscellaneous taxable items; shipping costs relating to these same items. The figures for miscellaneous items assume that the costs of final layout plans for the location will not exceed \$1,000, the amount that we bear if you pay an Opening Fee. In rare instances, special engineering and architectural requirements have added additional costs

due to special circumstances with the location. If you did not pay an Opening Fee, you will bear the entire cost of layout plans, and if you paid an Opening Fee, you bear any costs in excess of \$1,000.

- (e) If you are converting an existing custom picture framing business to a FASTFRAME Outlet, you will need to remodel and equip your Outlet to comply with the current plans and specifications of a FASTFRAME Outlet. Fixtures and Displays estimates are for FASTFRAME standard fixtures, point of sale items and a selection of pre-framed artwork. Shipping, Taxes and Miscellaneous includes database conversion, plans, printing and escrow fees. The opening costs will vary greatly depending on the condition of the existing business and we cannot accurately estimate your costs. If you are purchasing pre-existing framing business from a third party in order to acquire a site for your FASTFRAME Outlet, you may also need to pay the Seller some amount for the goodwill associated with that pre-existing business.
 - (f) If you are renewing your franchise for an existing FASTFRAME Outlet, we currently estimate you will ordinarily incur costs to renovate or modernize in the range of \$0 to \$20,000.
5. Initial Inventory - You must purchase the required inventory items described in Section 8.4 of the Franchise Agreement. We prescribe the model, colors and sizes of required inventory items. You must maintain an adequate supply of inventory items to meet reasonably anticipated customer demand. We base our recommended quantity of opening inventory on our experience with our own operations of FASTFRAME Outlets and the location and size of your FASTFRAME Outlet.
- (Note: FASTFRAME's Store Opening Program Manual contains a complete list of machinery and equipment, fixtures and displays, and initial inventory, and is given to you after the Franchise Agreement is signed.)
6. Rent, etc. - Franchisees usually lease, rather than purchase, their FASTFRAME Outlet location. The location may be in a shopping center or strip center, or in an office or free-standing building. FASTFRAME Outlets are typically 1,200 to 2,000 square feet in size. Rents vary a great deal but typically range from \$2,000 to \$10,000 per month. FASTFRAME Satellites are usually 600 to 1,000 square feet in size with rents ranging from \$1,000 to \$5,000 per month. You must pay travel and lodging expenses for yourself and your employees or managers during the training program which is currently conducted in Canoga Park, California. These estimates do not provide for the payment of any rent before the opening of the Outlet for business, but do include one month's rent as a security deposit and estimated utility security deposits and insurance premiums.
7. Additional Funds - We estimate you will need at least the minimum amount of additional funds during the start-up and development stage of the FASTFRAME Outlet to cover possible expenses and operating costs in excess of your revenues. These estimates do not include a salary or draw for you, and you may need additional income to cover your living expenses during the start-up and development stage of your FASTFRAME Outlet. We do not believe that renewing or conversion franchisees (i.e. independent frame store operators converting to a FASTFRAME Outlet) will need to incur these additional funds. We relied on our experience in operating Fastframe Outlets and from working with franchisees in estimating these figures.
8. Total - We recommend you obtain funds or secure financing in accordance with the "high" projection. These estimates do not take into account any financing costs you may incur. You must have all necessary funds available on deposit in a bank, or to secure the funds by some other pre-approved arrangement before the opening of your FASTFRAME Outlet. The Total estimated costs for converting an existing custom framing store to a FASTFRAME Outlet do not include the purchase price of the

business paid to the existing owner, which can vary greatly from business to business and which we cannot reasonably estimate.

None of these expenses are refundable, except for the initial franchise fee, opening fee and administrative fee, which are partially refundable on the terms described in Item 5, and utility and lease deposits, which are usually fully or partially refundable.

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

Except as described below, you have no obligation to purchase or lease from FASTFRAME or from suppliers approved by FASTFRAME or in accordance with standards issued by FASTFRAME.

You must maintain at all times a sufficient amount of all inventory, materials and supplies needed to operate your FASTFRAME business (including moldings, matting materials, glass, backings and other ancillary framing materials and supplies), as we designate and that meet our Standards, as specified in the operations manuals. Although we are an approved supplier and we can supply you with most of your needs, we are not your sole approved supplier and nearly all of our franchisees purchase these items from our recommended third party vendors. But as long as a supplier and its products meet or exceed our then current Standards, you have no obligation to purchase or lease from FASTFRAME or from suppliers approved by FASTFRAME. We estimate that approximately 60% of your expenditures for leases and purchases in establishing your FASTFRAME Outlet and substantially all of your expenditures on an ongoing basis during the operation of your FASTFRAME Outlet will be for goods and services which are subject to sourcing restrictions (that is, which must meet our standards and specifications, or which must be purchased from suppliers which we designate or approve).

We do not presently review or approve vendors and we do not require that vendors be approved by us. We will issue specifications and standards to franchisees in our operations manuals. We may periodically issue new Standards by amendment to the operations manuals. We will issue specifications and standards to approved suppliers, upon request.—We determine the standards for each category of products based on our standards for quality, price, availability and appearance. Purchases from vendors on our list of approved suppliers are presumed to meet our Standards.

We negotiate volume purchase agreements with some vendors who offer products to franchisees at discounted prices or other favorable terms, and FASTFRAME intends to expand its efforts in this area as the number of franchises increases. Some of the approved vendors contribute to the cost of FASTFRAME's annual national convention and regional franchisee meetings, and use these events to deliver marketing and promotional materials to the franchisees who attend. We may derive revenue or other material consideration from required purchases or leased by franchisees. Our total revenues from all required purchases and leases of products and services to franchisees and from approved suppliers was \$0 during our fiscal year ending September 30, 2023 or less than 1% of FASTFRAME's total revenue of \$1,112,207. There are other approved suppliers for all of these items. We or our affiliates may collect rebates and allowances and credits from Suppliers based on purchases or sales by us, our affiliates and franchisees and have the right to retain such sums for our own purposes, to help defray the costs of regional and national franchise meetings, return such sums to be used by one or more franchisees, including for designated purposes, and use such sums for advertising the Fastframe brand, or one or more Marketing Services Fund expenditures in our discretion. During our fiscal year ending September 30, 2023, neither we nor our affiliates collected any such rebates, allowances or credits. Any such contribution of such rebates or credits to the Marketing Services Fund will not reduce your obligation to pay the Marketing Services Program Fee. As of the date of this disclosure document, there are no purchasing or distribution cooperatives.

If you are an existing franchisee under a Franchise Agreement, and open a Satellite location, you will perform your own framing services at your FASTFRAME Outlet.

We do not provide or withhold material benefits (for example, renewal or granting additional franchises) to a franchisee based on a franchisee's purchase of particular products or use of particular suppliers, however, purchasing unapproved supplies or services in breach of your Franchise Agreement would be grounds for termination of your franchise.

Franchisees must purchase computer hardware and point of sale computer software and periodic updates, as detailed in Item 11. As of the date of this Disclosure document, we recommend the Dell OptiPlex Small Form Factor PC and an HP Laser Jet Pro M140W or comparable laser printer, however, you may purchase any comparable computer and printer capable of running the LifeSaver software. The computer, printer and monitor may be purchased from any source. The LifeSaver software is only available through LifeSaver Software, Inc. PO Box 1212, Holly Springs, Georgia 30142, (800) 381-0600. You must purchase a "Server License" for each FASTFRAME Outlet, which "Server License" entitles you to use the software on a single computer. You may purchase one or more additional "Client Licenses," each of which entitle you to use the software at one additional computer or workstation at the same location.

FASTFRAME may establish formal advertising cooperatives in various Nielsen designated market areas. If your Outlet is in one of these areas and you choose to participate, you must sign the cooperative advertising campaign pledge form (Exhibit "F"). (See Item 11 for further details).

Franchisees may create their own ads for local use if the ads conform to our advertising standards, are in good taste, and receive our advanced approval. You may not use FASTFRAME's Marks to advertise, promote or sell any merchandise or services, nor may you sell any merchandise that bear FASTFRAME's Marks or any services that are identified with FASTFRAME's Marks through the Internet or other means of electronic communication without our prior written consent, which we may grant or withhold in our sole discretion. If we allow you to participate in any electronic commerce, you must comply with our procedures governing electronic communications, and at our option, must sign a participation agreement under which FASTFRAME and all participating franchisees will share program revenues and expenses. If you choose not to participate in any electronic program on the terms and conditions proposed, you will not bear any program expenses, and you will have no right to share in program revenues, even with respect to orders placed by customers who reside in your Territory.

FASTperks Participation Agreement. We may procure agreements with national, regional and locally recognized companies under which participating franchisees will provide a 15% discount on custom framing services to the company's employees or associates (the "FASTperks Program"). You must sign the FASTperks Agreement (Exhibit "M") when you sign your Franchise Agreement, and accept all FASTperks discount coupons presented at your FASTFRAME Outlet or Satellites. You may terminate the FASTperks Agreement at any time, which termination will become effective as of the end of the next calendar quarter. We may terminate the FASTperks Agreement on 30 days written notice to you. We may also amend the terms of the FASTperks Agreement on 60 days written notice to you, and you will have at least 30 days to terminate the FASTperks Agreement if you wish.

None of our officers is a supplier or directly owns an interest in a supplier of products or services (other than the franchisor itself).

You must maintain insurance of the types and minimum amounts (naming us as additional insureds) that we specify in your franchise agreement (See Section 8.7 of the Franchise Agreement), the operations manual, or in supplementary notices. You may obtain additional insurance as you desire. Insurance policies may not be subject to amendment or cancellation without at least 30 days prior written notice to us. You must provide us with certificates of insurance evidencing coverage on an ongoing basis.

All insurance policies must shall be written by a responsible carrier acceptable to us, and must include at a minimum the following:

(a) Comprehensive General Liability Insurance, including broad form contractual liability, broad form property damage including a custom artwork damage rider, personal injury, completed operations, and products liability, in the amount of \$2,000,000 combined single limit; and

(b) “All Risks” coverage for the full cost of replacement of the premises and all other property within or relating to the store or premises in which we may have an interest, with no co-insurance clause and with a replacement cost clause attached;

(c) Business interruption insurance for lost revenues and our lost Royalties and Marketing Service Fees, and Advertising Co op fee (if any), for at least 12 months after casualty; and

(d) Employer’s Liability, Worker’s Compensation, and other insurance required by applicable law.

ITEM 9.
FRANCHISEE’S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Section 8.1 of Franchise Agreement	Items 6 and 11
b. Pre-opening purchases/leases	Sections 8.1 and 8.4 of Franchise Agreement; Section 2 of Conversion Addendum; Section 5.3 of the LLC Operating Agreement	Item 8
c. Site development and other pre-opening requirements	Section 8.1 of Franchise Agreement; Section 2 of Conversion Addendum	Items 6, 7 and 11
d. Initial and ongoing training	Sections 4.7 and 8.5 of Franchise Agreement	Item 11
e. Opening	Section 8.1 of Franchise Agreement	Item 11
f. Fees	Section 5 of Franchise Agreement; Section 1(b) of Conversion Addendum; Section 8 of Satellite Addendum; Cooperative Advertising Campaign Pledge Form; Sections 2.6 and 5.3 of the LLC Operating Agreement	Items 5, 6 and 11
g. Compliance with standards and policies/ Operating Manual	Section 8.3 of Franchise Agreement	Item 11
h. Trademarks and proprietary information	Section 6 of Franchise Agreement	Items 13 and 14
i. Restrictions on products/services offered	Sections 8.3 and 8.4 of Franchise Agreement; FASTperks Participation Agreement	Item 16

Obligation	Section in Agreement	Disclosure Document Item
j. Warranty and customer service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Not Applicable	Item 12
l. Ongoing product/service purchases	Section 8.3 of Franchise Agreement;	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 4.3 and 8.1.5 of Franchise Agreement; Section 2 of Conversion Addendum	Item 11
n. Insurance	Section 8.7 of Franchise Agreement	Items 6 and 8
o. Advertising	Section 7 of Franchise Agreement	Items 6 and 11
p. Indemnification	Section 12.4 of Franchise Agreement; Sections 11.1-11.4 of the LLC Operating Agreement	Item 6
q. Owner's participation/management/staffing	Section 8.5 of Franchise Agreement; Section 5.1 of the LLC Operating Agreement	Items 11 and 15
r. Records/reports	Section 8.6 of Franchise Agreement; Section 9.1 of the LLC Operating Agreement	Item 6
s. Inspections/audits	Section 8.6.4 of Franchise Agreement	Items 6 and 11
t. Transfer	Sections 9.2 and 9.3 of Franchise Agreement; Article 7 of the LLC Operating Agreement	Item 17
u. Renewal	Section 3.2 of Franchise Agreement	Item 17
v. Post-termination obligations	Section 10.5 of Franchise Agreement	Item 17
w. Non-competition covenants	Sections 8.8 and 10.5.4 of Franchise Agreement; Section 4.8.2 of the LLC Operating Agreement	Item 17
x. Dispute resolution	Section 11.3 of Franchise Agreement	Item 17

ITEM 10.
FINANCING

We may make available for purchase by franchisees certain goods and services on terms requiring that you pay the purchase price within 30 days on open account financing, in which case the outstanding balance will bear interest starting 30 days after shipment at an annual rate of the 12% per annum or the highest rate allowed by law, whichever is less.

FASTFRAME generally does not offer direct or indirect financing to franchisees although we assist franchisees in applying for loans and obtaining loans from banks and other private sources. In addition, FASTFRAME franchisees are eligible for SBA loan processing through the SBA's Franchise Registry Program, www.franchiseregistry.com. We do not guarantee your note, lease or any other financial

obligation. If you obtain financing through the SBA, you must sign the SBA Addendum to Franchise Agreement, attached as Exhibit B-1.

In exceptional cases, we may offer to finance up to 100% of your initial franchise fee (or \$35,000) for a longer period, in which case you will sign a Secured Promissory Note (see Exhibit "I"). As of the date of this Disclosure document, we presently charge simple interest at an annual rate of 12% or the highest rate allowed by law, whichever is less, but we reserve the right to change the interest rate to reflect increases in prevailing interest rates. We do not charge finance charges in addition to interest. The term of financing may vary but will typically range from 12 months to 3 years, as we may determine on a case by case basis taking into account your individual needs and credit worthiness, among other factors. Annual percentage rates have not been computed in accordance with APR under Regulation Z of the Consumer Protection Act., 15 U.S.C. §§1601 et. seq. You may prepay all or any portion of your indebtedness without penalty.

If you fail to cure any default in the payment of any installment under the note within 5 days after written notice, we can at our option accelerate the entire amount of the debt, demand all overdue payments, repossess all of your equipment and other personal property, and terminate your franchise agreement and all other agreements you have with us. We can also recover our costs of collection, including court costs and attorney's fees (see Franchise Agreement Section 10.5.2). The entire remaining balance of principal and accrued interest under your Secured Promissory Note is due on any sale or other transfer of your business. The Secured Promissory Note provides that you waive presentment, demand, protest, notice of protest, notice of dishonor, any requirement that we proceed against any other person, demand of performance, notice of sale and advertisements of sale, any right of subrogation to us, and any right to the collateral until you satisfy all of your obligations.

To secure your obligations under your Franchise Agreement and any Secured Promissory Note, you grant us a security interest in all of your personal property located at your FASTFRAME Outlet used in operating your franchise, including inventory, fixtures, furniture, equipment, accounts, supplies and products. If you are a corporation, limited liability company or limited partnership, your shareholders, members and limited partners must guarantee all of your obligations to us.

Presently, it is not our practice or intent to sell, assign, or discount to a third party all or part of the financing arrangement nor do we receive any consideration for placing financing with third party lenders.

Although we generally do not finance your initial franchise fee, we may, in our discretion, defer part of your initial franchise fee, in which case, you will pay a \$5,000 deposit when you sign your Franchise Agreement and the balance within a short time after signing, usually within 7 to 21 days. In addition, as described in Item 5, if you are an existing franchisee, an employee of FASTFRAME, or converting an independent framing store to a FASTFRAME Outlet, we may defer all or part of your initial franchise fee.

Limited Liability Companies. FASTFRAME may occasionally invest in individual franchised Outlets by acquiring an interest in the limited liability company ("LLC") formed to acquire the franchise. In those instances, the LLC will be operated in accordance with a form of LLC Operating Agreement substantially similar to the form attached as Exhibit "K". See Item 17 for additional details.

FASTFRAME will contribute capital to the LLC in proportion to FASTFRAME's percentage interest in the LLC, along with the other investors. Its percentage interest in the LLCs will vary and be determined on a case by case basis by negotiation between the parties, but FASTFRAME plans always to be the majority owner (referred to in the LLC Operating Agreement as the "Investor Member" and "Managing Member") and the other investor would be the "Store Manager Member." Generally, the Managing Member will control the business and affairs of the Company, subject to the day-to-day responsibility that the Managing Member delegates to the Store Manager Member. The LLC Operating Agreement does not require members, including Fastframe, to make any additional capital contributions.

FASTFRAME's capital contribution will provide a portion of the capital required by the LLC to establish the franchised business, including initial franchise fees; site acquisition costs; construction or remodeling costs; equipment and fixtures; and the opening inventory and supplies required to operate the Outlet. Under the LLC Operating Agreement, capital contributions by FASTFRAME and the other investors will not bear interest.

No member will have a priority over any other member as to any distribution, or as to any allocation of net profits or net losses. LLC net profits and losses generally will be allocated to the members in accordance with their percentage interest in the LLC, except in certain cases, for example where members have negative capital accounts or have made capital contributions which exceed their capital accounts. These cases are covered by special rules under the LLC Operating Agreement. The tax effect and allocations of profits and losses involve complicated matters and we urge you to review and discuss the LLC Operating Agreement in detail with your accountant and other financial advisors.

The LLC Operating Agreement provides that the members do not owe a fiduciary duty to the LLC or the other members. The LLC agreement does not otherwise contain terms that require you to waive notice, confess judgment, or waive defenses or legal rights, or which bar you from asserting a defense against us or our assignee. We have not assigned, and do not presently intend to assign, any interest we may acquire in any LLC, although we may do so with your prior consent.

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

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

FRANCHISE AGREEMENT

We will do the following before you open your FASTFRAME Outlet (excluding any existing FASTFRAME Outlet or Satellite if you are a renewing franchisee). We may delegate some of the following obligations to any one or more of our Area Representatives in this State.

1. If your location is known when you sign your Franchise Agreement, we will assign your Territory then. Otherwise, we will designate a Provisional Territory in which you must look for a location, subject to our acceptance. We will not grant another franchise in your Provisional Territory for 90 days after you sign your Franchise Agreement. When we accept your location, we will also designate a specific geographic area which will be your "Territory" for the franchise (see Item 12 for additional information). Territories are typically defined by zip codes and typically include approximately 50,000 - 75,000 people, as we determine from information provided by Claritas, Inc. or other reliable sources. (Franchise Agreement Section 4.1.3). The factors we consider in approving sites include general location and neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings and lease terms.
2. We, or an approved FASTFRAME representative, will provide reasonable assistance to you in locating an acceptable site for your FASTFRAME Outlet, which may include researching and providing demographic information, one or more physical site inspections, and information concerning your lease negotiations. (Franchise Agreement Section 8.1.1) We do not generally own the premises where your Outlet will be located and we do not generally lease premises to our franchisees. We will evaluate all proposed sites you submit for acceptance by either physically inspecting the property or by reviewing information and photographs you submit of the location. However, it is your responsibility to accept a suitable site for your Outlet. We will use our best efforts to notify you if we accept the site within 10 days of receiving all requested information. You must sign an approved lease for an accepted location within 90 days after the effective date of your Franchise Agreement, unless we agree in writing to an extension of time. (Franchise Agreement Section 4.1.2) If you cannot find an acceptable site or fail to sign an approved lease for your FASTFRAME Outlet within 90 days of signing the Franchise

Agreement, then we may extend or terminate the Franchise Agreement, in our sole discretion. If we terminate your Franchise Agreement, we will refund to you all the fees you paid less our actual expenses in providing you with site selection, lease review and our other out of pocket expenses incurred in anticipation of your opening. (Franchise Agreement Section 5.1.5)

3. Review your lease to confirm that it contains all the terms and provisions which the Franchise Agreement obligates you to include (Franchise Agreement Section 4.2) This provision does not apply to conversion franchises (i.e. where the accepted location is a pre-existing independent framing store which you will convert to a FASTFRAME Outlet). (Conversion Addendum, Section 1(a)). The purpose of our review of your lease is to confirm that certain provisions that we insist upon to protect our interests have been included, and you may not construe our acceptance of the lease as an indication that the lease terms are favorable to you or comply with applicable law. We may, but are not obligated to, provide to you with some guidance and assistance in negotiating your lease, and/or introduce you to attorneys who have assisted other FASTFRAME franchisees in negotiating their leases. However, any assistance or guidance we may offer is only intended to give you the benefit of our experience and not to provide you with legal advice. Most importantly, any guidance we may provide is not exhaustive and we strongly encourage you to hire your own attorney to protect your interests.
4. For the first FASTFRAME Outlet under your Franchise Agreement, provide you with a set of customized interior floor plans designed for the specific dimensions and layout of your FASTFRAME Outlet; we will bear the costs for the plans up to \$1,000, you must pay all costs in excess of \$1,000. (Franchise Agreement Section 4.3.2) Certain State and local government ordinances may require you to have your initial floor plans approved by a local architect in order to insure compliance with local laws and building codes. We do not provide assistance with conforming the premises to local ordinances and building codes and obtaining any required permits, and/or constructing, remodeling, or decorating the premises, and/or hiring and training employees.
5. If this is your first FASTFRAME Outlet, send at least one FASTFRAME representative to your Outlet for up to 10 days before opening to supervise placement of equipment and furniture; to ensure an adequate supply of inventory and materials for the opening; to provide on-site training and orientation for your employees; and to assist you in the opening of your FASTFRAME Outlet. This provision does not apply if the Franchise Agreement is signed in connection with the renewal of an existing Franchise Agreement. (Franchise Agreement Section 4.3.3) We do not provide assistance with conforming the premises to local ordinances and building codes and obtaining any required permits, and/or constructing, remodeling, or decorating the premises, and/or hiring and training employees.
6. Design a customized advertising program following your input and suggestions; create and produce the ads, including any special grand opening offers or promotional programs; select and place the ads in local media; and coordinate press releases and other local publicity where possible. This provision does not apply if the Franchise Agreement is signed in connection with the renewal of an existing Franchise Agreement or the purchase of an existing franchise. (Franchise Agreement Section 7.4)
7. Provide the training program described below. (Franchise Agreement Section 4.7)
8. Loan you a complete set of FASTFRAME operations manuals containing the standards for FASTFRAME Outlet operations. (Franchise Agreement Section 4.4.2) Exhibit "O" is a copy of the table of contents of FASTFRAME's operations manuals (current as of our last fiscal year end) and indicates the number of pages devoted to each subject and the total number of pages in each operations manual. The total number of pages in the operations manual is 128.

120 days is the typical length of time between signing the Franchise Agreement and opening the Outlet for business. The actual length of time to open your FASTFRAME Outlet depends on your ability to find a location which we must accept, and sign a lease, get building permits and comply with local ordinances, and delays in construction schedules that may be affected by weather and availability of materials. This

provision does not apply to conversion franchises (i.e. where the accepted location is a pre-existing independent framing store which you will convert to a FASTFRAME Outlet). (Conversion Addendum, Section 1(a)). We have no obligation to assist any franchisee in establishing prices, such as setting minimum and/or maximum prices at which the franchisee must sell products and services.

During the operation of the franchised business, we will:

1. Provide you with periodic updates to FASTFRAME operations manuals and the standards for equipment, fixtures, inventory and all other components of the FASTFRAME system; (Franchise Agreement Section 4.4.2)
2. Maintain a list of designated and approved suppliers and update this information periodically. (Franchise Agreement Section 4.5.2)
3. Present periodic training programs and refresher courses for franchisees and their employees at no additional charge (though you bear all cost of attending). At the present time, these additional training programs are not mandatory; (Franchise Agreement Section 4.7.3)
4. Provide you with continuing assistance and guidance by electronic mail, facsimile or other means of communication from our headquarters staff, and through written memos and updates to the operations manuals, either by franchisee bulletins and in-house newsletters and magazines, regional and national franchisee meetings, webinars and consultations by phone or in person; (Franchise Agreement Section 4.8.1)

ADVERTISING

During the operation of your franchised business, we will develop and distribute advertising and promotional material designed to enhance the goodwill and public image of the FASTFRAME system and to attract customers to FASTFRAME Outlets. Currently, we produce all advertising and promotional materials in-house for dissemination in national, regional and local media, which may include social and other electronic or digital media, print media and direct mail. Franchisees may create their own ads for local use if the ads conform to our advertising standards, are in good taste, and receive our advanced approval. Unless we otherwise approve, local advertisements may be placed or appear only in media which are targeted to reach consumers within your Territory. If we approve a request for an advertisement that targets consumers outside of your Territory, we may require that the advertisement list all locations located within the circulation of such media and to identify in which one's the offer is valid, and state that the offer may not be valid at other non-participating FASTFRAME locations. There is presently no advertising council composed of franchisees that advises us on advertising policies, but we reserve the right to establish such a council in the future.

Designated Marketing Areas

FASTFRAME may at various times establish formal advertising cooperatives in certain Nielsen designated market areas ("DMAs"), and if your Outlet is in one of these areas, you may participate in the campaign (the "Campaign") and sign the cooperative advertising campaign pledge form (Exhibit "F"). FASTFRAME will direct the Campaign and decide all matters relating to the Campaign. If you choose to participate in the Campaign, you must pay FASTFRAME, in addition to payments under your Franchise Agreement, a flat fee (currently ranging from \$200 to \$350 depending on which DMA your Outlet is in) on the 15th day of each month during the period of the Campaign (the "Flat Fee Contribution"), or (b) 2% of your Outlet's weekly Gross Receipts up to the amount that would have been paid under the Flat Fee contribution (on each Wednesday through the end of the Campaign) (a "Percentage Contribution"), at your election. If you have more than one Outlet or Satellite in the DMA, you may decide store by store whether to make a Percentage Contribution or a Flat Fee Contribution, but you may not alter your choice once made. Not every existing franchisee in the DMA will necessarily participate in the Campaign. If FASTFRAME has Outlets in the area, it will likewise participate, but your contribution to the campaign will not be increased by the vote of FASTFRAME or other participating franchisees.

FASTFRAME will spend Campaign contributions only to conduct the Campaign and for related costs and expenses. We will not receive any reimbursement of our indirect expenses in administering the Campaign, though we may apply some Marketing Services Program contributions toward Campaign expenses. We do not intend to prepare separate financial statements for the Campaign but if excess funds remain at the end of the Campaign, we will either apply your share of the excess toward your obligations under any other advertising campaign that you are participating in at that time, or refund the excess to the participating franchisees on an equitable basis. If requested, we will provide you with an annual unaudited accounting of the expenditures for the Campaign within 90 days of each fiscal year end. We may terminate the Campaign for good cause, including, for example, if any default by participating franchisee(s) makes it likely that there will not be sufficient funds to meet the costs of the Campaign, or if we and a majority of participating franchisees vote to terminate the Campaign, with each Outlet having one vote. Upon termination, you will not have to contribute further to the Campaign after enough funds have been collected to defray all accrued costs and expenses.

If you transfer your franchise during the Campaign, your assignee must assume your obligations. (Cooperative Advertising Campaign Pledge Form Section 5)

FASTperks

We may procure agreements with national, regional and locally recognized companies under which participating franchisees will provide a 15% discount on custom framing services to the company's employees or associates (the "FASTperks Program"). You must sign the FASTperks Agreement when you sign your Franchise Agreement, and accept all FASTperks discount coupons presented at your FASTFRAME Outlet or Satellites. You may terminate the FASTperks Agreement at any time, which termination will become effective as of the end of the next calendar quarter. We may terminate the FASTperks Agreement on 30 days written notice to you. We may also amend the terms of the FASTperks Agreement on 60 days written notice to you, and you will have at least 30 days to terminate the FASTperks Agreement if you wish.

Marketing Services Program

Franchisees and company-owned Outlets generally contribute 2% of their gross receipts to a FASTFRAME Marketing Services Program, although not all franchisees are required to contribute, or contribute the same percentage of gross receipts, to the Marketing Services Program. We administer the Marketing Services Program and use money in the program to produce advertising materials, such as printed ads, internet and social media marketing and advertising, direct mail materials and promotional materials, which we supply only to franchisees in good standing, and our internet website. FASTFRAME has wide discretion to use the program to maximize general public recognition of the FASTFRAME system, and we need not ensure that any particular franchisee benefits directly or pro rata from the marketing services fund, advertising or activities. We will prepare an unaudited annual report of Marketing Services Program expenditures, and franchisees can obtain a copy of the previous year's report by sending a self-addressed, stamped envelope to us. In the most recent fiscal year, we disbursed Marketing Services Program money as follows: 12.7% for administrative expenses; and 87.3% for production, media and database. The Marketing Services Program reimburses us for our costs of materials, expenses and a pro rata portion of our employee salaries for time spent on Marketing Services Program activities. We may spend in any fiscal year an amount greater or less than the amount contributed to the Marketing Services Program in that year, and may cause the Marketing Services Program to borrow funds to cover deficits or invest surplus funds. If we advance money to the Marketing Services Fund, we may be reimbursed for those advances with reasonable interest. We do not use any marketing services funds for advertising to solicit new franchisees, except that we are permitted to use Marketing Services Fund revenue to defray the cost of developing, maintaining and modifying our website, and such website will include franchise marketing functions and information. (Franchise Agreement Section 7.1.2) Except as described above, Franchisees are not obligated to participate in any other advertising fund.

You must only use, display, transmit, and broadcast advertising, promotion and marketing materials provided or approved by us and only use and display all material in accordance with the Standards. You must obtain our prior written approval to use and/or display any advertising, promotion or marketing materials regarding your FASTFRAME Outlet or the System, including, all print and electronic advertising, networking or social media postings or listings (including on sites such as Facebook, Twitter, Linked-In, Yelp, Instagram, Whatsapp, Wechat, YouTube, Pinterest, and Google Ads), website postings or listings, newspaper and magazine advertisements, direct mailers and mail coupons, not provided by us.

COMPUTER SYSTEMS

Franchisees must purchase computer hardware and LifeSaver computer software and periodic updates. As of the date of this disclosure document, we recommend that you use the Dell OptiPlex Small Form Factor PC and an HP Laser Jet M140W or comparable laser printer, however you may purchase any computer and printer capable of running the LifeSaver software. The computer, printer and monitor may be purchased from any source. Our recommended computer, printer and monitor currently cost approximately \$1,120.

The LifeSaver software that you must purchase is only available through LifeSaver Software, Inc. PO Box 1212, Holly Springs, Georgia 30142, (800) 381-0600. The LifeSaver software develops customer databases and maintains customer information and produces reports that help franchisees operate their Outlets and generate gross receipts and sales reports submitted to FASTFRAME. It also tracks inventory and maintains sales information. We and our franchisees have used the LifeSaver software since 2004. The LifeSaver databases, including the Customer, Order and Pricing databases, and records are the proprietary property of FASTFRAME and must be returned to FASTFRAME upon termination of your Franchise Agreement for any reason. You may not transfer to a new system, or copy, duplicate or print any of the databases or records from the LifeSaver software except as may be required by law. We may access and copy your books and records, including LifeSaver computer records and backup tapes or disks, during normal business hours or by appointment. Presently, we have neither the ability to independently access the information generated and stored in the systems nor the ability to independently access the software electronically or indirectly but reserve the right to do so in the future. (Franchise Agreement Section 4.6). In addition, at our request, you must transfer and/or upload POS and transaction data to us or to a website or cloud computing data storage service we designate. We have no contractual obligation to provide ongoing maintenance, repairs, upgrades or updates.

You must purchase a required "Server License" for each FASTFRAME Outlet, which "Server License" entitles you to use the software on a single computer. A "Server License" currently costs \$995, payable to the vendor and a separate license must be purchased from the vendor for each computer the software will be installed on for use. This fee covers the cost of the software license to enable you to use our brand specific software on your Outlet's computer system. You must also pay LifeSaver an annual software maintenance fee for required maintenance, currently \$600 per Outlet per year. You must sign a License Agreement with LifeSaver Software, Inc. If you assign the Franchise Agreement, the License Agreement must be assigned to the new franchisee. LifeSaver currently charges \$150 to assign a License Agreement. Except as described above, there are no annual costs related to optional or required maintenance, updating, upgrading or support contracts.

An internet connection is required at the store to be able to operate the LifeSaver software. We may also establish an intranet site or network used to telecommunicate sales and operations information to us and to facilitate communications among FASTFRAME and its franchisees. If we establish an intranet site or network, you may have to sign a user policy or similar agreement and join a third-party network. FASTFRAME will derive no direct or indirect revenue from your membership in such third-party networks.

There are no contractual limitations on the frequency or cost of required upgrades to the computer systems described above.

TRAINING PROGRAM

FRANCHISE AGREEMENT TRAINING PROGRAM

If this is your first FASTFRAME Outlet, we will provide an initial training program for you and your staff before opening your FASTFRAME Outlet, as described below. The new franchisee training is mandatory, and all new franchisees must attend and complete the training to our satisfaction. You should plan to attend and complete the training program about one month before opening your FASTFRAME Outlet. FASTFRAME does not charge an additional fee for this training, but franchisees must pay the travel and living expenses for themselves and their employees while attending classes. Currently, the new franchisee training program lasts two weeks and takes place at FASTFRAME’s production headquarters at 3583 Old Conejo Road, Newbury Park, CA 91320. We offer training programs periodically as needed to meet the demands of new franchisees. (Franchise Agreement Section 4.7.) The training program is not provided if you are signing a Franchise Agreement in connection with the renewal of an existing Franchise Agreement. (Franchise Agreement Section 4.7.1.)

The training materials include our Operations Manual, Training Manual, marketing manual, financial and business handbook, the LifeSaver software manual, DVDs, and paper and online or web-based quizzes.

Michael Rogers supervises the new franchisee training program. Mr. Rogers joined FASTFRAME in 1990 and has been in the framing industry since 1981. He is currently the Sr. Vice President, COO and CFO for Fastframe. He has worked in a variety of positions, including field support, store management, and day-to-day operations. The training has two parts: a sales and business management course designed for the franchise owner and store manager, and a technical framing course which includes basic instruction and “hands on” experience in close framing, multiple matting, mounting techniques, needlework, and conservation framing. Michael Rogers reviews operations and store opening procedures, and trains franchisees in general business practices; and reviews marketing procedures. Following is a current class schedule. We make periodic optional refresher courses available to franchisees and their employees. (Franchise Agreement Section 4.7.3)

FASTFRAME USA, INC.			
Training Program for Franchisees			
Subject	Hours of Classroom Training	Hours Of On-the-Job Training*	Location
Framing Industry Overview/Products	8	0	Our company headquarters.
Sales/Customer Service	16	12**	Our company headquarters.
Marketing/Advertising	2	0	Our company headquarters
Pricing/Computer Software	10	8	Our company headquarters.
Store Opening/Operations/Shipping and Packaging	8	20**	Our company headquarters.
Framing	32	8**	Our company headquarters.
Business Management	4	0	Our company headquarters.
Total Hours	80	48	

* Fastframe also utilizes field support personnel for on the job training.

** Not applicable if you are: (a) an existing franchisee, (b) buying an existing FASTFRAME Outlet from an existing franchisee, or (c) converting an existing framing store to a FASTFRAME Outlet.

ITEM 12. **TERRITORY**

You will operate Outlets from accepted locations within a geographic area defined in the Territory Addendum to the Franchise Agreement. If you have not found a location when you sign your Franchise Agreement, we will designate a Provisional Territory in which you must look for a location. We will not grant another franchise in your Provisional Territory for 90 days after you sign your Franchise Agreement. Once we accept your location and you sign your lease, we will designate your Territory, which, depending on the demographics, normally will encompass approximately 50,000 - 75,000 people (as determined from information provided by Claritas or other reliable sources), and designate boundaries either by zip codes, by a map or by naming streets or natural boundaries, all as constituted on the date of the Franchise Agreement. If the boundary of the Territory is a street (including where the Territory is defined as a zip code, and the boundary of the zip code is defined as a named street), the center of the named street is the boundary. The Provisional Territory will have no further force or effect 90 days after you sign your Franchise Agreement (or when we assign your Territory, if sooner). The continuation of your Territory does not depend on achieving a sales quota or target market penetration, and the size of the Territory will not change even if the population in the area increases.

If you are not in default of the Franchise Agreement, we will not operate or grant a franchise for another FASTFRAME Outlet in your Territory. We reserve the exclusive, unrestricted right, under names other than "FASTFRAME," to manufacture, produce, distribute and license, directly and indirectly, at any location and through any channel of distribution at retail, wholesale or otherwise, any materials, supplies or other goods related to the framing business. We may distribute any products or services relating to the framing business under the FASTFRAME Marks within your Territory through e-commerce (using our existing Internet website, another facility on the Internet or other means of electronic communication using fiber optics, wire, cellular, or other methods of transmission). We may but are not obligated to offer you an opportunity to participate in any electronic commerce, provided you comply with all policies and procedures we may establish governing electronic communications, and at our option, sign a participation agreement under which FASTFRAME and all participating franchisees will share program revenues and expenses. If you choose not to participate in any electronic program on the terms and conditions proposed, you will not bear any program expenses, and you will have no right to share in program revenues, even with respect to orders placed by customers who reside in your Territory.

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

You can move to another accepted site within the Territory with our permission, and on condition that you must pay the actual costs of customized floor plans or pre-opening services for the new location if you want us to provide them.

During the term of the Franchise Agreement, you may open one additional Outlet or Satellite location in your Territory if: 1) you are in good standing under your Franchise Agreement; 2) we consent to the opening of the new Outlet and accept the proposed location and lease; 3) you pay the then-current fees for the Outlet and sign whatever new agreement or addendum we require; and 4) you add the new location address to your Territory Addendum.

In our sole discretion, if you request to open a Satellite Outlet near, but outside of your existing Territory, we may agree to amend your Franchise Agreement to expand your Territory to include the proposed location (the "Expanded Territory"). The Expanded Territory will be effective only as long as the FASTFRAME Satellite which must be opened at the proposed location remains operational by you. If the Satellite location becomes non-operational by you for any reason, your Expanded Territory will at our

election be terminated and your Territory will revert to your original Territory, without further notice or action by FASTFRAME or you.

If your primary Outlet becomes non-operational, we may in our discretion allow you to continue to operate your Satellite location(s) and, in such cases, your Franchise Agreement will remain in effect and continue to govern the operation of your Satellite(s).

If you assign one or more of your Satellite locations without assigning your Franchise Agreement to the same assignee, we will reduce your Territory to exclude the portion of the Territory to be assigned to the buyer of the Satellite location(s). To transfer a Satellite separate from your Outlet, you must first convert it to a full service Outlet by among other conditions we may impose, purchasing all required equipment and Inventory and if you paid an Administrative Fee when you signed the Satellite Addendum or Franchise Agreement instead of an Initial Franchise Fee, paying a transfer fee equal to the greater of (i) the then-current Initial Franchise Fee minus the Administrative Fee you previously paid for the FASTFRAME Outlet, if any, or (ii) the transfer fee described in Item 6. In addition, you must pay the broker fee, if any, payable to any broker involved in the sale, including any broker engaged by FASTFRAME.

Although we do not impose restrictions on who your customers are, FASTFRAME Outlets are designed to provide framing services to local businesses and individuals who walk-in, call the Outlet or find the outlet through Internet listings, and FASTFRAME encourages franchisees to concentrate their marketing efforts in their local markets. We may not approve franchisee advertising aimed primarily at customers outside the Territory. If approved, ads must list all FASTFRAME Outlets in the area covered by the selected media and include a notice that any special offers may not be valid at other FASTFRAME locations.

Neither we nor our affiliates have established nor as of the date of this disclosure document intend to establish, other franchises or company-owned outlets providing similar products or services under a different trademark.

ITEM 13.
TRADEMARKS

We grant you the right to operate an Outlet under the name “FASTFRAME”, “FASTFRAME EXPERT PICTURE FRAMING”, and FASTFRAME, FRAMING, PRINTING, DESIGN, ARTWORK”. In our discretion, may allow certain conversion franchisees (i.e. independent frame store operators converting to a FASTFRAME Outlet) to use some form of the original name of the converted Store along with another FASTFRAME Mark which we specify; in that case you (or the third party owner of the converted Store) must assign all rights in the original name to us, and you must implement the combined use of the original name and the FASTFRAME Marks only for so long as we authorize, in the manner we direct. You may also use our other trademarks, service marks, symbols and slogans and any other marks we might develop in the future. The word “trademark” or “mark” means trade names, trademarks, service marks and logos used to identify a FASTFRAME Outlet. FASTFRAME owns the following marks which are registered on the principal register of the U.S. Patent and Trademark Office (“USPTO”):

REGISTRATION NUMBER	DESCRIPTION OF MARK	PRINCIPAL/OR SUPPLEMENTAL REGISTER	REGISTRATION DATE
1,667,582	FASTFRAME in Stylized Form	Principal	December 10, 1991 Renewed: March 26, 2022

REGISTRATION NUMBER	DESCRIPTION OF MARK	PRINCIPAL/OR SUPPLEMENTAL REGISTER	REGISTRATION DATE
1,759,781	FASTFRAME	Principal	March 23, 1993 Renewed: March 25, 2023

FASTFRAME has filed all required affidavits for the above trademarks.

You must follow our rules when you use these marks. You may not use one of our names or marks as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. In addition, you may not use the names or marks in connection with the sale of unauthorized products or services or in a manner not authorized in writing by us or permitted by the Franchise Agreement, and you may not permit another person or company to use the trademarks. Except as described below, you must use the trademarks as the sole identification of your FASTFRAME Outlet or Satellite. If you are converting a preexisting framing store to a FASTFRAME Outlet, we may, in our sole discretion and subject to such conditions and limitations as we specify, allow you to continue to use the previous name under which the Accepted Location was operated together with the trademarks, however, you must assign all right and title in and to the previous name of the framing store to us.

There are currently no effective determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court; or any pending infringement, opposition, or cancellation proceeding, or any pending material federal or state litigation involving FASTFRAME's trademarks.

No agreements limit our rights to use or license FASTFRAME trademarks other than in Japan, England and Scotland, and we are not aware of any superior prior rights or infringing uses that could materially affect your use of the FASTFRAME trademarks in the state where your franchise would be located.

You must notify us immediately when you suspect or know of any infringing or unauthorized use of FASTFRAME trademarks, or claims of rights to the FASTFRAME trademarks. We will take whatever appropriate action we deem necessary when notified of these uses or claims, however, we are not required under the franchise agreement to take affirmative action. We have the right to control any administrative proceedings or litigation involving the FASTFRAME trademarks. You may not settle or compromise any claim involving FASTFRAME trademarks. We will reimburse you for all actual damages you incur in connection with your authorized use of the trademark, provided you used the mark properly, notified us promptly of the claim, and cooperated fully with us in handling the dispute.

We may modify or discontinue using one or more of the marks or use new or substitute marks. If we notify you of such a change, you must comply with our instructions in a reasonable time. We need not reimburse you for any of your costs in making the change.

ITEM 14.
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

FASTFRAME has not registered any patents or copyrights that are material to the franchises. There are no pending patent applications that are material to the franchise.

FASTFRAME does, however, consider the FASTFRAME LifeSaver Customer, Order and Pricing databases and records and all the information contained in its operations manuals, training manuals, magazines, posters, pamphlets, brochures and other audio, video and printed materials to be proprietary, and FASTFRAME claims common law copyrights in the materials. We will loan you a copy of the operations manuals and training manuals, and you will have access to all these proprietary materials during the term of your franchise. You may not copy, disclose or distribute this material except as we authorize

and you must return everything to us upon the expiration or termination of the Franchise Agreement. You must notify us immediately when you suspect or know of any infringing or unauthorized use of FASTFRAME's registered or unregistered copyrighted material, and we will take whatever appropriate action we deem necessary. You may not settle or compromise any claim involving FASTFRAME's copyrighted material.

FASTFRAME also possesses certain confidential information referred to as Trade Secrets including: 1) methods for assembling and pricing custom-ordered frames; 2) knowledge of framing materials, suppliers and pricing of inventory items used in FASTFRAME Outlets and other framing items; 3) information about the inventory, sales, staffing and profitability of FASTFRAME Outlets; 4) techniques and materials for training FASTFRAME Outlet employees and managers; 5) results of customer surveys and promotional programs; 6) FASTFRAME proprietary LifeSaver software and 7) other information about the operation of a framing store not known to the general public. You must maintain the absolute confidentiality of the Trade Secrets during and after the term of the Franchise Agreement. You do not acquire any interest in the Trade Secrets other than the right to use them in the operation of your FASTFRAME Outlet. We may require you and your partners, shareholders and members, if you are a partnership, corporation or limited liability company, to sign a Confidentiality and Non-Disclosure Agreement (Exhibit "G").

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

Although we recommend that you personally supervise the day-to-day operations of your franchised business, we do not require that you do so. If you do not personally supervise your business, you must appoint a store manager and you must notify us. The manager must successfully complete FASTFRAME's training program. You must also notify us of any replacement or additional store manager, and he or she must also complete the appropriate training courses. We may require your store managers to sign a Confidentiality and Non-Disclosure Agreement like the one attached to this disclosure document as Exhibit "G". There is no requirement that your manager have an equity interest in your franchised business.

If you are a corporation, limited liability company or limited partnership, your shareholders, members and limited partners must sign the form of Personal Guarantee and Subordination Agreement (Exhibit "H"). By signing the Guarantee, the shareholders, members or limited partners unconditionally and irrevocably guarantee your full performance of all of your obligations under all agreements between you and FASTFRAME. Your spouse will also be required to guarantee your performance.

ITEM 16.
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all and only those goods and services that FASTFRAME has approved and specified (see Item 8). We may modify, add to or discontinue the goods and services offered by FASTFRAME Outlets. There are no limits on our right to do so, although we agree to be reasonable in implementing any such change. Subject to restrictions or limitations under and to the maximum extent permitted by applicable law, you must comply with the minimum and/or maximum retail prices at which you may offer, sell or advertise inventory items and/or services and other pricing and pricing-related policies which we may establish. Although we do not impose restrictions on who your customers are, FASTFRAME Outlets are designed to provide framing services to local businesses and individuals who walk-in, call the Outlet or find the outlet through Internet listings, and FASTFRAME encourages franchisees to concentrate their marketing efforts in their local markets.

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.

FRANCHISE AGREEMENT

Provision	Section in Franchise Agreement	Summary
a. Term of the franchise	Section 3.1; Section 6 of Satellite Addendum	Franchise Agreement: 10 years from either (a) the date you sign your Franchise Agreement, or (b) the date your Outlet opens to the public, in our discretion Satellite Addendum: Concurrent with the term of your Franchise Agreement. When you sign a Satellite Addendum: (a) the term of your Franchise Agreement will be extended by an additional 10 years (under our current form of Franchise Agreement), or (b) if your Franchise Agreement does not require a 10 year extension, we will offer you the option of extending your Franchise Agreement for a period of 10 years from the date of your Satellite Agreement.
b. Renewal or extension of the term	Section 3.2; Section 8 of Satellite Addendum	Franchise Agreement: Two 10-year renewal terms; if eligible, you must sign new agreement, pay fee, and sign release (Exhibit "J"). Satellite Addendum: You may renew your Satellite Addendum at the same time and for the same term as your Franchise Agreement. Renewing Franchisees: One more 10 year renewal term after the current renewal term.

Provision	Section in Franchise Agreement	Summary
c. Requirements for franchisee to renew or extend	Section 3.2 Section 8 of Satellite Addendum	<p>Franchise Agreement: To be eligible to renew:</p> <ul style="list-style-type: none"> a) outlet must meet current standards or renovation substantially complete; b) be in good standing; c) have trained staff; and d) have right to occupy accepted location for renewal period. <p>Satellite Addendum: You must be in good standing under your Franchise Agreement and must renew your Franchise Agreement at the same time.</p> <p>Although we use the term “renewal” to refer to extending our franchise relationship at the end of your initial term (and any other renewal or extension of the initial term), you must at our option sign a new Franchise Agreement which may include materially different terms and conditions than your original contract.</p>
d. Termination by franchisee	Not Applicable	Not Applicable
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Sections 10.1 and 10.2	The franchise can only be terminated if you default under this agreement or any other Franchise Agreement with FASTFRAME.
g. “Cause” defined - curable defaults	Section 10.2	You have 24 hours to cure misuse of FASTFRAME’s Marks. You have 5 days to cure non-payment of any fees or other charges, or failure to submit reports. You have 10 days to cure noncompliance with law. You have 30 days to cure any other default not listed in Section 10.1.
h. “Cause” defined – non-curable defaults	Section 10.1	Non-curable defaults: bankruptcy, abandonment, loss or damage to premises, criminal offense, misrepresentation in obtaining the franchise, illegal use of premises, unapproved transfer, disclosure of trade secrets, failure to appoint successor transferee, submitting false reports, repeated defaults, even if cured, failure to comply with advertising restrictions.
i. Franchisee’s obligations on termination/non-renewal	Section 10.5	Pay amounts due, cease all use of trademarks and proprietary information, de-identify, return materials, including customer lists.
j. Assignment of contract by franchisor	Section 9.3.1	No restriction on FASTFRAME’s right to assign.
k. “Transfer” by franchisee - defined	Section 9.3.2	Includes any transfer or assignment of assets or rights under the agreement or any ownership change.

Provision	Section in Franchise Agreement	Summary
l. Franchisor's approval of transfer by franchisee	Section 9.3.2	FASTFRAME's has the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor's approval of transfer	Section 9.3.5 Section 10 of Satellite Addendum Section 2 of Deferred Fee Addendum	<p>Franchise Agreement: No current default, new franchisee qualifies and signs new Franchise Agreement, at our election, assumes your software license agreement (or sign new license agreement) with LifeSaver Software, Inc. for the Outlet, transfer fee paid, purchase agreement approved, release of FASTFRAME signed by you and, at our request, you must sign a continuing guarantee of the assignee's continued performance.</p> <p>You may not assign any Outlet or any material part of the assets of any Outlet except as part of a simultaneous assignment of all of the FASTFRAME Outlet(s) operating in accordance with the Franchise Agreement to the same assignee. However, we may in our sole discretion allow you to assign a Satellite location alone, if you (a) have furnished and equipped the Satellite so that it meets all of our then current standards for new full service FASTFRAME Outlets, (b) enter into a written agreement acceptable to us canceling your Satellite Addendum, (c) amend your Franchise Agreement to reduce your Territory to exclude the portion that you propose to assign to the buyer of the Satellite (the "Transferred Territory"), (d) enter into a new Franchise Agreement for the Satellite and Transferred Territory on our then current form, (e) pay the then current initial franchise for a full service Outlet minus the \$5,000 Satellite Administrative Fee paid by you when you signed the Satellite Addendum; and (f) pay an Opening Fee of \$5,500 and a Marketing Expense of \$5,000.</p>
n. Franchisor's right of first refusal to acquire franchisee's business	Section 9.4	FASTFRAME can match any offer.
o. Franchisor's option to purchase franchisee's business	Section 10.6	At the termination or expiration of your franchise, FASTFRAME has the option to purchase your inventory and equipment.
p. Death or disability of franchisee	Section 9.5	Your executor must find approved successor within one year.
q. Non-competition covenants during the term of the franchise	Section 8.8	Ban on any type of competing business anywhere. You may not induce, contract or solicit to employ in any manner whatsoever any executive, managerial or operational employee of FASTFRAME.

Provision	Section in Franchise Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section 10.5.4	No competition by you or anyone associated with the business for 2 years within 5 miles of Territory or another Outlet.
s. Modification of the agreement	Section 12.5	All modifications / changes must be in writing and signed by all parties. But, the Operations Manuals are subject to change.
t. Integration/merger clause	Section 12.5.5	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in the franchise agreement or any related agreement is intended to disclaim the provisions of the Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 11.3	Except for certain claims, including claims under antitrust law, trademark law, disputes concerning changes in Fastframe's System, goods or services or related to its right to succeed under your lease after termination or nonrenewal, and except, at our option, disputes concerning termination or monies owed, all disputes must be arbitrated in Los Angeles, California.
v. Choice of forum	Section 11.3	Subject to state law, arbitration or litigation must be in Los Angeles, California.
w. Choice of law	Section 11.3	Subject to state law, California law applies.

LLC OPERATING AGREEMENT

This section only applies if you are entering into an LLC Operating Agreement with FASTFRAME.

Provision	Section in LLC Operating Agreement	Summary
a. Term of the franchise	Sections 2.2, 10.1 and Certificate of Formation	Concurrent with Franchise Agreement.
b. Renewal or extension of the term	Not Applicable	
c. Requirements for franchisee to renew or extend	Not Applicable	
d. Termination by franchisee	Section 10.1(c)	The LLC Operating Agreement can be terminated by a vote of those members owning a majority of the voting interests
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	Section 10.1(b)	The LLC Operating Agreement can be terminated upon termination of the Franchise Agreement.
g. "Cause" defined - curable defaults	Not Applicable	

Provision	Section in LLC Operating Agreement	Summary
h. "Cause" defined – non-curable defaults	Section 10.1	Non-curable defaults: expiration of the term of the LLC as specified in the Certificate of Formation or any other event of dissolution specified in the Certificate of Formation; bankruptcy; the expiration or termination of the Franchise Agreement; the death, insanity, permanent disability, withdrawal, bankruptcy, expulsion or dissolution of a Member unless all remaining Members consent to continue the business; the sale of all or substantially all of the assets of the LLC.
i. Franchisee's obligations on termination/non-renewal	Article X	File a Certificate of Dissolution with the Delaware Secretary of State; pay all debts and liabilities of the LLC, including debts and liabilities to Members who are creditors of the LLC; distribute remaining assets to the Members.
j. Assignment of contract by franchisor	Section 7.3	There is no restriction on FASTFRAME's right to assign.
k. "Transfer" by franchisee - defined	Article I, Section 7.1	Includes any transfer or assignment of all or part of your membership interest.
l. Franchisor's approval of transfer by franchisee	Section 7.2	Under the LLC Operating Agreement, Store Manager Member Units may not be transferred before the 5 th Anniversary Date of the LLC Operating Agreement. After the 5 th Anniversary Date, any transfer of a Store Member's Units requires the consent of the Managing Member (who may or may not be FASTFRAME). FASTFRAME has the right to approve all transfers under Section 9.3 of the Franchise Agreement.
m. Conditions for franchisor's approval of transfer	Section 7.2	Under the LLC Operating Agreement, the Managing Member (who may or may not be FASTFRAME) can disapprove in its sole discretion. The Managing Member may require that the transferee agree to be bound by the terms of the Agreement, that the transferor or transferee deliver an opinion of counsel to the effect that the transfer may be made without violating federal or state securities laws, and that the transferor and transferee agree to reimburse the LLC for all costs and expenses related to such transfer. See also Section 9.3 of the Franchise Agreement.
n. Franchisor's right of first refusal to acquire franchisee's business	Not Applicable	No right of first refusal under the LLC Operating Agreement. However, FASTFRAME can match any offer under Section 9.4 of the Franchise Agreement.

Provision	Section in LLC Operating Agreement	Summary
o. Franchisor's option to purchase franchisee's business	Sections 7.4.3	The LLC may purchase all of the Store Manager Member Units: if the Employment Agreement with the Store Manager is terminated; if the Store Manager has disclosed any confidential information of the LLC or FASTFRAME, or violated the non-competition covenants in the Franchise Agreement. In addition, on the 5 th Anniversary Date of the LLC Operating Agreement, if the Store Manager has not achieved the highest possible number of Store Manager Vested Units, then FASTFRAME must purchase your Restricted Units.
p. Death or disability of franchisee	Sections 8.1	The LLC is dissolved on the death or permanent disability of any Member, unless all remaining Members consent in writing to continue the business and agreement is reached with the Member (or the heirs or legal representatives of the Member) to purchase the Member's Units within 90 days.
q. Non-competition covenants during the term of the franchise	Section 4.8.2	No restrictions except as provided in the Franchise Agreement.
r. Non-competition covenants after the franchise is terminated or expires	Section 4.8.2	No restrictions except as provided in the Franchise Agreement.
s. Modification of the agreement	Section 12.1	All amendments must be in writing.
t. Integration/merger clause	Section 12.8	All agreements between the parties are in the LLC Operating Agreement and its exhibits and the Certificate of Formation. Nothing in the Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.
u. Dispute resolution by arbitration or mediation	Section 12.3	All disputes must be arbitrated in Los Angeles, California.
v. Choice of forum	Sections 12.3.1 and 12.7	Subject to state law, Arbitration or litigation must be in Los Angeles, California.
w. Choice of law	Section 12.3.2	Subject to state law, Delaware law applies.

ITEM 18.
PUBLIC FIGURES

FASTFRAME does not use any public figure to promote its franchise.

ITEM 19.
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance

information that differs from that included in Item 19 may be given, only if: (1) a franchisor provide 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.

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with 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 our President, A. John Fletcher at 433 West Allen Avenue, #114 San Dimas, California 91773 or (800) 631-4964; the Federal Trade Commission; and the appropriate state regulatory agencies.

ITEM 20.
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Franchised Outlet Summary
For Fiscal Years Ending September 30, 2021, 2022 and 2023

Column 1	Column 2	Column 3	Column 4	Column 5
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	53	47	-6
	2022	47	40	-7
	2023	40	39	-1
Company-Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	53	47	-6
	2022	47	40	-7
	2023	40	39	-1

Table No. 2
Transfers of Outlets from Franchisee to New Owners (other than the Franchisor)
For Fiscal Years Ending September 30, 2021, 2022, 2023

Column 1	Column 2	Column 3
State	Year	Number of Transfers
California	2021	0
	2022	0
	2023	1
Colorado	2021	1
	2022	0
	2023	0
Texas	2021	2
	2022	1
	2023	0

Column 1	Column 2	Column 3
State	Year	Number of Transfers
TOTAL	2021	3
	2022	1
	2023	1

Table No. 3
Status of Franchised Outlets
For Fiscal Years Ending September 30, 2021, 2022, 2023*

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewal	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
California**	2021	14	0	0	0	0	0	14
	2022	14	0	0	2	0	1	11
	2023	11	0	0	1	0	0	10
Colorado	2021	2	0	0	0	0	0	2
	2022	2	0	1	0	0	0	1
	2023	1	0	0	0	0	0	1
Florida	2021	3	0	0	0	0	1	2
	2022	2	0	0	0	0	0	2
	2023	2	1	1	0	0	0	2
Georgia	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	1	3
	2023	3	0	0	0	0	0	3
Illinois	2021	5	0	0	0	0	0	5
	2022	5	0	0	2	0	0	3
	2023	3	0	0	0	0	0	3
Iowa	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Massachusetts	2021	2	0	0	0	0	1	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Minnesota	2021	2	0	0	0	0	1	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Nevada	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	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
North Carolina	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewal	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
South Carolina	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Texas	2021	9	0	0	0	0	2	7
	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
Virginia	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Washington	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Totals	2021	53	0	0	0	0	6	47
	2022	47	0	1	4	0	2	40
	2023	40	1	1	1	0	0	39

*If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

** One additional franchise agreement was terminated following our 9/30/2023 fiscal year end, but prior to the Issuance Date of this disclosure document.

Table No. 4
Status of Company-Owned Outlets
For Fiscal Years Ending September 30, 2021, 2022, 2023

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired from Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
Totals	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

Table No. 5
Projected Openings As of September 30, 2023

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchise Outlet in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlet in the Next Fiscal Year
California	0	1	0
Total	0	1	0

Exhibit “P” lists the name of all current franchisees and the addresses and telephone number of their Outlets, as of the date of this disclosure document.

Exhibit “P” also list the names, city and state, and last known telephone numbers of each franchisee who has had a Franchise Agreement terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under their franchise agreement during the past year, or who has not communicated with us during the past 10 weeks.

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

During the last three years, in some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with FASTFRAME. You may wish to speak with current and former franchisees, but be aware that not all of those franchisees will be able to communicate with you.

There is no trademark-specific franchisee organization associated with the franchise system being offered in this FDD.

ITEM 21. **FINANCIAL STATEMENTS**

Exhibit “N” includes FASTFRAME’s Audited Consolidated Financial Statements for our fiscal years ending September 30, 2021, September 30, 2022 and September 30, 2023. If your franchise is in an area serviced by an Area Representative disclosed in Item 2, in lieu of including audited financial statements of the Area Representative, FASTFRAME has guaranteed all obligations of the Area Representative to you under your Franchise Agreement.

ITEM 22. **CONTRACTS**

Exhibit “B” includes a copy of the Franchise Agreement, including a Territory Addendum, proposed for use in this State. The following are the other contracts that you may be required to sign:

Exhibit “A”	State Appendix, if required
Exhibit “B-1”	SBA Addendum to Franchise Agreement
Exhibit “C”	Satellite Addendum
Exhibit “D”	Conversion Addendum
Exhibit “E”	Deferred Fee Addendum
Exhibit “F”	Cooperative Advertising Campaign Pledge Form
Exhibit “G”	Confidentiality and Non-Disclosure Agreement
Exhibit “H”	Personal Guaranty and Subordination
Exhibit “I”	Secured Promissory Note
Exhibit “J”	General Release
Exhibit “K”	Limited Liability Company Operating Agreement
Exhibit “L-1”	Confidentiality Agreement (Sale of Existing Fastframe Store)
Exhibit “L-2”	Confidentiality Agreement (Conversion of Independent Framing Store)
Exhibit “M”	FASTperks Participation Agreement

ITEM 23.
RECEIPTS

Two copies of an acknowledgment of your receipt of this disclosure document appear as Exhibit "R." Please return one copy to FASTFRAME and retain the other for your records.

EXHIBIT A
State Appendix

ADDENDUM TO FASTFRAME U.S.A., INC.
DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA

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.

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.

1. Item 5, "Initial Fees" shall be amended by the addition of the following language:

"Payment of all initial fees payable under the Franchise Agreement (i.e., the Initial Franchise Fee, Opening Fee, Initial Marketing Expense and Administrative Fee) is deferred until FASTFRAME has satisfied its pre-opening obligations to you under the Franchise Agreement, and your Franchised Business opens to the public."

2. In Item 6, "Other Fees," the description in the "Amount" column in the table opposite the "Type of Fee" entitled "Interest on financing of Initial Franchise Fee" is modified by adding the following to the description:

As of the date of this Disclosure document, the maximum permitted interest in California is 10% per annum.

3. In Item 10, "Financing," the second paragraph shall be deleted in its entirety and replaced with the following:

In exceptional cases, we may offer to finance a portion of your initial franchise fee for a longer period, in which case you will sign a Secured Promissory Note (see Exhibit "J"). As of the date of this Disclosure document, we presently charge simple interest at an annual rate of 12% (not to exceed the highest rate allowed by law) but we reserve the right to change the interest rate to reflect increases in prevailing interest rates. As of the date of this Disclosure document, the maximum permitted interest rate in California is 10% per annum. The term of financing may vary but will typically range from 12 months to 3 years, as we may determine on a case by case basis taking into account your individual needs and credit worthiness, among other factors. Annual percentage rates have not been computed in accordance with APR under Regulation Z of the Consumer Protection Act., 15 U.S.C. §§1601 et. seq. You may prepay all or any portion of your indebtedness without penalty.

4. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

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

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

YOU MUST SIGN A GENERAL RELEASE IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE SECTION 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE SECTIONS 31000 THROUGH 31505). BUSINESS AND PROFESSIONS CODE SECTION 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE SECTIONS 20000 THROUGH 20043).

Neither Fastframe, nor 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. 78a et seq., suspending or expelling these persons from membership in this association or exchange.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

If Fastframe invests in an LLC formed to acquire a franchise (see Item 10 for more information), the LLC will be organized in Delaware, and Delaware law will govern the LLC. This provision may not be enforceable under California law.

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

The franchise agreement contains a provision requiring you to waive your right to punitive or exemplary damages against the franchisor or any of its representatives, limiting your recovery to actual damages. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment 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.

**ADDENDUM TO
FASTFRAME U.S.A., INC.
FRANCHISE AGREEMENT**
(State of California)

THIS ADDENDUM is entered into as of _____, 20____ between FASTFRAME U.S.A., INC., a California corporation ("FASTFRAME") and _____ ("Franchisee"), with reference to the following:

FASTFRAME and Franchisee have entered into a FASTFRAME U.S.A., INC. Franchise Agreement dated as of _____, _____, (the "Franchise Agreement").

The following shall be deemed added to the franchise agreement:

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

Except as set forth herein, the Franchise Agreement shall be valid and enforceable between the parties in accordance with its terms.

FASTFRAME U.S.A., INC.
a California corporation

Date of Execution

By: _____
Its: _____

FRANCHISEE
If Franchisee is an entity, complete and sign below:

Date of Execution

_____,
(print name of entity above)

Check one:

- a _____ general partnership
- a _____ limited partnership;
- a _____ limited liability company;
- a _____ corporation

By: _____
Its: _____

By: _____
Its: _____

If Franchisee is an individual, print name and sign below:

Date of Execution

Print Name: _____

Date of Execution

Print Name: _____

ADDENDUM TO FASTFRAME U.S.A., INC.
DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS

Illinois law shall apply to and govern the Franchise Agreement(s).

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

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

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
FASTFRAME U.S.A., INC.
FRANCHISE AGREEMENT**
(State of Illinois)

THIS ADDENDUM is entered into as of _____, 20____ between FASTFRAME U.S.A., INC., a California corporation (“FASTFRAME”) and _____ (“Franchisee”), with reference to the following:

FASTFRAME and Franchisee have entered into a FASTFRAME U.S.A., INC. Franchise Agreement dated as of _____, _____, (the “Franchise Agreement”).

The parties wish to modify the Franchise Agreement, upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree as follows:

1. Section 2.1.2(c) shall be deleted in its entirety and shall have no force or effect.
2. Notwithstanding anything to the contrary in Sections 5.1.1, 5.1.2, 5.1.3 and 5.1.4, the payment of all initial fees (i.e., Initial Franchise Fee, Opening Fee, Initial Marketing Expense and Administrative Fee) is deferred until FASTFRAME has satisfied its pre-opening obligations to Franchisee under the Franchise Agreement and Franchisee’s Franchised Business opens to the public.

3. Section 11.3.7 shall be deleted in its entirety and the following Section 11.3.7 shall be substituted therefor:

“11.3.7 With respect to all claims set forth above or which, as a matter of law or public policy, cannot be submitted to arbitration, then Franchisee hereby submits to the jurisdiction of the State Courts of Cook County, Illinois and the Federal District Court located in Cook County Illinois. Franchisee and its principals, directors, shareholders and partners, if any, hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision, and that personal service may be made on them in any legal proceeding arising out of this Agreement by any means allowed by Illinois or federal law. With respect to all claims, controversies, disputes, or actions, this Agreement shall be interpreted and construed under Illinois law with respect to franchises subject to the jurisdiction of the Illinois Franchise Disclosure Act.”

4. To the extent that the Illinois Franchise Act prohibits the disclaimer of representations contained in a franchisor’s Franchise Disclosure Document, Section 12.5.5 is amended to include representations made in Fastframe U.S.A., Inc.’s Franchise Disclosure Document to the extent required by law.

5. The following shall be deemed added to Franchise Agreement:

“With respect to franchises governed by Illinois law, Company will comply with Section 41 of the Illinois Franchise Disclosure Act, which provides that: ‘Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.’”

Except as set forth herein, the Franchise Agreement shall be valid and enforceable between the parties in accordance with its terms.

FASTFRAME U.S.A., INC.
a California corporation

Date of Execution

By: _____
Its: _____

FRANCHISEE
If Franchisee is an entity, complete and sign below:

Date of Execution

_____,
(print name of entity above)

Check one:

- a _____ general partnership
- a _____ limited partnership;
- a _____ limited liability company;
- a _____ corporation

By: _____
Its: _____

By: _____
Its: _____

If Franchisee is an individual, print name and sign below:

Date of Execution

Print Name: _____

Date of Execution

Print Name: _____

ADDENDUM TO FASTFRAME U.S.A., INC.
DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND

1. Cover Page, Risk Factor 1 is deleted in its entirety and replaced with the following:

THE FRANCHISE AGREEMENT PERMITS THE FRANCHISEE TO ARBITRATE WITH FASTFRAME ONLY IN LOS ANGELES COUNTY, CALIFORNIA. ISSUES THAT CANNOT BE SETTLED BY ARBITRATION ARE TO BE LITIGATED IN MARYLAND. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH FASTFRAME IN CALIFORNIA THAN IN YOUR HOME STATE.

2. Item 5, "Initial Fees" shall be amended by the addition of the following language:

"Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement and your outlet is open to the public."

3. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following language:

Any general release that you are required to assent to in connection with the renewal or transfer of your franchise, or the purchase of an additional franchise, is not intended to nor shall it act as a release, estoppel or waiver of any liability Fastframe may have under the Maryland Franchise Registration and Disclosure Law.

Any limitation on the period of the time arbitration and/or litigation claims must be brought shall not act to reduce the 3 year statute of limitations afforded a franchisee for bringing claims arising under the Maryland Franchise Law

4. Each provision of this addendum to the disclosure document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg. §§ 14-201 through 14-233) are met independently without reference to this addendum to the disclosure document.

5. Pricing: You must comply with the minimum and/or maximum retail prices at which you may offer, sell or advertise inventory items and/or services and other pricing and pricing-related policies which we may establish.

6. Transfer: As a condition of our consent to allow you to transfer/assign your franchise to a third party, at our request, you must sign a continuing guarantee of the assignee's continued performance.

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

**ADDENDUM TO
FASTFRAME U.S.A., INC.
FRANCHISE AGREEMENT
(State of Maryland)**

This Addendum is entered into _____, 20____ between FASTFRAME U.S.A., INC., a California corporation (“FASTFRAME”) and _____ (“Franchisee”), with reference to the following:

A. Concurrently herewith, Fastframe and Franchisee have entered into a franchise agreement (the “Franchise Agreement”) pursuant to which Franchisee has been granted the right to operate a business using the “Fastframe” Trademarks.

B. The parties desire to amend the Franchise Agreement as set forth herein.

NOW THEREFORE, the parties hereto agree as follows:

1. Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particular Sections 3.2 and 9.3 thereof, any general release the Franchisee is required to assent to shall not apply to any liability Fastframe may have under the Maryland Franchise Registration and Disclosure Law.

2. Notwithstanding anything to the contrary in Sections 5.1.1, 5.1.2, 5.1.3 and 5.1.4, the payment of all initial fees (i.e., Initial Franchise Fee, Opening Fee, Initial Marketing Expense and Administrative Fee) is deferred until FASTFRAME has satisfied its pre-opening obligations to Franchisee under the Franchise Agreement and Franchisee’s Franchised Business opens to the public.

3. Section 11.3.7 of the Franchise Agreement is amended by the addition of the following language to the original language that appears therein:

“This section shall not in any way abrogate or reduce any rights of the Franchisee as provided for in Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law, including the right to submit matters to the jurisdiction of the Courts of Maryland.”

4. Consent to Jurisdiction. Sections 11.3 of the Franchise Agreement is amended to provide that, under the Maryland Franchise Law, any litigation involving claims arising under the Maryland Franchise Law that are not subject to arbitration will be brought in Federal District Court in Maryland.

5. Statute of Limitations. Any limitation on the period of the time arbitration and/or litigation claims must be brought shall not act to reduce the 3 year statute of limitations afforded a franchisee for bringing claims arising under the Maryland Franchise Law

6. In the event of any conflict between the terms of this Addendum and the terms of the Franchise Agreement, the terms of this Addendum shall prevail.

[signature page follows]

FASTFRAME U.S.A., INC.
a California corporation

Date of Execution

By: _____
Its: _____

FRANCHISEE

If Franchisee is an entity, complete and sign below:

Date of Execution

_____,
(print name of entity above)

Check one:

- a _____ general partnership
- a _____ limited partnership;
- a _____ limited liability company;
- a _____ corporation

By: _____
Its: _____

By: _____
Its: _____

If Franchisee is an individual, print name and sign below:

Date of Execution

Print Name: _____

Date of Execution

Print Name: _____

ADDENDUM TO FASTFRAME U.S.A., INC.
DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA

1. Cover Page, Risk Factors 1 and 2 are amended by the addition of the following language:

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

2. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by the addition of the following paragraphs:

Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement.

3. Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commission of Commerce are met independently without reference to this addendum to the disclosure document.

4. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

5. With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Section 80C.17, Subd. 5, which requires that no action may be commenced more than three years after the cause of action accrues

ADDENDUM TO FASTFRAME U.S.A., INC. FRANCHISE AGREEMENT
(State of Minnesota)

THIS ADDENDUM is entered into as of _____, 20____ between FASTFRAME U.S.A., INC., a California corporation (“FASTFRAME”) and _____ (“Franchisee”), with reference to the following:

FASTFRAME and Franchisee have entered into a FASTFRAME U.S.A., Inc. Franchise Agreement dated as of _____, 20____, (the “Franchise Agreement”).

The parties wish to modify the Franchise Agreement, upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree to amend the Franchise Agreement as follows:

The Franchise Agreement at Section 11.2 provides that FASTFRAME will be entitled, without bond, to the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of the Franchise Agreement. Minnesota law was amended effective May 20, 1990, to prohibit a person from seeking injunctive relief without posting a bond. To the extent the Franchise Agreement, at Section 11.2 is inconsistent with Minnesota law, Minnesota law will control.

Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particularly Section 11.3.8 thereof, the limitations of claims section must comply with Minnesota Statute 80C.17 Subd. 5.

Except as provided in the paragraph above, the Franchise Agreement provides at Section 11.3 that any controversy or claim arising out of or related to the Franchise Agreement, or a breach thereof, will be settled by arbitration. Arbitration will be conducted in Los Angeles County, California. The decision of the arbitrator(s) in these cases will be final and binding upon the Franchisee, non-appealable and enforceable in any court of competent jurisdiction. Unless otherwise determined by the arbitrators, the fees and expenses for such arbitration shall be shared by FASTFRAME and Franchisee. The Franchise Agreement states, at Section 11.3.7, that the venue for any matters arising exclusively under federal law, shall be the United States District Court for the Central District of California (located in Los Angeles, California). Section 11.3.7 further states that the parties submit to the personal jurisdiction of these courts.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Agreement can abrogate or reduce any of Franchisee’s rights as provided for in the Minnesota Statutes, Chapter 80C., or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, FASTFRAME will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Franchise Agreement.

Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particular Sections 3.2.3(c), 7.6, and 9.3 thereof, any general release the Franchisee is required to assent to shall not apply to any liability FASTFRAME may have under the Minnesota Franchise Act.

Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particularly Section 6.3 thereof, FASTFRAME will indemnify Franchisee for all costs and expenses it incurs in any action or proceeding brought against Franchisee by any third party as a result of Franchisee’s authorized use of FASTFRAME’s trademarks.

[signature page follows]

Except as set forth herein, the Franchise Agreement shall be valid and enforceable between the parties in accordance with its terms.

FASTFRAME U.S.A., INC.
a California corporation

Date of Execution

By: _____
Its: _____

FRANCHISEE
If Franchisee is an entity, complete and sign below:

Date of Execution

(print name of entity above)

Check one:

- a _____ general partnership
- a _____ limited partnership;
- a _____ limited liability company;
- a _____ corporation

By: _____
Its: _____

By: _____
Its: _____

If Franchisee is an individual, print name and sign below:

Date of Execution

Print Name: _____

Date of Execution

Print Name: _____

ADDENDUM TO FASTFRAME U.S.A., INC. DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

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 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.

4. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee":

You may terminate the agreement on any grounds available by law.

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

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

ADDENDUM TO FASTFRAME U.S.A., INC.
DISCLOSURE DOCUMENT
FOR THE STATE OF RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34 the Uniform Franchise Disclosure document for Fastframe U.S.A., Inc. for use in the State of Rhode Island shall be amended to include the following:

1. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by the addition of the following.

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

2. This addendum to the Disclosure document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, are met independently without reference to this addendum to the Disclosure document.

**ADDENDUM TO
FASTFRAME U.S.A., INC.
FRANCHISE AGREEMENT**
(State of Rhode Island)

THIS ADDENDUM is entered into as of _____, 20____ between
FASTFRAME U.S.A., INC., a California corporation (“FASTFRAME”) and
_____ (“Franchisee”), with reference to the
following:

FASTFRAME and Franchisee have entered into a FASTFRAME U.S.A., Inc. Franchise Agreement dated as of _____, _____, (the “Franchise Agreement”).

The parties wish to modify the Franchise Agreement, upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree that the following shall be deemed added to Sections 11.3.3 and 11.3.7:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

Except as set forth herein, the Franchise Agreement shall be valid and enforceable between the parties in accordance with its terms.

[signature page follows]

FASTFRAME U.S.A., INC.
a California corporation

Date of Execution

By: _____
Its: _____

FRANCHISEE

If Franchisee is an entity, complete and sign below:

Date of Execution

_____,
(print name of entity above)

Check one:

- a _____ general partnership
- a _____ limited partnership;
- a _____ limited liability company;
- a _____ corporation

By: _____
Its: _____

By: _____
Its: _____

If Franchisee is an individual, print name and sign below:

Date of Execution

Print Name: _____

Date of Execution

Print Name: _____

**ADDENDUM TO
FASTFRAME U.S.A., INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA**

In recognition of the restrictions contained in Section 13.1564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Fastframe, U.S.A., Inc. for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosures.

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.”

**ADDENDUM TO
FASTFRAME U.S.A., INC.
FRANCHISE AGREEMENT
(State of Virginia)**

THIS ADDENDUM is entered into as of _____, 20____ between FASTFRAME U.S.A., INC., a California corporation ("FASTFRAME") and _____ ("Franchisee"), with reference to the following:

FASTFRAME and Franchisee have entered into a FASTFRAME U.S.A., INC. Franchise Agreement dated as of _____, _____, (the "Franchise Agreement").

The parties wish to modify the Franchise Agreement, upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree as follows:

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. Notwithstanding anything to the contrary in Sections 5.1.1, 5.1.2, 5.1.3 and 5.1.4, the payment of all initial fees (i.e., Initial Franchise Fee, Opening Fee, Initial Marketing Expense and Administrative Fee) is deferred until FASTFRAME has satisfied its pre-opening obligations to Franchisee under the Franchise Agreement and Franchisee's Franchised Business opens to the public.

Except as set forth herein, the Franchise Agreement shall be valid and enforceable between the parties in accordance with its terms.

FASTFRAME U.S.A., INC.
a California corporation

Date of Execution

By: _____
Its: _____

FRANCHISEE
If Franchisee is an entity, complete and sign below:

Date of Execution

_____,
(print name of entity above)

Check one:

- a _____ general partnership
- a _____ limited partnership;
- a _____ limited liability company;
- a _____ corporation

By: _____
Its: _____

By: _____
Its: _____

If Franchisee is an individual, print name and sign below:

Date of Execution

Print Name: _____

ADDENDUM TO FASTFRAME U.S.A., INC.
DISCLOSURE DOCUMENT
FOR THE STATE OF WASHINGTON

Item 5, "Initial Fees" shall be amended by the addition of the following language:

"Payment of all initial fees payable under the Franchise Agreement (i.e., the Initial Franchise Fee, Opening Fee, Initial Marketing Expense and Administrative Fee) is deferred until FASTFRAME has satisfied its pre-opening obligations to you under the Franchise Agreement, and your Franchised Business opens to the public."

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.

Franchisees who receive financial incentives to refer franchise prospects to the Franchisor may be required to register as franchise brokers under the laws of Washington State.

**ADDENDUM TO
FASTFRAME U.S.A., INC.
FRANCHISE AGREEMENT
(State of Washington)**

Notwithstanding anything to the contrary in Sections 5.1.1, 5.1.2, 5.1.3 and 5.1.4, the payment of all initial fees (i.e., Initial Franchise Fee, Opening Fee, Initial Marketing Expense and Administrative Fee) is deferred until FASTFRAME has satisfied its pre-opening obligations to Franchisee under the Franchise Agreement and Franchisee's Franchised Business opens to the public.

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 undersigned does hereby acknowledge receipt of this addendum.

[signature page follows]

FASTFRAME U.S.A., INC.
a California corporation

Date of Execution

By: _____
Its: _____

FRANCHISEE
If Franchisee is an entity, complete and sign below:

Date of Execution

_____,
(print name of entity above)

Check one:

- a _____ general partnership
- a _____ limited partnership;
- a _____ limited liability company;
- a _____ corporation

By: _____
Its: _____

By: _____
Its: _____

below:

If Franchisee is an individual, print name and sign

Date of Execution

Print Name: _____

Date of Execution

Print Name: _____

EXHIBIT B
Outlet Franchise Agreement

FASTFRAME U.S.A., INC.
FRANCHISE AGREEMENT

Exhibit B

**FASTFRAME U.S.A., INC.
FRANCHISE AGREEMENT**

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**FASTFRAME U.S.A., INC.
FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (the "Agreement") is made and entered into as of _____, 20____, (the "Effective Date") by and between FASTFRAME U.S.A., INC., the Franchisor, a California corporation ("FASTFRAME") and _____, a(n) _____, the buyer of the franchise ("Franchisee"), and shall be known as Fastframe No. _____.

RECITALS

A. FASTFRAME owns and licenses others to operate retail businesses featuring the sale of custom framing services and related products under the trade names and service marks "FASTFRAME", "FASTFRAME EXPERT PICTURE FRAMING" and "FASTFRAME, FRAMING, PRINTING, DESIGN, ARTWORK" and other distinctive designs, phrases, logos, trademarks, service marks and copyrights which FASTFRAME may authorize Franchisee to use (referred to collectively as the "Marks"), which businesses operate in accordance with a system developed by FASTFRAME which includes, among other things: (i) distinctive designs and specifications for the appearance, layout, decoration, signage and other physical characteristics of the FASTFRAME Outlet; (ii) procedures for assembling and fabricating frames to customer specifications; (iii) uniform methods for merchandising and promoting framing and other customer services under the Marks; (iv) confidential Manuals; (v) specialized training programs; and (vi) business management guidelines the ("FASTFRAME System").

B. FASTFRAME continues to develop the FASTFRAME System and to develop, use and control the Marks in order to identify for the public the source of FASTFRAME products and services and to represent the FASTFRAME System's high standards of quality, appearance and service.

C. Franchisee understands and acknowledges the importance of FASTFRAME's high standards of quality, appearance and service and the necessity of operating its FASTFRAME Outlet in conformity with FASTFRAME's Standards in order to enhance the goodwill which FASTFRAME has created through the development and improvement of the FASTFRAME System.

D. Franchisee desires to acquire a franchise and license to operate one (1) FASTFRAME Full Service Outlet (as indicated in Article 1 below) under the Marks and in accordance with the FASTFRAME System and FASTFRAME is willing to grant such franchise and license upon the terms and conditions set forth below.

NOW, THEREFORE, the parties agree as follows:

**1.
DEFINITIONS**

In this Agreement, capitalized terms used herein shall have the meanings set forth in this Article 1 and Appendix 1, unless the context otherwise requires:

The Agreement is for a Full Service Outlet.

"Administrative Fee" means \$_____. on the Effective Date, subject to the Deferred Fee Addendum, if any.

"Initial Franchise Fee" means \$_____, payable \$_____ on or before the Effective Date, and (a) \$_____ at the earlier of 21 days after the Effective Date or at the time an Accepted Location is accepted by FASTFRAME, or (b) the balance pursuant to the terms of the Promissory Note executed concurrently herewith.

"Initial Marketing Expense" means \$_____ payable at the earlier of the time Franchisee signs a lease for the FASTFRAME Outlet or upon commencement of the New Franchisee Training Program, Franchisee shall pay FASTFRAME an Initial Marketing Expense equal to \$_____.

“Franchisee’s Address” means _____, or to the Accepted Location of the initial FASTFRAME Outlet opened pursuant hereto.

“Opening Fee” means \$_____, on the Effective Date.

2. GRANT OF LICENSE

2.1 Grant.

2.1.1 Subject to the terms and conditions contained in this Agreement, FASTFRAME hereby grants to Franchisee, and Franchisee accepts, a non-exclusive license to use the Marks and the FASTFRAME System solely in connection with the operation of one FASTFRAME Full Service Outlet, as selected in Article 1, within the Territory, and one FASTFRAME Satellite pursuant to Section 2.2. The exact location of each FASTFRAME Outlet within the Territory will be determined when an acceptable lease is signed.

2.1.2 This grant is made in reliance on the following representations by Franchisee:

(a) Franchisee has read this Agreement and understands and accepts the terms, conditions, and covenants contained in this Agreement as being reasonably necessary to maintain FASTFRAME’s Standards and the uniformity of those Standards in all FASTFRAME Outlets in order to protect and preserve the FASTFRAME System and the goodwill of the Marks; and

(b) Franchisee has conducted an independent investigation of the business contemplated by this Agreement and recognizes: (a) that specific methods of operation in use at its FASTFRAME Outlet(s) may change over time; and (b) that an investment in the FASTFRAME Franchise involves business risks; and (c) that the success of the venture depends primarily upon Franchisee’s business ability and efforts; and

(c) FASTFRAME has not made any representations to Franchisee through its officers, directors, employees or agents that are contrary to the terms of this Agreement; and

(d) Franchisee’s application for a FASTFRAME franchise is true and correct, and Franchisee made no incorrect, untrue or misleading statement on the application or failed to make any statement which is necessary in order to make the application accurate and not misleading.

(e) Franchisee has been advised to investigate the franchise independently with Franchisee’s own advisors with respect to legal, financial and other aspects of this Agreement, the business franchised hereby, and the prospects for such business.

2.1.3 Nothing in this Agreement gives Franchisee exclusive rights to market or advertise using the FASTFRAME System and/or Marks within the Territory.

2.1.4 The franchise and license granted by this Agreement apply to the Accepted Location(s) which are or will be set forth in the Territory Addendum, and any Satellite Addendum(s) hereafter executed by the parties for Accepted Locations in the Territory, and to no other location(s). Nothing in this Agreement gives Franchisee the right to use the FASTFRAME System or Marks at any other location(s) or for any other purpose.

2.2 Additional Satellite Locations.

2.2.1 This Agreement confers on Franchisee the right, but not the obligation, to open one FASTFRAME Satellite within the area described in the Territory Addendum provided that prior to such Opening Date, all of the following conditions are satisfied.

(a) Franchisee at all times prior thereto shall have been complied in all material respects with its obligations under this Agreement and any or all other agreements with FASTFRAME, including all payment obligations to FASTFRAME;

(b) Franchisee obtains FASTFRAME's prior written consent to the opening of the FASTFRAME Satellite at an Accepted Location;

(c) Franchisee pays the then-current fees for a FASTFRAME Satellite and executes such agreement or addendum and other documents as FASTFRAME may require (collectively the "Satellite Addendum"); and

(d) Franchisee and FASTFRAME add the address of the Accepted Location to the Territory Addendum.

2.2.2 Except for the initial FASTFRAME Outlet opened pursuant hereto and FASTFRAME Satellites hereafter opened within the Territory at Accepted Locations, or FASTFRAME Outlets operated pursuant to another validly subsisting franchise agreement with FASTFRAME, Franchisee may not open any additional FASTFRAME Outlets or FASTFRAME Satellites or conduct or carry out activities associated with FASTFRAME or under the Marks at or from any location, whether located within or outside the Territory.

2.3 Territorial Rights. As long as Franchisee is not in default under this Agreement or any other agreement in effect between Franchisee and FASTFRAME, FASTFRAME shall not own, operate, sell or issue a license or franchise to any other person or Entity, other than Franchisee, for any other FASTFRAME Outlet or FASTFRAME Satellite to be located within the Territory.

2.4 FASTFRAME's Reservations.

2.4.1 FASTFRAME has and reserves the exclusive, unrestricted right, in its sole discretion, to manufacture, produce, distribute and license under names and marks other than "FASTFRAME", directly and indirectly, at any location and through any channel of distribution at retail, wholesale or otherwise, any materials, supplies or other goods related to the framing business, regardless of whether or not such goods are now, or may in the future be, authorized for use as part of the FASTFRAME System. FASTFRAME may distribute any such items into the Territory under the Marks only through Electronic Commerce via the Internet or other electronic communications media, in which case FASTFRAME may, but is not obligated to, offer Franchisee an opportunity to participate in accordance with Section 7.6, and only to the extent expressly provided herein. Without limiting the generality of the foregoing, FASTFRAME may, at its discretion, use its existing Internet website or establish another facility on the Internet, or any other facility that makes use of electronic communication, for the purpose of engaging in Electronic Commerce with respect to merchandise that bears any of the Marks and services that are identified with any of the Marks.

2.4.2 FASTFRAME reserves the right to change the FASTFRAME System from time to time in its sole discretion. FASTFRAME shall notify Franchisee in writing of any change, and Franchisee shall, at its own cost and expense, promptly adopt and use any new or modified elements of the FASTFRAME System and shall promptly discontinue use of those parts which FASTFRAME directs are to be discontinued.

2.4.3 FASTFRAME reserves the right to approve exceptions or deviations from the FASTFRAME System in individual cases, and Franchisee acknowledges that it has no right to object to any variances granted to others. FASTFRAME will not grant any exception or deviation from the Standards of the FASTFRAME System for anyone, including Franchisee, except in exceptional or special circumstances. Any such exception or deviation granted to Franchisee must be in writing and signed by an authorized representative of FASTFRAME in order to be enforceable. Regional representatives of FASTFRAME do not have authority to grant exceptions or to deviate from the FASTFRAME System.

2.4.4 FASTFRAME reserves all rights which are not expressly granted to Franchisee in this Agreement.

3.
TERM AND RENEWAL OF FRANCHISE

3.1 Term. Unless sooner terminated by FASTFRAME in accordance with the provisions of this Agreement, the term of this Agreement (the “Term”) and except as provided below, shall commence upon the Effective Date hereof and shall continue for a period of 10 years.

3.1.1 If FASTFRAME determines that there has been an extended period of time (whether or not expected or anticipated) between the Effective Date and the Opening Date of the first FASTFRAME Outlet developed hereunder, then upon written notice (the “Commencement Date Notice”) by FASTFRAME to Franchisee the Term shall be deemed to commence on the Opening Date and continue for a period of 10 years thereafter. FASTFRAME shall deliver the Commencement Date Notice, if at all, not later than 30 days following the Opening Date.

3.1.2 Notwithstanding the foregoing, if Franchisee opens one or more FASTFRAME Satellites as provided in Section 2.2, the Term shall be extended and will continue for a period of 10 years from the date of execution of the most recent Satellite Addendum.

3.2 Renewal of Franchise.

3.2.1 Subject to the conditions contained in Section 3.2.2, at the expiration of the Term hereof, Franchisee shall have the right (the “Renewal Option”) to enter into a new franchise agreement in the form then generally being offered to prospective FASTFRAME franchisees operating in the state in which the FASTFRAME Outlet(s) is or are located (the “Renewal Franchise Agreement”) for a 10 year period (the “First Renewal Term”), which Renewal Franchise Agreement shall likewise grant Franchisee the right to enter into one additional Renewal Franchise Agreement for a 10 year period (the “Second Renewal Term”). Each Renewal Franchise Agreement shall be modified to conform to the then remaining number of Renewal Options as set forth above. Notwithstanding the foregoing, if this Agreement is being executed in connection with the renewal of a pre-existing franchise agreement, Franchisee shall have only such renewal options as are provided in said pre-existing franchise agreement.

3.2.2 To be eligible to exercise its Renewal Option, Franchisee must, except to the extent expressly waived by FASTFRAME, meet each of the following conditions for each FASTFRAME Outlet and each FASTFRAME Satellite in the Territory:

(a) Franchisee shall make or have substantially completed any necessary renovation or modernization of each and every FASTFRAME Outlet in the Territory in a manner satisfactory to FASTFRAME to reflect the current standards and image of the FASTFRAME System at the time of renewal, such as replacing or renovating signs, equipment, furnishings, fixtures and decor; and

(b) Franchisee shall not be in default under this Agreement or any agreement then in existence with FASTFRAME and must be current in payment of all amounts due to FASTFRAME, FASTFRAME’s affiliates and any third-party suppliers of Franchisee, including the Landlord(s) of the Franchisee’s premises. In addition, Franchisee must not have received more than 3 notices of default during the Term or more than 2 notices of default during any consecutive 6-month period; and

(c) Franchisee and its owners and employees having supervisory duties must comply with the then-current qualification requirements for new franchisees and may, at FASTFRAME’s option, be required to complete the then-current training program for new franchisees; and

(d) Franchisee must submit evidence that it has the right to remain in possession of the Accepted Location(s) for the duration of the renewal term, or Franchisee submits a request for FASTFRAME’s approval of a substitute location and obtains approval no later than 90 days prior to the expiration date of the Agreement. Any substitute Accepted Location(s) must be located in the Territory; must comply with the Standards, site selection criteria and procedures for new or renewing franchises in the state where Franchisee’s FASTFRAME Outlet(s) are located; and must be able to open for business by the commencement date of the renewal term.

3.2.3 Provided Franchisee is eligible, then Franchisee may exercise its option as follows:

(a) Franchisee shall give FASTFRAME written notice of its intent to renew not less than 6 months and not more than 12 months prior to the expiration of the Term of this Agreement; and

(b) Franchisee shall execute the standard form of franchise agreement and any ancillary agreements then customarily used by FASTFRAME in granting or renewing franchises in the state where the Territory is located, except that: (a) the new franchise agreement shall provide for only such additional renewal options, if any, as provided in Section 3.2.1 above; and (b) Franchisee shall pay the renewal fee described below instead of an Initial Franchise Fee. Provided Franchisee shall have properly exercised its option and satisfied the conditions set forth in Section 3.2.2, FASTFRAME shall execute the new franchise agreement, and it shall become effective immediately upon the expiration of the Term of this Agreement as provided in Section 3.2.1 above. Franchisee acknowledges that the franchise agreement in use at the time the renewal option is exercised may contain materially different terms than this Agreement, including increased or additional royalty payments, and increased or different marketing fees and other payments; and

(c) Franchisee and each officer, director or partner of Franchisee, if Franchisee is an Entity, shall sign a general release satisfactory to FASTFRAME of all claims against FASTFRAME and its officers, directors, employees and agents applicable to the expiring Franchise Agreement. If Franchisee and the officers, directors, or partners of Franchisee, if any, fail to sign a general release within 30 days after they receive the documents, then this failure shall be treated as an election by Franchisee not to renew the Agreement; and

(d) In consideration of the renewal, and at FASTFRAME'S discretion, Franchisee shall pay FASTFRAME a renewal fee equal to 25% of the then current Initial Franchise Fee charged for similar franchises in the state where Franchisee's FASTFRAME Outlet(s) are located. Franchisee must pay the full renewal fee at the time of giving written notice to FASTFRAME of its election to renew.

(e) Any renewal granted under this Agreement shall include any then-existing FASTFRAME Satellites within the Territory unless the parties agree not to renew some or all of them.

3.3 Notice Required by Law. If Applicable Law requires that FASTFRAME give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a week to week basis until FASTFRAME has given the notice required by such Applicable Law. If FASTFRAME is not offering new franchises, is in the process of revising, amending or renewing its form of franchise agreement or disclosure document, or is not lawfully able to offer Franchisee its then-current form of franchise agreement, at the time Franchisee delivers its renewal notice pursuant to Section 3.2.2(e)(i), FASTFRAME may, in its sole subjective discretion, (i) offer to renew this Agreement upon the same terms set forth herein for a renewal term determined in accordance with Section 3.2 hereof, or (ii) offer to extend the Term hereof on a week to week basis following the expiration of the Term hereof for as long as it deems necessary or appropriate so that it may lawfully offer its then-current form of franchise agreement.

4.

OBLIGATIONS AND SERVICES OF FASTFRAME

4.1 Location and Territory.

4.1.1 If on the Effective Date, the specific location for the initial FASTFRAME Outlet has not been identified or a lease has not been executed, FASTFRAME shall designate a Provisional Territory in the Territory Addendum which will describe the general geographic area in which the initial FASTFRAME Outlet will be located. FASTFRAME will not grant another franchise for a FASTFRAME Outlet to be located in the Provisional Territory for a period of 90 days from the Effective Date, or until FASTFRAME has designated the "Territory" pursuant to Section 4.1.3, whichever occurs first.

4.1.2 If no Accepted Location has been identified in the Territory Addendum on the Effective Date, FASTFRAME will provide Franchisee with site selection guidelines immediately following the Effective Date and Franchisee shall promptly locate one or more proposed sites which meet FASTFRAME's then-current Standards. Unless the proposed location is one which has been proposed by FASTFRAME, Franchisee shall submit to FASTFRAME such demographic and other information regarding the proposed site(s) and neighboring areas as FASTFRAME shall require. FASTFRAME will use its best efforts to review each proposed location and notify Franchisee of its acceptance or rejection of the site within 10 days following receipt of the proposal and all requested

information. FASTFRAME's failure to notify Franchisee of its acceptance within the 10-day period shall constitute its rejection. Franchisee shall not enter into any lease or purchase agreement for the Accepted Location unless and until the lease or sublease has been approved by FASTFRAME in accordance with Section 4.2 below. Franchisee must locate and execute an approved lease for an Accepted Location within 90 days after the Effective Date, unless FASTFRAME agrees in writing to an extension of time for such deadline.

4.1.3 Subject to the terms and conditions of this Agreement, at such time as Franchisee shall have located an Accepted Location and Franchisee has executed a valid lease therefor, FASTFRAME shall designate a specific geographic area surrounding the Accepted Location which, depending on the demographics, normally contains a population of between 50,000 to 75,000, as determined by FASTFRAME in good faith based upon population data deemed reasonably reliable by FASTFRAME, and the parties shall amend and initial the Territory Addendum to incorporate the Territory as designated by FASTFRAME. The designated Territory will generally be described by postal zip codes, natural boundaries or street boundaries. Where a street boundary is used (including where the Territory is defined as a zip code, and the boundary of the zip code is defined as a named street), the center of the street shall be the boundary. Upon FASTFRAME's written notification to Franchisee of such designated area (which may be substantially different than the geographic area comprising the Provision Territory), it shall be deemed to be the "Territory" under this Agreement, notwithstanding any failure of the parties to amend the Territory Addendum as aforesaid.

4.1.4 To accommodate Franchisee's additional FASTFRAME locations, changing market conditions or relocation of Franchisee's original FASTFRAME Outlet and for other reasons, during the Term of this Agreement and any extensions or renewals of it, FASTFRAME may, with Franchisee's consent, redefine the Territory by amending or replacing the Territory Addendum. Upon the closure or transfer of any FASTFRAME Outlet or FASTFRAME Satellite for which the territory was originally amended, any additional territory which may have been granted to Franchisee in connection with the opening of such FASTFRAME Outlet shall, at FASTFRAME's option, be canceled and the parties shall amend this Agreement to reflect a reduction of the Territory to its original boundaries.

4.2 Lease for FASTFRAME Outlet. Except if this Agreement has been executed in connection with the renewal or extension of a preexisting franchise agreement or in connection with the conversion of an existing custom framing store to a FASTFRAME Outlet (in which case the following shall not apply):

4.2.1 FASTFRAME will provide Franchisee with special terms and conditions to be included in the lease for Franchisee's FASTFRAME Outlet(s).

4.2.2 After Franchisee has located an Accepted Location, Franchisee shall submit to FASTFRAME the proposed lease for such Accepted Location. FASTFRAME will review Franchisee's proposed lease and notify Franchisee of its acceptance or disapproval of the lease. Within 10 days following receipt of FASTFRAME's acceptance of the lease, Franchisee must (i) execute the approved lease; or (ii) notify FASTFRAME of additional or different terms. Any revisions to the lease must be approved by FASTFRAME prior to execution. Franchisee shall forward a final executed copy of the lease to FASTFRAME within 15 days after its execution.

4.2.3 FASTFRAME may require the following provisions to be included in the lease, in addition to other terms and conditions that might be required, and which are contained in the Manuals:

(a) That the Landlord agrees to the immediate assignment of the lease to FASTFRAME or its nominee upon Landlord's receipt of written notice from FASTFRAME that the Franchise Agreement between FASTFRAME and Franchisee has been terminated or has expired;

(b) That Landlord agrees to give FASTFRAME a copy of any notice to Franchisee of a breach or claim of default under the lease, and gives FASTFRAME the right, but not the obligation, for a reasonable period of time, to cure the breach and to succeed to Franchisee's leasehold interest;

(c) That Landlord agrees to the signage, appearance standards, design and other distinguishing features of the FASTFRAME System which are imposed on all FASTFRAME Outlets, as they may, from time to time, be modified by FASTFRAME;

(d) A provision limiting Franchisee's use of the premises to the operation of a FASTFRAME Outlet;

(e) Landlord agrees to provide FASTFRAME, on FASTFRAME's request, with all sales and other information it may have relating to the operation of Franchisee's FASTFRAME Outlet(s);

(f) Landlord agrees not to lease premises in the immediate vicinity of Franchisee's FASTFRAME Outlet(s) to a competing retail business that sells pictures, frames and related items or services without first obtaining FASTFRAME's consent.

(g) The term of the lease, together with any optional renewal periods, shall in the aggregate permit Franchisee to retain possession of the Accepted Location for a period equal to the Term of this Agreement unless FASTFRAME approves, in writing, a shorter lease term.

(h) The lease shall not impose any obligations on FASTFRAME.

4.2.4 Neither FASTFRAME's proposal of a potential site for Franchisee's FASTFRAME Outlet(s), nor its acceptance or approval of any site selected by the Franchisee, nor FASTFRAME's approval of the lease or sublease therefor, constitutes a warranty or guarantee by FASTFRAME of the Accepted Location's potential for success, and FASTFRAME hereby expressly disclaims any responsibility therefor. Franchisee acknowledges its sole responsibility for finding each site for the FASTFRAME Outlet(s) it develops pursuant to this Agreement. FASTFRAME's review of Franchisee's lease is to confirm that the provisions required by Section 4.2.3 have been included, and FASTFRAME's acceptance may not be construed as an indication that the lease terms are favorable to Franchisee or comply with applicable law. FASTFRAME may, but is not obligated to, provide guidance and assistance in negotiating Franchisee's lease, and/or it may introduce Franchisee to attorneys who have assisted other FASTFRAME franchisees in negotiating their leases. However, any assistance or guidance that FASTFRAME may offer is not exhaustive and is not intended as legal advice. Franchisee must engage its own attorney to protect its interests.

4.3 Leasehold Improvements and Equipment.

4.3.1 FASTFRAME shall provide Franchisee with the names of licensed contractors in or near the Territory, if available, and recommendations for completing and/or supervising the construction of Franchisee's FASTFRAME Outlet(s) (or the remodeling and renovation thereof if this Agreement has been executed in connection with a conversion of an existing frame store, or the renewal or extension of a preexisting franchise agreement) to conform to FASTFRAME's current requirements and Standards.

4.3.2 Prior to commencing construction of the first FASTFRAME Outlet hereunder, FASTFRAME will provide Franchisee with a set of customized interior floor plans modified for the specific dimensions and layout of its FASTFRAME Outlet(s); FASTFRAME shall bear the cost therefor up to \$1,000, and Franchisee shall bear all costs therefor in excess of \$1,000. If Franchisee opens a FASTFRAME Satellite, remodels or relocates any of its FASTFRAME Outlet(s) during the Term in compliance with the procedures set forth in Section 8.2, then at Franchisee's request, FASTFRAME will provide Franchisee with a set of customized interior floor plans for the new site for a charge equal to FASTFRAME's actual cost to have them prepared.

4.3.3 If this is Franchisee's first FASTFRAME Outlet (and this Agreement is not being executed in connection with the renewal or extension of a preexisting franchise agreement), FASTFRAME shall send at least one member of its staff to the FASTFRAME Outlet for up to 10 days prior to and during its opening to supervise placement of equipment and furniture; to ensure an adequate supply of inventory and materials for the opening; to provide on-site assistance, training and orientation for Franchisee's personnel and to assist in the opening of the FASTFRAME Outlet.

4.3.4 All plans and Standards are the property of FASTFRAME and are considered to be Trade Secrets.

4.3.5 FASTFRAME shall not be liable to Franchisee or to any third party for any loss, claim, damage, injury, delay, liability, cost or expense, either directly or indirectly, related to the design, construction or use of Franchisee's FASTFRAME Outlet(s) or the premises.

4.4 Standards and Manuals.

4.4.1 FASTFRAME retains the absolute right to prescribe the standards of quality, service, production, merchandising and advertising for all the elements of the FASTFRAME System at all times during the Term of this Agreement. Franchisee acknowledges that changes in the Standards may become necessary and/or appropriate from time to time, and shall comply with such modifications, revisions and additions to them which FASTFRAME, in the good faith exercise of its judgment, believes to be necessary and/or appropriate.

4.4.2 These Standards shall be contained in the FASTFRAME Manuals, and if this is Franchisee's first FASTFRAME Outlet (and this Agreement is not being executed in connection with the transfer, renewal or extension of a preexisting franchise agreement), FASTFRAME shall loan Franchisee a complete set of Manuals prior to the opening of the FASTFRAME Outlet. The requirements of the Manuals, as updated and revised from time to time by FASTFRAME, shall govern the operation of Franchisee's FASTFRAME Outlet(s). A copy of all updates and revisions to the Manuals will be loaned to Franchisee if this is Franchisee's first FASTFRAME Outlet, and shall become effective as to all FASTFRAME Outlets operated by Franchisee immediately upon receipt, unless a later effective date is specified as to any particular revision or update. Franchisee shall keep the Manuals current and up-to-date. FASTFRAME shall maintain a "master copy" of the Manuals, and in the event of a dispute over the content of the Manuals, the master Manuals maintained by FASTFRAME shall be deemed the complete and official version and shall control. The Manuals and all amendments to the Manuals (and copies thereof) are copyrighted and remain FASTFRAME's sole property. Franchisee will at all times treat the Manuals and the information contained therein as confidential and will use all reasonable efforts to maintain such information as secret and confidential. Franchisee will not at any time copy, duplicate, record, or otherwise reproduce the Manuals, in whole or in part, nor otherwise make the same available to any unauthorized person.

4.5 Inventory.

4.5.1 FASTFRAME shall maintain a list of Inventory Items necessary for opening with the specified quantities of each item required to operate Franchisee's Full Service Outlet, as applicable, in accordance with FASTFRAME operating Standards. Franchisee is required to maintain in inventory the specified quantity of Inventory Items designated by FASTFRAME as required to operate a Full Service Outlet.

4.5.2 FASTFRAME shall maintain a list of designated and approved suppliers for many Inventory Items, and or for other goods and services used by Franchisee in the operation of the Outlet and FASTFRAME Satellite locations, and shall update the list from time to time. FASTFRAME reserves the right to withdraw its approval of any supplier at any time by written notice to Franchisee.

4.5.3 FASTFRAME shall use commercially reasonable efforts to arrange for Inventory Items to be available from FASTFRAME or its approved suppliers in sufficient quantities to meet Franchisee's reasonably anticipated needs; in no event shall FASTFRAME be liable, nor shall it constitute a breach of this Agreement, if FASTFRAME or its suppliers are unable to deliver any order placed by Franchisee due to fire, explosion or other casualty, labor or material shortages, strike, lockout, accident, any Act of God, any Act of Government, or any other event which is beyond its or their control. In the event of product shortages, FASTFRAME shall have the right, as necessary, to fill orders by allocating available supply on a ratable basis or by filling them strictly in the order received or by any other equitable method determined by FASTFRAME or its supplier. FASTFRAME shall use its best efforts to advise Franchisee or to have its designated supplier advise Franchisee in advance of any inability to make full and timely delivery of Inventory Items ordered by Franchisee.

4.6 LifeSaver Software. Prior to opening to the public, Franchisee is required to purchase and thereafter use the LifeSaver Software developed and owned by LifeSaver Software, Inc. ("LifeSaver Software"), and maintain it throughout the Term of this Agreement. LifeSaver Software owns all right, title and interest in the LifeSaver Software. The FASTFRAME LifeSaver Customer, Order and Pricing Databases are and shall remain the proprietary property of FASTFRAME. FASTFRAME reserves the right to, and Franchisee shall allow FASTFRAME to access Franchisee's LifeSaver Software, electronically or through direct physical access or other means whenever necessary,

in FASTFRAME's sole discretion, to preserve or protect the FASTFRAME LifeSaver Customer, Order and Pricing Databases or to access the information and data contained on them.

4.7 Training.

4.7.1 If this is Franchisee's first FASTFRAME Outlet (and this Agreement is not being executed in connection with the renewal, extension or transfer of a preexisting franchise agreement, or the conversion of an existing framing store to a FASTFRAME Outlet), FASTFRAME will provide and Franchisee (or if Franchisee is an Entity, a principal approved by FASTFRAME) must attend an initial training program covering the FASTFRAME System and the operation of a Full Service Outlet, as applicable, (the "New Franchisee Training Program") which shall be held at FASTFRAME's headquarters in California or at another location designated by FASTFRAME. There is no cost for the New Franchisee Training Program except the travel and living expenses of the attendees which are the responsibility of the Franchisee.

4.7.2 FASTFRAME shall make the New Franchisee Training Program available to:
(a) Franchisee, or, where Franchisee is an Entity, to a principal who has been approved by FASTFRAME; and
(b) members of Franchisee's staff.

4.7.3 FASTFRAME also makes additional training programs available to Franchisee for its new employees and refresher training as needed and depending on space availability in the next scheduled training program or the availability of one of FASTFRAME's instructors. FASTFRAME does not presently charge a separate fee for any regularly scheduled training program it may make available, whether it is provided at FASTFRAME's directive or at Franchisee's request. However, all wages, salary, transportation, food and personal expenses of those attending training shall be the responsibility of Franchisee.

4.8 Continuing Assistance and Inspections.

4.8.1 Following the Opening Date, FASTFRAME shall provide continuing assistance and guidance to Franchisee in the operation of its FASTFRAME Outlet(s). Such assistance and guidance may be furnished in the form of written supplements and additions to the Manuals, regional and national franchisee meetings, franchisee bulletins, in-house newsletters and magazines, consultations by telephone, written communication or in person at FASTFRAME's headquarters or at Franchisee's FASTFRAME Outlet(s).

4.8.2 In order to maintain ongoing quality control, Franchisee shall permit FASTFRAME to enter Franchisee's FASTFRAME Outlet(s) at any reasonable time without notice to examine the premises, confer with Franchisee or Franchisee's employees, to inspect and check operations, Inventory Items and supplies, and to determine whether the business is being conducted in compliance with the Standards and this Agreement. Without limiting the foregoing, FASTFRAME shall have the right to observe and interview Franchisee, the Outlet Manager and Franchisee's other employees, customers, and observe and take, without charge, samples of merchandise, supplies and other inventory items for testing or analysis in order to determine if Franchisee's FASTFRAME Outlet(s) are being operated in accordance with the terms and conditions of this Agreement, the Manuals and the FASTFRAME System.

4.8.3 If a deficiency or unsatisfactory condition is discovered and goes uncorrected after notice to Franchisee, then FASTFRAME, in addition to all other available rights and remedies, may place a representative in charge of Franchisee's FASTFRAME Outlet(s) to assist Franchisee in satisfactorily correcting the problem, and Franchisee shall reimburse FASTFRAME for any expenses incurred by the representative, such as wages, transportation, and living expenses, during this time.

4.9 Framing Services by FASTFRAME. FASTFRAME may, during the term of this Agreement, make available for purchase by Franchisee, custom framing services (including related moldings, artwork, matting materials,

glass, backings and other ancillary supplies used in creating and fabricating customers' frames) in accordance with Section 8.9.

5. FEES AND PAYMENTS

5.1 Initial Fees.

5.1.1 Initial Franchise Fee. Franchisee shall pay FASTFRAME the Initial Franchise Fee at the time and in the manner specified in accordance with Article 1.

5.1.2 Opening Fee. Franchisee shall pay FASTFRAME the Opening Fee at the time and in the manner specified in accordance with Article 1.

5.1.3 Initial Marketing Expense. Franchisee shall pay the Initial Marketing Expense at the time and in the manner specified in accordance with Article 1; *provided that* FASTFRAME may, in its sole discretion, in lieu of paying these sums to FASTFRAME, allow Franchisee to spend these funds for opening advertising and promotion of the FASTFRAME Outlet and submit proof of expenditures to FASTFRAME.

5.1.4 Administrative Fee. Franchisee shall pay FASTFRAME the Administrative Fee at the time and in the manner specified in accordance with Article 1, subject to the Deferred Fee Addendum, if any.

5.1.5 Partial Refund of Initial Fees. If within 90 days from the Effective Date, Franchisee has not found an Accepted Location for its FASTFRAME Outlet and entered into an approved lease for the FASTFRAME Outlet premises as required hereunder, and Franchisee demonstrates it has made a diligent effort during the first 90 days to complete the foregoing obligations, and in FASTFRAME's opinion, Franchisee's failure to obtain such approval is not due, directly or indirectly, to the fault or lack of effort of Franchisee then, upon Franchisee's written request prior to the expiration of said 90 day period, FASTFRAME may, in FASTFRAME's sole discretion: (a) extend the time period; or (b) terminate this Agreement and refund the total amount paid by Franchisee as its Initial Franchise Fee, Opening Fee and Initial Marketing Expense, less an amount equal to FASTFRAME's actual cost of site selection assistance and any other out-of-pocket expenses incurred by FASTFRAME in anticipation of or in preparation for Franchisee's opening, including, but not limited to the cost of developing floor plans for Franchisee's FASTFRAME Outlet. Except as described in this section, the Initial Franchise Fee, Opening Fee and Initial Marketing Expense are deemed fully earned when paid, and they are non-refundable.

5.2 Other Fees.

5.2.1 From the Opening Date of Franchisee's FASTFRAME Outlet(s) and throughout the entire Term of this Agreement, Franchisee shall pay FASTFRAME a continuing Weekly Royalty Fee of 6% of Gross Receipts for the week.

5.2.2 From the Opening Date of Franchisee's FASTFRAME Outlet(s) and throughout the entire Term of this Agreement, Franchisee shall pay FASTFRAME a continuing Weekly Marketing Service Fee of 2% of Gross Receipts for the week.

5.2.3 The Weekly Royalty Fee and Marketing Service Fee must be received by FASTFRAME, or mailed and post-marked, on or before Wednesday of each week based on the Gross Receipts during the period of Monday through the preceding Sunday. As a convenience, FASTFRAME may allow Franchisee to combine these fees into a single payment each week although FASTFRAME reserves the right to require Franchisee to make separate payments of each fee at any time upon 10 days written notice to Franchisee. Receipt of any check, draft or other commercial paper shall not constitute payment until FASTFRAME has collected all the funds such payment represents. Franchisee shall reimburse FASTFRAME for all collection charges, including reasonable attorney's fees, it incurs in recovering amount due from Franchisee. Any dishonored and returned checks will not be redeposited but shall be promptly replaced by Franchisee by a bank certified or cashier's check in the aggregate amount of the payment tendered, plus any late charge assessed to defray expenses of handling, processing and bookkeeping.

5.2.4 FASTFRAME reserves the right to impose a late charge on any payment which is not paid in full on or before the date due of up to \$100 for each delinquent payment.

5.2.5 FASTFRAME may apply any amounts received from Franchisee or any amounts earned or credited to Franchisee in connection with the operation of its FASTFRAME Outlet(s) to any other amounts due to FASTFRAME, any principal of FASTFRAME or to any affiliate of FASTFRAME. FASTFRAME shall also have the right to set off against any payments that FASTFRAME might owe to Franchisee in connection with this Agreement against any fees that Franchisee or its Affiliates owe to FASTFRAME or its Affiliates under this Agreement or any other agreement between any of the foregoing parties. Franchisee shall have no right to set off against sums due to FASTFRAME under this Agreement any claims it may have against or obligations owed to it by FASTFRAME or its principals or affiliates.

5.3 Other Charges.

5.3.1 Franchisee shall promptly advance or, at FASTFRAME's option, pay FASTFRAME the full amount charged for any services (including related moldings, prints, matting materials, glass, backings and other ancillary supplies used in creating and fabricating customers' frames) provided by FASTFRAME, along with the amount of all sales, use and other taxes imposed or required to be collected or paid on account of goods or services sold or leased to Franchisee by FASTFRAME.

5.3.2 Franchisee shall reimburse FASTFRAME in full within 10 days of receipt of FASTFRAME's demand for all amounts advanced by FASTFRAME or which FASTFRAME has paid or for which FASTFRAME has become obligated on behalf of Franchisee, whether or not such amounts were paid or advanced at Franchisee's request, including taxes, payments made on Franchisee's trade accounts to suppliers to maintain the reputation and goodwill of the FASTFRAME System or payments for required insurance.

5.3.3 Franchisee must make the payments due to FASTFRAME under this Agreement by electronic funds transfers, credit card or debit card, and Franchisee must comply with the methods and procedures specified by FASTFRAME and perform the acts and sign the documents, including authorization forms that Franchisee's bank and FASTFRAME's bank may require to accomplish payment by electronic funds transfer. Under this procedure, Franchisee will be required to authorize FASTFRAME to initiate debit entries and/or credit collection entries to a designated checking or savings account for payments of fees and other amounts, including late charges and interest, payable to FASTFRAME. Franchisee will make the funds available to FASTFRAME for withdrawal by electronic transfer no later than the required payment due date. If Franchisee has not timely reported the Gross Receipts of its FASTFRAME Outlet(s) for any reporting period, or if FASTFRAME is otherwise unable to access and accurately determine Franchisee's Gross Receipts for any reporting period, then FASTFRAME may, at its option, estimate such Gross Receipts, and calculate the corresponding fees which shall be due by Franchisee hereunder, and debit or otherwise recover such fees from Franchisee, based on (a) an average of the Gross Receipts during the last prior twelve reporting periods for which a report of Gross Receipts was provided to FASTFRAME (or during all reporting periods for which a report of Gross Receipts was provided to FASTFRAME if fewer than twelve in total have been reported), or (b) the information for the applicable reporting period(s) that FASTFRAME is able to retrieve from Franchisee's computer system and/or point-of sale software.

6.

MARKS, COPYRIGHTS AND TRADE SECRETS

6.1 License Granted to Franchisee. FASTFRAME is the sole owner of all right, title and interest in the Marks, and this Agreement confers no goodwill or other interest in the Marks to Franchisee other than to use them as permitted under the terms and conditions of this Agreement. Franchisee agrees that:

(a) Franchisee shall use only the Marks as designated by FASTFRAME in the operation of its FASTFRAME Outlet(s), and shall use them only in the manner expressly authorized and permitted by FASTFRAME.

(b) Any goodwill established in the Marks by reason of Franchisee's use of them shall inure to the exclusive benefit of FASTFRAME.

(c) All provisions of this Agreement applicable to the Marks shall also apply to any future proprietary names and marks and commercial symbols authorized by FASTFRAME for use by Franchisee and licensed to Franchisee by FASTFRAME during the Term of this Agreement.

(d) Franchisee shall use the Marks as the sole identification of its FASTFRAME Outlet(s), provided that Franchisee shall identify itself as the independent owner of its FASTFRAME Outlet(s) in the manner prescribed by FASTFRAME, and provided further however, that in the case of a previously existing framing store which is being converted to a FASTFRAME Outlet, FASTFRAME may in its discretion authorize Franchisee to continue to use the previous name under which the Accepted Location was operated together with the Marks, but in that event, Franchisee must assign all right and title in and to the said previous name to FASTFRAME.

(e) Franchisee shall not use the Marks as part of any corporate or trade name, domain name or website, or with any prefix, suffix or other modifying words, terms, designs or symbols or in any modified form, nor may Franchisee use any Marks in connection with the performance or sale of any unauthorized services or goods or in any other way not expressly authorized in writing by FASTFRAME.

(f) Franchisee shall prominently display the Marks in Franchisee's FASTFRAME Outlet(s) on all items designated by FASTFRAME, such as signs, packaging materials, merchandise, Inventory Items, and the like.

(g) Franchisee shall not engage in any trade practice or other activity which is harmful to the goodwill of, or reflects unfavorably on, the reputation of FASTFRAME or FASTFRAME Outlets, the FASTFRAME System, the Marks or Franchisee or which constitutes deceptive or unfair competition or which is in violation of any laws.

(h) Franchisee shall not permit any third party to imprint any of the Marks on anything, such as products, materials, documents or supplies, without first obtaining FASTFRAME's consent so that FASTFRAME can properly authorize the use of the Marks by a third party if appropriate.

(i) Franchisee shall not use the Marks in any way to incur any obligation, liability or indebtedness on behalf of FASTFRAME.

6.2 Disputes Pertaining to Marks. FASTFRAME has the sole right to handle disputes with third parties concerning use of the FASTFRAME System, or any part of the FASTFRAME System, including the Marks.

6.2.1 If Franchisee receives notice or becomes aware of: (i) any claim, suit or demand against it on account of any alleged infringement, unfair competition or similar matter involving its use of the FASTFRAME System, including use of the Marks; or (ii) any claim by any person of any rights in all or any part of the FASTFRAME System or in any Mark, then Franchisee shall promptly notify FASTFRAME. Franchisee has no right to settle or compromise any such claim, suit or demand.

6.2.2 Franchisee shall cooperate fully with FASTFRAME and execute such documents and perform such actions as may be necessary, appropriate or advisable in the defense of such claims, suits or demands and to protect and maintain the interests of FASTFRAME in the FASTFRAME System and the Marks which are the subject of challenge.

6.2.3 Franchisee shall promptly notify FASTFRAME of any infringing or unauthorized use of the Marks. FASTFRAME is under no obligation to initiate suit against imitators or infringers nor to take any action to enforce or protect the FASTFRAME Proprietary Names and Marks

6.3 Disputes Pertaining to Marks.

6.3.1 FASTFRAME has the sole right to handle disputes with third parties concerning use of the FASTFRAME System or any part of the FASTFRAME System, including the Marks. FASTFRAME may use such efforts as it deems reasonable and necessary to exert remedies which may be available under Applicable Law to challenge the Pre-existing Uses or other uses of the Marks (or names confusingly similar thereto) in the Territory by third parties in order to cause such third parties to cease using the Marks (or names confusingly similar thereto).

Notwithstanding the foregoing, FASTFRAME is under no obligation to initiate suit against imitators or infringers nor to take any action to enforce or protect the FASTFRAME Proprietary Names or Marks.

6.3.2 Franchisee has no right to prosecute, settle or compromise: (a) any claim, suit or demand against it on account of any alleged infringement, unfair competition or similar matter involving its use of the FASTFRAME System, including use of the Marks; (b) any claim by any person of any rights in all or any part of the FASTFRAME System or in any Mark; or (c) any use by any third party of the Marks or names confusingly similar thereto.

6.3.3 Franchisee shall promptly notify FASTFRAME if Franchisee receives notice or becomes aware of any such claim, suit or demand, any apparent or potential infringing use of the Marks, or use of a mark confusingly similar to any of the Marks. Franchisee shall cooperate fully with FASTFRAME and execute such documents and perform such actions FASTFRAME may determine to be necessary, appropriate or advisable in the prosecution or defense of such third party uses or claims, suits or demands and to protect and maintain the interests of FASTFRAME in the FASTFRAME System and the Marks which are the subject of challenge or infringement.

6.3.4 Subject to Section 6.3.6 of this Agreement, FASTFRAME will indemnify Franchisee for all actual damages (other than loss of past or future income) and out-of-pocket expenses incurred by Franchisee in connection with any claim made by any third party for infringement, unfair competition or similar matter arising out of Franchisee's use of the Marks or the FASTFRAME System.

6.3.5 In the event that: (a) Franchisee shall be required to cease using the Marks (or any of them) by court order, or as a result of any settlement of any claim, or (b) FASTFRAME shall deem it necessary or appropriate to change the name of the Franchisee in order to mitigate any potential exposure or damages arising under any claim, then Franchisee shall promptly change the name of its FASTFRAME Outlet(s) to, and thereafter adopt and use, an alternative name established by FASTFRAME. In such event, FASTFRAME shall reimburse Franchisee for the actual, reasonable out of pocket costs of changing Franchisee's signs and menus to incorporate such new mutually agreed upon name and Mark, subject to Section 6.3.6 of this Agreement. FASTFRAME shall not otherwise be liable for any losses or any consequential damages, including lost future profits, resulting from or arising out of any claim(s) or the establishment or changing to an alternative name.

6.3.6 Notwithstanding Sections 6.3.4 and 6.3.5 above, FASTFRAME's obligation to indemnify and reimburse Franchisee only exists if: (i) Franchisee shall have used the mark(s) which are the subject of the controversy in strict accordance with the provisions of this Agreement, the Manuals, and any other written procedures, requirements or instructions of FASTFRAME; and (ii) Franchisee shall have notified FASTFRAME of the claim at issue immediately upon learning of such claim; and (iii) Franchisee shall have cooperated fully in the prosecution or defense, as applicable, of the action. FASTFRAME shall not otherwise be liable for any losses or any consequential damages, including lost future profits, resulting from or arising out of any claim(s) or the establishment or changing to an alternative name.

6.4 Discontinuation of Proprietary Names and Marks. FASTFRAME may at any time, and in its sole discretion, modify or discontinue use of the Marks or use one or more additional or substitute trade or service marks. Franchisee shall comply with FASTFRAME's directions to modify or discontinue the use of any Marks within a reasonable time after receiving notice from FASTFRAME. FASTFRAME is not obligated to compensate Franchisee for any costs incurred in connection with any modification or discontinuance.

6.5 Inventions. Franchisee acknowledges and agrees that any patents, trademarks, copyrights, inventions, processes or proprietary information developed during the Term by Franchisee, its agents, representatives or employees, that are related to the FASTFRAME System or the operation of a FASTFRAME Outlet shall be the exclusive property of FASTFRAME. Franchisee shall notify FASTFRAME of the discovery or creation of any such thing and take all steps required by FASTFRAME to protect and ensure FASTFRAME's ownership.

6.6 Trade Secrets.

6.6.1 Franchisee will maintain the absolute confidentiality of the Trade Secrets during and after the Term of this Agreement, and shall not allow any officer, director, owner, employee or other person or Entity, to disclose or use or make any copy or duplication of the Trade Secrets in whole or in part, at any time either during or

subsequent to the Term of this Agreement, except as required for the operation of its FASTFRAME Outlet(s) or as FASTFRAME may authorize in writing.

6.6.2 Franchisee shall acquire no interest in the Trade Secrets, other than the right to use them in the development and operation of its FASTFRAME Outlet(s).

6.6.3 At FASTFRAME's request, Franchisee shall require its owners, directors, officers and Outlet Manager and other employees to execute a Confidentiality and Non-Disclosure Agreement. Any such agreements shall be delivered to FASTFRAME at its request.

6.7 Copyrights. Franchisee acknowledges that FASTFRAME claims copyrights in the Standards and the Manuals created for or approved for use in the operation of its FASTFRAME Outlet(s), and Franchisee agrees not to copy, duplicate, record or otherwise reproduce these proprietary materials, in whole or in part, or otherwise make them available to any unauthorized person.

6.8 Unauthorized Disclosure. Franchisee acknowledges and agrees that any failure to comply with the requirements of this Section 6 will cause FASTFRAME irreparable harm, and Franchisee shall pay all court costs and reasonable attorney's fees incurred by FASTFRAME in obtaining specific performance of, or an injunction against violation of, the requirements of this Article, without the requirement for the posting of a bond, and Franchisee hereby waives any such requirement.

7. ADVERTISING

7.1 Marketing Services Fund. Recognizing the value of advertising and promotion and the importance of the standardization of advertising and promotion programs to further the goodwill and public image of the FASTFRAME System, the parties agree as follows:

7.1.1 FASTFRAME will similarly allocate to the Marketing Services Fund an amount for each FASTFRAME Outlet it or any of its affiliates operates equal to that which it would be required to contribute to the Marketing Services Fund if it were a franchised outlet.

7.1.2 The Marketing Service Fund shall be maintained and administered by FASTFRAME or its designee as follows:

(a) FASTFRAME shall oversee all advertising with sole discretion to approve or disapprove the creative concepts, materials and media used in advertising and the placement and allocation of ads. FASTFRAME shall not be obligated in administering the Marketing Services Fund, to make expenditures for Franchisee which are equivalent or proportionate to its contribution or to ensure that any particular franchisee benefits directly or prorata from the advertising or promotion conducted under the Marketing Services Fund.

(b) FASTFRAME shall use the Marketing Service Fees collected from all FASTFRAME franchisees to develop and conduct marketing, advertising and promotional campaigns designed to promote and enhance the image, identity or patronage of franchised, licensed and FASTFRAME-owned FASTFRAME Outlets. The Marketing Services Fund may, among other things, be used to defray the costs of conducting marketing surveys and research; retaining public relations firms and other marketing professionals; preparing and producing video, audio and written marketing materials; administering national, multi-regional and regional marketing programs and national conferences and regional meetings as well as programs targeted for smaller geographic markets, whether or not there exist FASTFRAME Outlets in the market at the time of publication or dissemination, including purchasing print and digital media advertising and retaining advertising agencies; providing marketing and point-of-purchase materials to FASTFRAME Outlets; retain database management companies or provide materials and equipment to each franchisee to manage database information; development and maintenance of FASTFRAME's internet website, and overhead expenses related to the administration of the Marketing Services Fund. FASTFRAME or its affiliates may collect rebates and allowances and credits from Suppliers based on purchases or sales by FASTFRAME, its affiliates and franchisees and has the right to retain such sums for its own purposes, to help defray the costs of regional and national franchise meetings, return such sums to be used by one or more franchisees, including for designated purposes, and use such sums for advertising the FASTFRAME brand, or

one or more Marketing Services Fund expenditures in its discretion. Franchisee acknowledges that not all franchisees are or shall be required to contribute, or contribute the same percentage of Gross Receipts, to the Marketing Services Fund. FASTFRAME may spend in any fiscal year an amount greater or less than the aggregate contributions to the Marketing Services Fund in that year and may cause the Marketing Services Fund to borrow funds to cover deficits or invest surplus funds. If FASTFRAME advances money to the Marketing Services Fund in excess of the amounts it is required to allocate to the fund on account of FASTFRAME-owned FASTFRAME Outlets pursuant to Section 7.1.1, it will be entitled to be reimbursed for such advances with reasonable interest. FASTFRAME may make copies of advertising materials available to Franchisee with or without additional reasonable charge, as determined by FASTFRAME. The Marketing Services Fund shall provide to Franchisee marketing, advertising and promotional formats and sample materials, as available, at the direct cost of producing such items, plus shipping and handling.

(c) The Market Services Fund is not a trust Fund. FASTFRAME shall maintain a separate ledger account for this Marketing Services Fund. FASTFRAME will prepare an annual report of Marketing Service Fund expenditures each year within 180 days of the close of the Marketing Services Fund's fiscal year. Upon Franchisee's written request, FASTFRAME will provide Franchisee a copy of the report.

(d) Although the Marketing Services Fund is intended to be of perpetual duration, FASTFRAME may terminate the Marketing Services Fund or suspend its operation. The Marketing Services Fund shall not be terminated, however, until all monies in the Marketing Services Fund have been expended for advertising and/or promotional purposes, or if the Marketing Services Fund has a deficit, the Marketing Services Fund will not be terminated until the full amount of the deficit has been recovered by Franchisee contributions.

7.2 Local Advertising.

7.2.1 Although not required to do so, FASTFRAME strongly recommends that Franchisee expend funds on local marketing in addition to the amount contributed to the Marketing Services Fund pursuant to Section 7.1, equal to at least \$15,000 or 5% of Gross Receipts, whichever is greater, during each year, and on approved FASTFRAME programs which complement the Marketing Service Fund activity.

7.2.2 All local advertising and promotion by Franchisee in any medium shall conform to the Standards and requirements of FASTFRAME as set forth in the Manuals or otherwise. In addition, all Advertisements which Franchisee creates or originates for its FASTFRAME Outlet shall be factual, ethical and in good taste in the judgment of FASTFRAME. Franchisee shall refrain from using any advertising which, in the opinion of FASTFRAME, may be injurious to the business of FASTFRAME or the goodwill associated with the Marks, the FASTFRAME System or other FASTFRAME Outlets.

7.2.3 Franchisee shall not use, disseminate or publish any Advertisement or promotional material which has not first been approved by FASTFRAME, including the choice of medium.

7.2.4 Franchisee's Advertisements shall be placed or appear in media which are targeted to reach consumers within Franchisee's Territory. FASTFRAME will not approve requests to advertise in a way that aims at a significantly larger market than the area of the Territory without a showing of necessity or good cause from Franchisee. To obtain approval of proposed Advertisements, FASTFRAME may require, among other things, that Franchisee submit an accurate sample and all relevant details concerning the media in which Franchisee proposes to place the Advertisement; FASTFRAME reserves the right to require resubmission of previously approved Advertisements for reinspection, and may approve or disapprove continued use in its sole discretion. If approved, FASTFRAME may, but shall not be obligated to, require that all such Advertisements conspicuously include the addresses of other FASTFRAME Outlets located in the geographic area covered by the selected media or format, together with one or more legends prescribed by FASTFRAME, including legends disclosing that the offer is valid only at Franchisee's address, and may not be valid at other non-participating FASTFRAME locations.

7.2.5 To obtain approval of proposed advertising or promotional materials (including all Internet-related websites, advertising and marketing), Franchisee shall submit a true and correct copy or sample of it following the procedures set forth in the Manuals, or as otherwise instructed by FASTFRAME in writing. Franchisee shall not use any disapproved advertising or promotional plans or materials.

7.2.6 FASTFRAME reserves the right to require Franchisee to resubmit any previously approved Advertisement for reinspection, and upon reinspection, FASTFRAME may approve its continued use or disapprove it for further use, in FASTFRAME's sole discretion.

7.2.7 FASTFRAME may condition Franchisee's participation in any national, regional or other program, such as promotions sponsored or paid for by third party suppliers, on Franchisee's compliance with FASTFRAME's Standards and not being in default under this Agreement.

7.3 Telephone Numbers and Directory Advertising. Franchisee shall not use, advertise or promote any telephone number(s) other than the telephone number(s) listed in a telephone directory in connection with the operation of its FASTFRAME Outlet(s), including FASTFRAME Satellite(s), and there shall not appear the unlisted numbers or any other telephone numbers in any Advertisement. Franchisee shall not cause or allow its unlisted numbers, if any, to be disclosed to its customers.

7.4 Opening Advertising Program. Except if this Agreement is being executed in connection with the renewal or extension of a preexisting franchise agreement, or in connection with the purchase of an existing franchise, prior to the opening of the FASTFRAME Outlet, FASTFRAME will consult with Franchisee to design, develop and implement a customized Advertising campaign for Franchisee's FASTFRAME Outlet(s) (the "Opening Advertising Program"). All costs and expenses incurred directly or indirectly in connection with this Opening Advertising Program shall be paid by FASTFRAME using Franchisee's Initial Marketing Fee. With advice and input from Franchisee, FASTFRAME will place all opening Advertising; create and produce advertising copy; select media; determine whether or not to offer customer inducements and other promotional programs; and use commercially reasonable efforts to issue and coordinate press releases and other publicity. FASTFRAME does not warrant or guaranty the success or results of the Opening Advertising Program.

7.5 Internet. Franchisee may not use the Marks to advertise, promote or sell any merchandise or services through the Internet, or any other facility that makes use of electronic communication, nor may Franchisee offer or sell any merchandise that bears any of the Marks or any service that is identified with the Marks through the Internet or any other facility that makes use of electronic communication (including all print and electronic advertising and promotional material, networking or social media blogs, postings or listings, and materials appearing on or in any virtual worlds, file, audio and video sharing sites, including without limitation on sites such as Facebook, Twitter, Linked-In, Yelp, Instagram, Whatsapp, Wechat, Pinterest, Google Ads and YouTube postings or listings, newspaper and magazine advertisements, direct mailers and mail coupons), except with FASTFRAME's prior written consent which it may grant or withhold in its sole discretion and, if in the Manuals, or as otherwise directed in writing, all such consent is given, in accordance with all procedures, policies and protocols as FASTFRAME may establish, as revised from time to time.

7.5.1 Franchisee shall not develop, create, generate, own, license, lease or use in any manner any computer medium or electronic medium (including any Internet home page, e-mail address, website, domain name, bulletin board, newsgroup or other Internet-related medium or activity) which in any way uses or displays, in whole or part, the Marks, or any of them, or any words, symbols or terms confusingly similar thereto without Franchisor's express prior written consent, and then only in such manner and in accordance with System Standards as Franchisor may establish from time to time.

7.5.2 Franchisor has established one or more Internet web sites. Franchisor shall have discretion over the design, content and functionality of such web sites. Franchisor may include one or more interior pages that identifies FASTFRAME Outlets operated under the Marks, including Franchisee's FASTFRAME Outlet, by among other things, geographic region, address, telephone number(s), and services. Such website(s) may also include one or more interior pages dedicated to the sale of franchises by Franchisor and/or relations with Franchisor's or its Affiliate's investors. Franchisor may permit Franchisee to periodically select from Franchisor's designated alternative design elements for an interior page (or portion thereof) dedicated to Franchisee's FASTFRAME Outlet. Such designated alternative design elements may change from time to time. Franchisor will implement any such designated design elements or changes promptly, subject to Franchisor's business needs and scheduling availability. Franchisor may disable or terminate such website(s), in whole or in part, without Franchisor having any liability to Franchisee.

7.5.3 Franchisee acknowledges and agrees that Franchisor (or its Affiliate) is the owner of, and will retain all right, title and interest in and to (i) the domain name "fastframe.com"; (ii) the URL:

“www.fastframe.com”; all existing and future domain names, URLs, future addresses and subaddresses using the Marks in any manner; (iii) means all computer programs and computer code (e.g., HTML, XML DHTML, Java) used for or on the Franchisor’s web site(s), excluding any software owned by third parties; (iv) all text, images, sounds, files, video, designs, animations, layout, color schemes, trade dress, concepts, methods, techniques, processes and data used in connection with, displayed on, or collected from or through Franchisor’s website(s); and (iv) all intellectual property rights in or to any of the foregoing.

7.6 Electronic Commerce. If FASTFRAME elects to sell or distribute materials, or other goods related to the framing business via Electronic Commerce using the Marks, it may distribute such items into the Territory. FASTFRAME may, but is not obligated to, offer Franchisee an opportunity to participate in such Electronic Commerce on terms and conditions established by FASTFRAME, in its sole discretion. Without limiting the foregoing, FASTFRAME may condition Franchisee’s participation in any Electronic Commerce, on Franchisee’s compliance with such procedures, policies and protocols as FASTFRAME may establish and revise from time to time, and which may include, without limitation, to (i) govern electronic communications between FASTFRAME and its customers and the use and dissemination of information that FASTFRAME obtains with respect to its customers’ identities, purchasing habits and other commercially relevant matters; (ii) develop a secure site on the facility through which FASTFRAME can accept credit card and other confidential information from its customers; (iii) establish a central administration center through which customer orders are processed, customer complaints are handled, sales taxes (if any) are remitted, and records of sales transactions are created and maintained; (iv) establish a central fulfillment center through which all customer orders are filled; and (v) establish other terms and conditions under which “FASTFRAME” franchisees may participate in FASTFRAME’s Electronic Commerce program. FASTFRAME may also require Franchisee to execute a participation agreement that, among other things, (i) states the terms and conditions (if any) under which FASTFRAME and participating franchisees will share program revenues and expenses, (ii) obligates Franchisee to adhere to FASTFRAME’s procedures, policies and protocols that govern electronic communications and the use and dissemination of customer information, (iii) authorizes FASTFRAME from time to time to modify the procedures, policies and protocols that govern the Electronic Commerce program; and (iv) releases FASTFRAME from liability to Franchisee and its customers for theft or disclosure of confidential customer information or breach of FASTFRAME’s privacy standards unless the proximate cause of such theft, disclosure or breach is FASTFRAME’s gross negligence or willful misconduct. If FASTFRAME does not elect to offer Franchisee an opportunity to participate, or if FASTFRAME does offer, but Franchisee declines to participate, in any Electronic Commerce program proposed by FASTFRAME, on the terms and conditions established by FASTFRAME in connection therewith, Franchisee will have no right to share in program revenues, even with respect to orders placed by customers who reside in Franchisee’s Territory, nor will Franchisee have any responsibility to bear or pay any program expenses.

8. OBLIGATIONS OF FRANCHISEE

8.1 Store Start-Up.

8.1.1 Unless Franchisee’s location has already been selected and approved by FASTFRAME, Franchisee shall use its best efforts to select a location for its FASTFRAME Outlet acceptable to FASTFRAME which meets FASTFRAME’s then current guidelines for site selection. FASTFRAME will provide reasonable assistance to Franchisee in locating an acceptable site for Franchisee’s Outlet, which assistance may include researching and providing demographic information, one or more physical site inspections, and information and guidance concerning Franchisee’s lease negotiations. Neither FASTFRAME’s said assistance, if any, nor its acceptance of (or failure to reject) Franchisee’s proposed site, shall be construed to insure or guarantee the profitable or successful operation of the Location by Franchisee, and FASTFRAME hereby expressly disclaims any responsibility therefor. Franchisee acknowledges it is solely responsible for selecting a suitable location for its FASTFRAME Outlet and securing FASTFRAME’s acceptance.

8.1.2 Franchisee shall be responsible for ensuring that the lease for the location contains all the terms and conditions set forth in Section 4.2.3. The lease is subject to approval by FASTFRAME in accordance with Section 4.2.2.

8.1.3 Franchisee shall be responsible for obtaining and maintaining all zoning classifications and clearances that may be necessary, and all permits, licenses, and certifications required for the lawful construction and

operation of its FASTFRAME Outlet(s) including without limitation, any planning permissions, building regulation approvals, Certificate of Occupancy and fire safety certificates that may be necessary.

8.1.4 Franchisee assumes all cost, liability, expense and responsibility for locating, obtaining and developing a site for its FASTFRAME Outlet(s). Franchisee acknowledges that FASTFRAME's approval of a proposed site or the rendering of assistance in the selection of a site does not constitute a representation, promise, warranty or guarantee by FASTFRAME that a FASTFRAME Outlet operated at that site will be profitable or otherwise successful.

8.1.5 Franchisee shall not open its FASTFRAME Outlet(s) for business to the public until FASTFRAME certifies that its FASTFRAME Outlet(s), Franchisee and Franchisee's personnel, including any Outlet Manager, are prepared for the opening.

(a) Franchisee shall obtain FASTFRAME's approval and open Franchisee's FASTFRAME Outlet(s) for business to the public the earliest of: (i) 90 days from the date Franchisee executes a lease for the Accepted Location; or (ii) 10 days after a Certificate of Occupancy is issued from the local authorities.

(b) If Franchisee fails to pay for all necessary construction and fixturing and/or remodeling and renovation, as applicable, of its FASTFRAME Outlet prior to its opening for business or fails to open in a timely manner as required, then FASTFRAME may, at its sole discretion, terminate this Agreement. If the Agreement is terminated, Franchisee shall remain liable for all costs and expenses incurred during and for the build out of its FASTFRAME Outlet(s).

8.2 Relocation. During the Term of this Agreement, Franchisee may relocate its FASTFRAME Outlet(s) within the Territory, provided that in all cases, Franchisee first obtains FASTFRAME's written approval and that the location of the substitute site and the lease for the substitute site meet the then current Standards imposed by FASTFRAME for a new FASTFRAME Outlet. FASTFRAME is not obligated to provide any build-out services, like the services provided in connection with the original Accepted Location, for the substitute location, and it is Franchisee's obligation to conform all construction and fixturing of the substitute Accepted Location to FASTFRAME's current Standards and drawings. At Franchisee's request, FASTFRAME will provide Franchisee with a set of customized interior floor plans modified specifically for the dimensions and layout of the substitute location for a charge equal to FASTFRAME's actual cost of preparing them.

8.3 Methods and Standards of Operation.

8.3.1 In order to maintain uniform Standards of operation for all FASTFRAME Outlets and to protect the goodwill of FASTFRAME, the FASTFRAME System and the Marks, and to insure optimum quality control as to the products and services provided and sold in FASTFRAME Outlets, Franchisee shall operate its FASTFRAME Outlet(s) strictly in accordance with FASTFRAME's Standards and the terms of this Agreement and the Manuals. Franchisee shall offer, sell and provide only those goods and services as FASTFRAME shall from time to time authorize or require Franchisee to offer and sell in connection with the operation of a FASTFRAME Outlet, and shall do so in accordance with the FASTFRAME System.

8.3.2 Franchisee shall devote substantially full time to operating its FASTFRAME Outlet(s) or appoint a full time Outlet Manager to operate each FASTFRAME Outlet full time under Franchisee's strict supervision. Franchisee shall operate its FASTFRAME Outlet(s) faithfully and honestly for the entire Term of this Agreement; diligently perform its obligations hereunder; continuously exert its best efforts to promote and enhance the business of its FASTFRAME Outlet(s) and the goodwill associated with the Marks and the FASTFRAME System

8.3.3 The FASTFRAME Outlet shall not be used for any purpose other than the operation of a FASTFRAME Outlet in compliance with this Agreement.

8.3.4 Franchisee shall maintain the condition, appearance and efficient operation of its FASTFRAME Outlet(s), including painting, decorating and the replacement of worn carpet and worn or obsolete fixtures, furnishing, equipment, materials and signs, as required in the FASTFRAME Manuals at Franchisee's sole cost and expense throughout the Term of this Agreement and any renewal terms.

8.3.5 Franchisee shall maintain an active email address to be used in the operation of its FASTFRAME Outlet(s) and download software updates through LifeSaver Software, Inc. or other point of sale software which FASTFRAME plans to use to telecommunicate sales and operations information to and from Franchisee. Franchisee must notify FASTFRAME of any changes in internet service provider or email address.

8.3.6 If, at any time during the Term, Franchisee fails after 5 days written notice from FASTFRAME to remedy the condition and appearance of its FASTFRAME Outlet(s) to conform to the Standards, then FASTFRAME may: (i) arrange for the necessary cleaning, repair, remodeling, upgrading, painting or decorating of its FASTFRAME Outlet(s); and (ii) replace any worn carpet and worn or obsolete fixtures, equipment and signs. Franchisee shall be notified of and shall pay the entire cost of such work on the date due for the next payment of the Weekly Royalty Fee. Any such payment not made in full by the due date shall be subject to the late charges described in Section 5.2.4.

8.3.7 Franchisee shall not replace any fixtures, furnishings, signs or equipment or make any material alterations to the layout or appearance of its FASTFRAME Outlet(s) as originally developed without prior written approval of FASTFRAME.

8.3.8 Franchisee shall not install any vending machines, video games, pay telephones, or similar devices in its FASTFRAME Outlet(s).

8.3.9 At a minimum, Franchisee shall operate its FASTFRAME Outlet(s) 6 days a week including Saturday, or as otherwise provided for in the Manuals, or other hours which are at least the same as those observed by other retail stores located within the immediate vicinity of its FASTFRAME Outlet(s) or in the same shopping center or strip center as its FASTFRAME Outlet(s).

8.4 Inventory and Supplies.

8.4.1 Franchisee shall maintain in sufficient supply and use and/or sell at all times only Inventory Items and supplies that meet FASTFRAME's Standards. Franchisee shall sell or offer for sale all types of Inventory Items and services specified by FASTFRAME; and shall discontinue selling and offering for sale any Inventory Items or services which FASTFRAME, in its sole discretion, may disapprove in writing at any time. Subject to restrictions or limitations under and to the maximum extent permitted by Applicable Law, FASTFRAME reserves the right to establish, and upon receipt of prior written notice Franchisee shall comply with, the minimum and/or maximum retail prices at which Franchisee shall offer, sell and advertise Inventory Items and/or services, and other pricing and pricing-related policies.

8.4.2 Subject to Section 8.4.1, Franchisee shall purchase all Inventory Items, supplies and other goods and services used by Franchisee in connection with, or offered for sale from, its FASTFRAME Outlet(s) from suppliers who are currently approved by FASTFRAME or from any source, including FASTFRAME, so long as they meet or exceed FASTFRAME's Standards as may be modified from time to time by FASTFRAME.

8.4.3 Franchisee shall pay for all Inventory Items and supplies which it purchases from FASTFRAME or its affiliates on the terms and conditions specified. If Franchisee fails to make timely payments, then FASTFRAME shall have the right, after notice to Franchisee, to require cash or cash equivalent on or in advance of delivery.

8.4.4 Franchisee hereby acknowledges that FASTFRAME may, from time to time and without Franchisee's consent, request and obtain information from approved suppliers relating to transactions conducted in connection with the Outlet or any FASTFRAME Satellite operated by Franchisee, including without limitation, information regarding purchases made by Franchisee from such supplier, the quantity and types of goods purchased, refunds, returns, extensions of credit, and any and all other information relating to Inventory Items and supplies purchased by Franchisee, and in the case of Franchisee's banks and credit card companies with whom Franchisee conducts business, to the maximum extent permitted by Applicable Law, information regarding Franchisee's Gross Receipts, customer transactions and payments to Franchisee's suppliers. Franchisee further hereby instructs approved suppliers to provide the above-referenced information directly to FASTFRAME upon its request.

8.5 Staffing and Personnel.

8.5.1 Franchisee shall, at all times throughout the Term of this Agreement, ensure that its FASTFRAME Outlet(s) are adequately staffed and managed by a sufficient number of competent and trained supervisors and employees so as to enable Franchisee to operate its FASTFRAME Outlet(s) efficiently and in a manner consistent with the Standards set by FASTFRAME. Franchisee is solely responsible for the employment, compensation and, except as set forth in Section 4.7, proper training of employees. Franchisee shall require all employees to maintain a neat, clean appearance and pleasant demeanor and to conform to the standards of dress and uniform specified by FASTFRAME from time to time.

8.5.2 Although Franchisee is ultimately responsible for the operation of Franchisee's FASTFRAME Outlet(s), Franchisee may designate one or more Outlet Manager(s) approved in writing by FASTFRAME who will have responsibility for the overall day-to-day management of its FASTFRAME Outlet(s), provided the Franchisee, or a principal of a corporate or partnership Franchisee, remains actively involved with the Franchise to ensure proper operation and supervision. The designated Outlet Manager shall complete the initial training program described in Section 4.7 to FASTFRAME's satisfaction prior to assuming the duties of Outlet Manager. The Outlet Manager must spend a minimum of forty (40) hours per week overseeing the operation of Franchisee's FASTFRAME Outlet(s) during hours the Outlet is open to the public. Franchisee shall notify FASTFRAME of any change in the designated Outlet Manager no later than the day following the day the new Outlet Manager is hired. FASTFRAME may require any new or replacement Outlet Manager, as well as other newly hired employees of Franchisee, to satisfactorily complete FASTFRAME's training program described in Section 4.7.

8.5.3 FASTFRAME does not charge Franchisee for the training required under this Agreement. However, Franchisee shall be responsible for any and all expenses incurred by Franchisee or its employees in connection with any FASTFRAME training programs, including the costs of transportation, lodging, meals, and wages.

8.6 Accounts and Records.

8.6.1 Franchisee shall establish and maintain separate bank accounts for its FASTFRAME Outlets, and if Franchisee operates more than one FASTFRAME Outlet and/or FASTFRAME Satellite for each of such FASTFRAME Outlet, to keep its trade accounts in a current status and to resolve disputes with trade suppliers promptly. FASTFRAME may, but is not required to, pay any of Franchisee's delinquent accounts on Franchisee's behalf, and Franchisee shall immediately reimburse FASTFRAME upon receipt of notice from FASTFRAME. Franchisee also shall file a separate Schedule C (or applicable equivalent if Franchisee is an Entity) on its federal tax returns for each FASTFRAME Outlet or FASTFRAME Satellite it owns or controls.

8.6.2 Franchisee shall use sound financial management practices in connection with the operation of its FASTFRAME Outlet(s) and shall deliver to email address designated by FASTFRAME and/or to a physical location designated by FASTFRAME copies of the following information in the prescribed format:

(a) On or before each Wednesday, for the week commencing Monday through the preceding Sunday, a report of the Gross Receipts of its FASTFRAME Outlet(s) for the period, plus any other data, information and supporting records required by FASTFRAME; and

(b) At FASTFRAME's express written request, Franchisee shall deliver to FASTFRAME a profit and loss statement and balance sheet for the time period specified by FASTFRAME in such written request, within 30 days after receipt of such request; and

(c) At FASTFRAME's request, Franchisee shall deliver to FASTFRAME's designated location: (i) the most recent copy of its federal and state income tax returns, sales tax returns, and year-end financial statements, including a balance sheet and annual profit and loss statement reflecting all year-end adjustments; (ii) copies of monthly bank statements (including credit card statements and receipts reflecting credit card Gross Receipts), both personal and business, for the months requested; and (iii) any other information requested related to its FASTFRAME Outlet(s), such as wage records for FASTFRAME Outlet employees, vendor records, and inventory and production reports.

8.6.3 Franchisee shall maintain and preserve accurate books, records and tax returns, including related supporting material such as invoices, and LifeSaver Software or other point of sale system back-up drives or

disks for its FASTFRAME Outlet(s) for at least 5 years from the date the report or record is prepared, even if this Agreement and rights under it have expired or been terminated, canceled or assigned.

8.6.4 FASTFRAME and its designated representatives may inspect, audit and copy any of Franchisee's books and records, as well as the books and records of any corporation or partnership or entity who are guarantors, who have personal liability or who have joint and several liability under this Agreement. This includes the right to inspect and copy customer records and related data. FASTFRAME may, at any time and without prior notice to Franchisee, to the greatest extent permissible under Applicable Law, access Franchisee's computerized records and data base relating to Franchisee's Outlet(s) and transfer the data from Franchisee's data base to FASTFRAME's data base, and to obtain and verify the information and reports that Franchisee has provided or is required to provide in accordance with this Agreement.

(a) If Franchisee fails or refuses to produce books, records, and the source documents requested by FASTFRAME, or if, in the auditor's opinion, such books, records or source documents are inadequate to determine and verify gross sales or other pertinent information, then FASTFRAME, at its sole election, may reconstruct the books and records of Franchisee to reflect Gross Receipts.

(b) If an inspection, audit or reconstruction of the books and records of Franchisee discloses an understatement of Gross Receipts for any period, Franchisee shall pay to FASTFRAME, in full, on the next date due for payment of Weekly Royalty Fees and Marketing Fees, the full amount of any fees due on such understatement, plus late charges as set forth in Section 5.2.4.

(c) If the inspection, audit or reconstruction was necessary because of Franchisee's failure to furnish reports or other information required by this Agreement or if the understatement of Gross Receipts discovered by an audit is greater than 1% or if FASTFRAME discovers the Gross Receipts were knowingly or intentionally under-reported for any period, regardless of the amount of under-reporting, then, in addition to other charges and remedies FASTFRAME may have under this Agreement and applicable law, Franchisee shall reimburse FASTFRAME for the cost of the audit or inspection or reconstruction, including accountant's fees and expenses, attorney's fees and expenses, salaries, fees, travel, lodging, food and other expenses of the employees of FASTFRAME and any other independent professionals retained by FASTFRAME in connection with services performed in completing the audit, inspection or reconstruction.

8.7 Insurance.

8.7.1 Prior to the Opening Date, and at all times thereafter, Franchisee shall purchase and maintain at his or her own expense insurance against all types of public liability, loss or expense, including coverage for FASTFRAME as an additional insured. Franchisee acknowledges that FASTFRAME reserves the right to increase the amounts of insurance coverage required by this section and shall comply with any such increased amounts after notice from FASTFRAME.

8.7.2 All insurance policies shall be written by a responsible carrier acceptable to FASTFRAME, and shall include at a minimum the following:

(a) Comprehensive General Liability Insurance, including broad form contractual liability, broad form property damage including a custom artwork damage rider, personal injury, completed operations, and products liability, in the amount of \$2,000,000 combined single limit; and

(b) "All Risks" coverage for the full cost of replacement of the premises and all other property within or relating to the store or premises in which FASTFRAME may have an interest, with no co-insurance clause and with a replacement cost clause attached; and

(c) Business interruption insurance for Franchisee's lost revenues and FASTFRAME's lost Royalties and Marketing Service Fees, and Advertising Co-op fee (if any), for at least 12 months after casualty.

(d) Employer's Liability, Worker's Compensation, and other insurance required by Applicable Law.

(e) Franchisee may, with the prior written consent of FASTFRAME elect to have reasonable deductibles in connection with the coverage required under this section.

8.7.3 Each certificate of insurance shall provide that the policy may not be canceled as to FASTFRAME without 30 days prior notice to FASTFRAME.

8.7.4 Franchisee shall provide FASTFRAME with certificates of insurance indicating it has coverage in the required amounts within 10 days following a demand by FASTFRAME.

8.7.5 If Franchisee fails to obtain or maintain the required insurance, then FASTFRAME may, at its option, purchase the necessary insurance on Franchisee's behalf and charge the costs to Franchisee.

8.8 Non-Competition. Franchisee acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and trade secrets, including the proprietary FASTFRAME LifeSaver Database or other point of sale system and confidential information regarding the operational, sales, promotional and marketing methods and techniques of FASTFRAME and the FASTFRAME System. Franchisee covenants that, and shall cause the following persons to agree in writing that, except as permitted in writing by FASTFRAME, neither Franchisee, nor any officer, director, or Owner of any Franchisee which is a business Entity (expressly excluding FASTFRAME, and its officers, directors and shareholders, if otherwise applicable), nor their parents, spouses or children ("Immediate Family") will, during the Term of this Agreement, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person(s) or Entities, including through the use of any transfer or assignment designed:

8.8.1 Divert or attempt to divert any business or customer of the FASTFRAME Outlet(s) to any competitor, by direct or indirect inducement or otherwise or do, directly or indirectly, anything injurious or prejudicial to the goodwill associated with the Marks or the FASTFRAME System; and

8.8.2 Own, maintain, operate, engage in, or have any interest in any business which is the same as or similar to its FASTFRAME Outlet(s) or FASTFRAME Satellite.

8.8.3 Without FASTFRAME's prior written consent, during the Term of this Agreement, Franchisee shall not employ or seek to employ, directly or indirectly, any person serving in an executive, managerial or operational position who is at the time or was at any time during the prior 6 months employed by FASTFRAME. Request for FASTFRAME's consent shall be sent in writing to FASTFRAME.

8.9 Purchases from FASTFRAME. FASTFRAME may change the prices, delivery terms and other terms and conditions relating to its sale of goods, products and supplies to Franchisee on prior written notice. Franchisee acknowledges and agrees that FASTFRAME may charge a mark-up for selling goods, products and supplies to Franchisee. FASTFRAME in its sole discretion, may discontinue the sale of any good, product or supply at any time if in FASTFRAME's sole judgment its continued sale becomes unfeasible, unprofitable, or otherwise undesirable. FASTFRAME shall not be liable to Franchisee for delays due to temporary product shortages, order backlogs, production difficulties, delays, unavailability of transportation, fire, strikes, work stoppages, or other causes beyond the reasonable control of FASTFRAME. Franchisee acknowledges that the availability and quantities of particular products may vary from time to time and in the event that particular products are not available in quantities to satisfy the requirements of all franchisees, FASTFRAME and its Affiliates, FASTFRAME and its Affiliates may determine how and to whom such products shall be distributed and allocated in its sole discretion. Franchisee agrees to pay, promptly following receipt of an invoice prior to shipment, the prices established by FASTFRAME, on all goods, services, products, and supplies purchased from FASTFRAME. FASTFRAME will not be liable to Franchisee as a result of shipments that are delayed because of Franchisee's non-payment of invoices. On the expiration or termination of this Agreement, or in the event of any material breach of this Agreement by Franchisee, FASTFRAME shall not be obliged to fill or ship any orders then pending, or in the case of termination or non-renewal, made any time thereafter by Franchisee. Without any diminishment of Franchisee's rights under this section, FASTFRAME shall have the right to assign and delegate its obligations to Franchisee under this section to one or more of its Affiliates. Franchisee acknowledges that FASTFRAME shall not be obligated to extend credit to Franchisee or its customers, and unless FASTFRAME may otherwise agree in writing on a case by case basis, Franchisee will be required to pay FASTFRAME (or its Affiliates) in advance, before it commences framing services, for work and all related moldings, prints, pictures, matting materials, glass, backings and other ancillary materials and supplies.

9.
OWNERSHIP OF FRANCHISE

9.1 Ownership Generally.

9.1.1 The rights and duties set forth in this Agreement are personal to Franchisee, and FASTFRAME has granted the franchise in reliance on the singular personal skills, qualifications and representations of, and the trust and confidence reposed in Franchisee, and where applicable, its Owners, officers, and directors (expressly excluding FASTFRAME, and its officers, directors and shareholders, if otherwise applicable). Neither this Agreement nor any of the rights or privileges granted to Franchisee hereunder, nor Franchisee's FASTFRAME Outlet(s), shall be sold, assigned, transferred, shared or encumbered by operation of law or otherwise, in any manner, without the prior written consent of FASTFRAME.

9.1.2 If Franchisee is an Entity, Franchisee shall notify FASTFRAME of any change of its stock, if a corporation, and any change in the composition or percentage holdings of its Owners.

9.1.3 The transfer, sale, assignment, pledge or hypothecation of an equity interest in a corporate Franchisee that does not result in a change in control of Franchisee shall not be deemed an assignment for purposes of this Agreement nor subject to the conditions of transfer stated in Section 9.3.

9.1.4 This Agreement may not be transferred to an Entity whose securities are publicly traded, and no shares of any Franchisee may be offered for sale through the public offering of securities.

9.1.5 No person or entity shall succeed to any of the rights of Franchisee under this Agreement by virtue of any voluntary or involuntary proceeding in bankruptcy, receivership, attachment, execution, assignment for the benefit of creditors or other legal process.

9.2 Transfer to a Business Entity.

9.2.1 If this Agreement is initially owned by an individual, FASTFRAME expressly consents to the assignment of the Agreement to a new corporation, partnership or limited liability company organized and controlled by Franchisee, without payment of any transfer fee, provided all of the following conditions are satisfied:

9.2.2 Franchisee is designated Chief Executive Officer, general partner or managing member, or equivalent, of the new Entity and shall be and remain responsible for the day-to-day operations of Franchisee's FASTFRAME Outlet(s); and

9.2.3 The Entity is newly organized and its Articles of Incorporation and By-Laws, Partnership or Operating Agreement, or the equivalent thereof, provide that its activities are limited exclusively to operating its FASTFRAME Outlet(s) in accordance with the terms and conditions of this Agreement, and the new corporation or partnership does not use the Marks as part of the name of the Entity or with any prefix, suffix or other modifying words, terms, designs or symbols or in any modified form; and

9.2.4 Franchisee owns a 51% or greater interest in the voting rights and equity of the new Entity;
and

9.2.5 The new Entity executes a document in a form approved by FASTFRAME agreeing to be bound by all of the provisions of this Agreement and any other agreements in existence between Franchisee and FASTFRAME or any principal or affiliate of FASTFRAME; and

9.2.6 Franchisee assigns its leasehold interest under each and every FASTFRAME Outlet lease to the new Entity and obtains all necessary consents and approvals to the assignment, unless excused in writing from the assignment by FASTFRAME; and

9.2.7 All stock certificates or other evidence of ownership of the new Entity shall bear a conspicuous legend stating they are subject to the terms of this Agreement and any other agreements executed by Franchisee in connection with the operation of its FASTFRAME Outlet(s) and ownership of the Franchise, such as:

“The transfer of this stock certificate is subject to the terms and conditions of the Franchise Agreement entered into with FASTFRAME U.S.A., INC. dated _____, _____”; and

9.2.8 Franchisee executes a personal guaranty and agrees to remain personally liable in all respects under this Agreement and any other agreements executed by Franchisee in connection with the operation of its FASTFRAME Outlet(s) and ownership of the Franchise; and

9.2.9 Franchisee promptly furnishes to FASTFRAME copies of the new Entity’s organizational documents, including resolutions of the Board of Directors authorizing the Entity to enter into or assume this Agreement or a copy of the new Entity’s Partnership Agreement or Operating Agreement, as applicable; and

9.2.10 Prior to the effective date of the transfer, all of Franchisee’s accrued monetary obligations to FASTFRAME and any other outstanding obligations related to its FASTFRAME Outlet(s) have been satisfied.

9.3 Transfers of Ownership.

9.3.1 This Agreement is fully assignable by FASTFRAME and inures to the benefit of any assignee or any other legal successor to the interest of FASTFRAME. Franchisee shall execute any forms reasonably requested by FASTFRAME to carry out any transfer or assignment by FASTFRAME. In addition, FASTFRAME may delegate, novate and assign all or some of its obligations and rights under this Agreement to a subfranchisor, agent or area or regional developer assigned to a geographic area which includes part of Franchisee’s Territory and Franchisee shall accede to such delegation, novation or assignment at the request of the FASTFRAME and shall execute and deliver any acknowledgement, release or consent required by FASTFRAME in order to complete such delegation, novation or assignment.

9.3.2 Neither Franchisee nor any immediate or remote successor to any part of Franchisee’s interest in this Agreement nor any person or Entity which directly or indirectly owns any interest in Franchisee (expressly excluding FASTFRAME, and its officers, directors and Owners, if otherwise applicable), may transfer this Agreement or undergo a change of control, without the prior written consent of FASTFRAME. Any unauthorized or attempted sale, assignment, transfer, fractionalization or encumbrance without FASTFRAME’s prior written consent shall be void and of no effect. Acceptance by FASTFRAME of payments of Weekly Royalty Fees, or any other payments, from a person or Entity other than Franchisee shall in no event be deemed to constitute consent by FASTFRAME to any transfer or assignment to any such person or Entity.

9.3.3 FASTFRAME’s consent to an assignment on specified terms and conditions shall not be deemed a consent to an assignment on any other terms or conditions, nor to any other or subsequent assignment.

9.3.4 Franchisee shall not transfer any FASTFRAME Outlet nor any material part of the assets of any FASTFRAME Outlet apart from an assignment of all of the FASTFRAME Outlet(s) operating pursuant hereto, and all or substantially all of the assets thereof, to the same assignee except in accordance with this Section 9.3, except to the extent that FASTFRAME may in its discretion otherwise consent in writing.

9.3.5 FASTFRAME’s consent to any assignment, transfer or encumbrance shall not be unreasonably withheld; provided, that it may condition its consent on any or all of the following:

(a) All obligations of Franchisee to FASTFRAME, whether arising under this Agreement or otherwise, must be satisfied at the time of transfer. In order to evaluate the proposal transfer, FASTFRAME may audit all aspects of Franchisee’s operation and Franchisees delay or refusal to provide FASTFRAME with whatever documents or information FASTFRAME requests may impede FASTFRAME’s evaluation and result in a deal or disapproval of the transfer. Franchisee is responsible for FASTFRAME’s costs of evaluating a proposed transfer whether or not the transfer is consummated.

(b) The prospective Franchisee, and those of its Owners, officers and directors requested to do so, must complete FASTFRAME’s confidential questionnaire and financial information forms and be approved through FASTFRAME’s standard Franchisee Selection Process, and shall demonstrate to FASTFRAME’s satisfaction that it meets FASTFRAME’s current educational, managerial and business standards; possesses a good

moral character, business reputation, and credit rating; has the aptitude and ability to operate the Franchise, and has adequate financial resources and capital to operate the business; provided, however, that the business experience and financial qualifications of the proposed transferee will be assessed by FASTFRAME in light of the customer and sales volume, and the then current liabilities and obligations of Franchisee's FASTFRAME Outlet(s) at the time of the proposed transfer.

(c) The proposed transferee and the general partner, managing member, or officer or director of a transferee which is an Entity, who is designated as the individual who will have management responsibilities for Franchisee's FASTFRAME Outlet(s) if the transfer is approved, and any new Outlet Manager or other supervisory employees shall satisfactorily complete FASTFRAME's next available initial training program for new Franchisees. The proposed transferee shall pay for any travel, lodging, food or other personal expenses incurred by the proposed transferee in attending and completing the training whether or not FASTFRAME later consents to the proposed transfer.

(d) Review by FASTFRAME of the proposed terms and conditions of the contract of sale between Franchisee and the prospective Franchisee which may affect the sufficiency of cash flow from Franchisee's FASTFRAME Outlet(s) after payment of debt service necessary for reinvestment to maintain and refurbish the premises.

(e) Franchisee and its officers, directors, Owners, as applicable, must execute a general release of FASTFRAME and its officers, directors, Owners, employees and affiliates in their corporate and individual capacities in a form satisfactory to FASTFRAME and effective as of the date of the transfer.

(f) Completion, prior to the effective date of transfer, specified repair, refurbishing, redecorating and modernization of Franchisee's FASTFRAME Outlet(s) and upgrading or replacement of damaged or deteriorating equipment as necessary to conform Franchisee's FASTFRAME Outlet(s) to FASTFRAME's then current Standards for new franchises in the state in which FASTFRAME Outlet is located.

(g) Execution by the assignee of a new franchise agreement in the form then being used by FASTFRAME, except that no Initial Franchise Fee shall be charged, but the transferee shall (i) pay FASTFRAME an Opening Fee, and (ii) pay FASTFRAME or expend the initial Marketing Expense conducted and payable in the manner described in (h) below. The seller shall pay a transfer fee equal to (i) if Franchisee finds the buyer for its FASTFRAME Outlet(s), 5% of the total purchase price being paid to Franchisee for its FASTFRAME Outlet(s), excluding inventory; or (ii) if FASTFRAME finds the buyer, 10% of the total purchase price being paid to Franchisee for its FASTFRAME Outlet(s), excluding inventory; provided that FASTFRAME will waive the transfer fee if a broker engaged by FASTFRAME finds the buyer. However, the seller shall pay the broker fee, if any, payable to any broker involved in the sale, including any broker engaged by FASTFRAME. The transfer fee is payable at or prior to the time of transfer. Franchisee acknowledges that the term of the franchise agreement executed by the assignee shall be 10 years and shall provide only such additional options to renew as provided for in this Agreement.

(h) On execution of the new franchise agreement, transferee shall pay FASTFRAME an initial Marketing Expense equal to \$5,000. In FASTFRAME's discretion, in lieu of paying these sums to FASTFRAME, assignee may spend these sums for opening advertising and promotion of its FASTFRAME Outlet during the 3 months following opening. Assignee must submit proof of such expenditures to FASTFRAME.

(i) Execution by the prospective franchisee of a written assumption of the Franchisee's obligations under equipment leases and under the lease of the FASTFRAME Outlet premises, and such other documents as FASTFRAME may require in order to assume all of the obligations of Franchisee to the same extent, and with the same effect, as previously assumed by the assignor.

(j) If the proposed franchisee is an Entity, the transferee must provide FASTFRAME with a copy of its Articles of Incorporation, By-Laws, Partnership or Operating Agreement, as applicable, and any other documents reasonably requested by FASTFRAME.

(k) If the proposed franchisee is an Entity, then each Owner having a 5% or greater interest must execute a personal guaranty of the obligations of the proposed transferee, and each of the principals

designated by FASTFRAME shall execute a Confidentiality and Non-Disclosure Agreement in a form satisfactory to FASTFRAME.

(l) If the proposed franchisee is an Entity, then it shall add a legend on its stock or membership certificates or other document evidencing ownership, as applicable, stating that they are subject to the terms of this Agreement and any other agreements executed by the proposed franchisee in connection with the transfer.

9.3.6 If in the judgment of FASTFRAME, the financial resources or other qualifications of the proposed transferee, or the terms of the proposed assignment pose an unacceptable risk of exposure in the event of a default by the transferee, FASTFRAME may require Franchisee, and its Owners, prior to the effective date of the transfer, to execute a guarantee of the performance by the proposed transferee in a form acceptable to FASTFRAME.

9.3.7 For 2 years following the effective date of transfer, the assignor/transferor and its officers, directors, Owners, if applicable (expressly excluding FASTFRAME, if otherwise applicable), shall be subject to the non-disclosure and non-competition restrictions set forth in this Agreement.

9.4 FASTFRAME's Rights of First Refusal.

9.4.1 In addition to requiring FASTFRAME's prior written consent, Franchisee's right to sell, transfer or assign a controlling interest in its FASTFRAME Outlet(s) (as defined in Section 9.1.3) shall be subject to FASTFRAME's rights of first refusal.

9.4.2 Before Franchisee can accept an offer from a proposed transferee, Franchisee must submit the offer to FASTFRAME in writing containing all of the information required in this section, and FASTFRAME shall have the option to purchase the interest for the price and on the terms and conditions contained in the offer by notifying Franchisee in writing within twenty-one (21) days after its receipt of the information from Franchisee.

(a) The written offer shall specify: (i) the name and address of the proposed transferee; (ii) the price, terms, conditions and date and place of closing of the proposed sale; and shall also include, (iii) a completed FASTFRAME Franchise Application form from the proposed transferee; (iv) certified copies of all escrow, offer and/or sales documents; and (v) evidence of the proposed transferee's financial ability to complete the purchase, including a release from the proposed transferee authorizing FASTFRAME to verify its assets and to obtain a credit history report.

(b) If FASTFRAME fails to exercise its right of first refusal and (i) the contemplated sale is not completed within one hundred and twenty (120) days after FASTFRAME's receipt of the offer; or (ii) terms and conditions of the offer are materially amended or changed, then FASTFRAME's right of first refusal shall be reinstated and any subsequent proposed sale to the same proposed transferee must again be offered to FASTFRAME.

(c) If FASTFRAME exercises its right of first refusal, it may substitute cash at closing for any form of non-cash payment proposed in the offer. The cash value of any non-cash consideration shall be determined by FASTFRAME, reasonably and in good faith, and its determination shall be final.

(d) This right of first refusal shall apply to both voluntary and involuntary dispositions or assignments as defined in this Agreement, unless otherwise expressly provided.

9.5 Disability or Death of Franchisee.

9.5.1 Promptly following the death, disability or mental incapacity of Franchisee, FASTFRAME must be notified of the identity, address and telephone number of the legal representative, trustee and administrator, as applicable, in charge of the affairs of Franchisee or persons owning a controlling interest in Franchisee. Within 60 days following the death, disability or mental incapacity of Franchisee, if Franchisee is an individual, or any person owning a controlling interest in Franchisee, if Franchisee is an Entity, the executor, administrator or personal representative of such person shall employ or retain an individual who is qualified to act as a Franchisee or to operate and manage its FASTFRAME Outlet(s). Within one (1) year, this individual shall be replaced by a qualified "Successor Transferee" who satisfies the conditions of transfer set forth in Section 9.3 above.

9.5.2 Disability shall mean the inability, due to illness or other cause, of Franchisee, or of an Owner owning a controlling interest in a Franchisee which is an Entity, to perform the obligations imposed by this Agreement for a continuous period of 4 months, or a total of 120 days in any 180 day period, as determined by FASTFRAME in the exercise of its reasonable judgment. FASTFRAME shall have the right to require a certified copy of an order of a court of competent jurisdiction over the estate of the deceased or incapacitated person in which the legal representative or heir or legatee shall be determined, and may rely on such certified copy for the purposes of this section. If not furnished with such certified copy of a court order or in the event of a legal contest, FASTFRAME may decline, without liability, to recognize the claim of a party to such interest.

9.5.3 If no qualified individual has been designated to operate Franchisee's FASTFRAME Outlet(s) within 60 days after the date of death, disability or mental incapacity of Franchisee, FASTFRAME shall have the right to terminate this Agreement. Similarly, if no transfer of the interest to a Successor Transferee is accomplished consistent with the provisions of this Section 9.5 within one year from the date of death, disability or mental incapacity, FASTFRAME shall have the right to terminate this Agreement.

9.5.4 So long as such appointments, designations and transfers are approved by FASTFRAME, then any such appointment of an interim individual or transfer to a Successor Transferee shall be exempt from the payment of the transfer fee and FASTFRAME shall not have any right of first refusal to purchase the interest being transferred.

9.5.5 At any time prior to FASTFRAME's approval of the Successor Transferee, FASTFRAME shall have the right, but not the obligation, to install its own personnel or legal representatives to operate Franchisee's FASTFRAME Outlet(s) for any period of time FASTFRAME deems necessary, and the Successor Transferee shall reimburse FASTFRAME for its costs and expenses in providing such services, including wages, transportation, food, lodging and other personal expenses of the personnel furnished by FASTFRAME.

10. DEFAULT AND TERMINATION

10.1 Termination Without Opportunity To Cure. FASTFRAME may terminate this Agreement, without prejudice to its enforcement of any other legal right or remedy, effective upon written notice given by FASTFRAME if any of the following events occurs, and Franchisee shall not be given an opportunity to cure the default:

10.1.1 **BANKRUPTCY OR INSOLVENCY:** If Franchisee, or any person or Entity controlling, controlled by or under common control with Franchisee, makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, files a petition for the appointment of an examiner, be wound up or declared to be unable to pay its debts as they fall due, is adjudicated a bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents or acquiesces in the appointment of a trustee or receiver or other representative for Franchisee, the Franchise or for the operation of Franchisee's FASTFRAME Outlet(s); or if proceedings are commenced to have Franchisee, or any such person or entity, adjudicated a bankrupt or reorganized under any state or federal bankruptcy or insolvency law and such proceedings are not dismissed within fifteen (15) days; or if a trustee or receiver is appointed for Franchisee or the Franchise business without Franchisee's consent and the appointment is not vacated within 15 days.

10.1.2 **ABANDONMENT:** If Franchisee fails, without FASTFRAME's prior written consent, to keep its FASTFRAME Outlet(s) open during the minimum prescribed business hours as set forth in the Manuals for a continuous period of 5 days or more, or for any shorter period after which it is not unreasonable under the facts and circumstances for FASTFRAME to conclude that Franchisee does not intend to continue to operate any one or more of the FASTFRAME Outlet(s), unless the failure to operate is due to a natural disaster or similar reasons beyond the control of Franchisee.

10.1.3 **LOSS OR DAMAGE TO PREMISES:** If Franchisee loses the right to possession of the premises or otherwise forfeits the right to transact business in the jurisdiction where Franchisee's FASTFRAME Outlet(s) are located. If, through no fault of Franchisee, the premises are damaged or destroyed and repairs or reconstruction cannot be completed within 90 days, then Franchisee shall have 30 days after such event in which to apply for FASTFRAME's approval to relocate and/or reconstruct the premises at Franchisee's sole expense. FASTFRAME's approval to such a request shall not be unreasonably withheld but may be conditioned on payment to

FASTFRAME of an agreed minimum royalty during the period in which Franchisee's FASTFRAME Outlet(s) are not in operation.

10.1.4 **CRIMINAL OFFENSE:** If Franchisee or any of its principals is convicted of or pleads guilty or pleads nolo contendere to a felony, a crime involving moral turpitude, or any other crime or offense that FASTFRAME believes is reasonably likely to have an adverse effect on the FASTFRAME System, the Proprietary Names and Marks, the goodwill associated with them or FASTFRAME's interest in them.

10.1.5 **MISREPRESENTATION:** If Franchisee is discovered to have made any material misrepresentation to FASTFRAME in obtaining the Franchise, including any material misrepresentation concerning Franchisee's financial history, credit rating or experience.

10.1.6 **ILLEGAL USE OF PREMISES:** If Franchisee permits the use of the premises for any illegal or unauthorized purpose.

10.1.7 **UNAPPROVED TRANSFER:** If Franchisee or any Owner of Franchisee purports to transfer any rights or obligations under this Agreement or any interest in Franchisee without FASTFRAME's prior written consent contrary to the terms of Section 9.

10.1.8 **DISCLOSURE OF TRADE SECRETS:** If Franchisee discloses or divulges trade secrets provided to Franchisee by FASTFRAME to FASTFRAME's material detriment, in its sole determination.

10.1.9 **FAILURE TO APPOINT SUCCESSOR TRANSFEREE:** If an approved transfer is not effected within one year following the death, disability or mental incapacity of a person with an interest referred to in Section 9.5 or if an interim manager is not designated within 60 days as required by that section.

10.1.10 **SUBMITTING FALSE REPORTS:** If Franchisee knowingly maintains false books or records, or knowingly submits any false reports to FASTFRAME.

10.1.11 **ADVERTISEMENT VIOLATION.** If Franchisee violates Section 7.2.4 after having previously been notified by FASTFRAME of a violation by Franchisee of Section 7.2.4 (whether or not cured).

10.2 **Termination After Failure to Cure.** FASTFRAME may terminate this Agreement by giving Franchisee written notice of termination specifying the reason(s) for termination which may be based on Franchisee's non-compliance with any of the following events or any other term and condition of this Agreement, the Manuals or any other agreement which is incorporated as part of this Agreement by reference; and such notice, unless otherwise indicated below, shall be provided to Franchisee at least 30 days prior to the effective date of termination. Franchisee may avoid termination by immediately taking action to cure the default and curing it to FASTFRAME's satisfaction within the cure period specified and by providing FASTFRAME proof of the cure. If any such default is not cured within the specified time, or any longer period required by law, this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the cure period or any longer period required by law.

10.2.1 **REPEATED DEFAULTS:** If Franchisee, after curing any failure or default under this Agreement, commits the same default again at any time during the Term, whether or not cured after notice; or if Franchisee fails to comply with one or more requirements of this Agreement 3 or more times within any 12 month period, whether or not corrected after notice.

10.2.2 **FAILURE TO MAKE PAYMENTS:** If Franchisee fails to pay any fees, invoices or other charges or fails to make contributions for advertising as required under this Agreement for more than 5 days (or such longer period as Applicable Law may require) after written notice of the default.

10.2.3 **TERMINATION OF OTHER FRANCHISE AGREEMENT:** If any other FASTFRAME franchise agreement between FASTFRAME and Franchisee is terminated because of Franchisee's default and failure to cure within the cure periods provided thereunder, FASTFRAME may terminate this Agreement without further notice or opportunity to cure.

10.2.4 **FAILURE TO SUBMIT REPORTS:** If Franchisee fails, refuses, or neglects to promptly submit any statement of Gross Receipts or any other financial report or information required by FASTFRAME or submits any report or financial statement containing a false certification, and does not file the required or corrected statement or report within 5 days after receiving written notice that such statements, reports and/or information are overdue.

10.2.5 **NONCOMPLIANCE WITH LAW:** If Franchisee fails to comply with any federal, state or local law or regulation which is material to the operation of the Franchise for a period of 10 days after receiving notice of the non-compliance.

10.2.6 **DEFAULT IN FRANCHISE DEVELOPMENT:** If Franchisee fails to meet the deadlines for obtaining FASTFRAME's approval to the FASTFRAME Outlet location and lease, or Franchisee or the principal of a Franchisee which is an Entity Franchisee fails to complete the training program to FASTFRAME's satisfaction; or Franchisee fails to open the FASTFRAME Outlet for business to the public in compliance with the time schedule in Section 8.1.

10.2.7 **MISUSE OF MARKS:** If Franchisee misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated with them or with the FASTFRAME System and fails to cure the default within 24 hours following notice from FASTFRAME.

10.3 **FASTFRAME's Right to Cure.** If Franchisee fails to do any thing or act required under this Agreement, then after 30 days written notice of default, FASTFRAME shall have the right (but shall not be obligated) to cause the thing or act to be done, and Franchisee shall pay all costs incurred by FASTFRAME in the performance of this duty.

10.4 **Reasons for Termination.** In any proceeding in which the validity of termination of this Agreement is at issue, FASTFRAME shall not be limited to the reasons set forth in any notice of default and termination given under this Section 10.

10.5 **Obligations Upon Expiration and Termination.**

10.5.1 Upon expiration or termination of this Agreement, all rights of Franchisee to use the Marks and the FASTFRAME System and to operate Franchisee's FASTFRAME Outlet(s) within the FASTFRAME System or under the Marks shall terminate.

10.5.2 Upon expiration or termination of this Agreement, Franchisee shall comply with all of the following requirements:

(a) Within 10 days from the effective date of termination or expiration, Franchisee shall pay to FASTFRAME all amounts due to FASTFRAME or its principals or affiliates. If the Agreement was terminated for any default of Franchisee, such amounts shall include all damages, costs, late charges and expenses, including attorneys' fees, incurred by FASTFRAME in connection with the termination.

(b) Franchisee shall immediately cease to operate its FASTFRAME Outlet(s) and shall not afterwards, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of FASTFRAME.

(c) Franchisee shall immediately and permanently cease to use, in any manner whatsoever, the FASTFRAME System, including methods, procedures and techniques associated with it, and all Proprietary Names and Marks and distinctive forms, slogans, symbols and things associated with the FASTFRAME System. In particular, Franchisee shall cease to use and remove all interior and exterior signs, and cease to use all advertising materials, displays, stationery, forms and any other articles which contain or display the Proprietary Names and Marks, including all internet related activity and website or mobile application advertising. At the request of FASTFRAME, Franchisee shall sign whatever documents are required to transfer all website listings and telephone service of its FASTFRAME Outlet(s) to FASTFRAME and/or, at FASTFRAME's direction, cancel, cease to use and/or modify all such telephone and website listings associated with the FASTFRAME Outlet(s). Without limiting the foregoing, any existing websites, email address or other digital profiles must immediately be modified to remove

all reference to FASTFRAME, including key words and associated hyperlinks, as applicable. Franchisee shall immediately ensure that all Facebook, Twitter, Google, LinkedIn, Yelp, Instagram, or similar accounts or listings associated with the FASTFRAME brand are removed. Franchisee shall also pay any amounts, whether due or not, that telephone or domain name registrar company requires as a condition of transferring and/or cancelling websites, phone service, number, directory listings, and advertising.

(d) Franchisee shall immediately deliver to FASTFRAME all manuals, including the Manuals, records, customer lists and records, files including computer files and a backup of the LifeSaver Database or other Outlet point-of-sale system, and all copies of the FASTFRAME LifeSaver Software and Database (including without limitation the LifeSaver Customer, Order and Pricing Databases) or other point-of-sale system, instructions, correspondence, all materials related to operating its FASTFRAME Outlet(s), including brochures, agreements, invoices, signs and display cards (all of which are acknowledged to be FASTFRAME's property), and shall retain no copy, duplication or record of, or otherwise download or transfer, any of these Manuals, software, databases or materials, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any provision of law. Franchisee acknowledges that FASTFRAME is the sole owner of the LifeSaver Database (including the LifeSaver Customer, Order and Pricing Databases) and further acknowledges that the LifeSaver Software includes a proprietary pricing system and that it is a violation of FASTFRAME's proprietary rights to continue to use the LifeSaver Software or proprietary pricing system after termination.

(e) Franchisee shall immediately take whatever action is required to withdraw or cancel any fictitious name registration containing any part of the Proprietary Names and Marks. Franchisee hereby appoints FASTFRAME as its attorney-in-fact to do any act necessary to carry out the intent of this section in the name of Franchisee.

(f) Franchisee shall, at FASTFRAME's option by notice to Franchisee within 30 days from the date of termination or expiration, assign to FASTFRAME any interest which Franchisee has in the lease or any agreement or lease related to the premises. If FASTFRAME does not elect to exercise its option to acquire the lease, Franchisee shall immediately modify the design, decor and operating methods of the premises in a manner acceptable to FASTFRAME to distinguish the appearance of the premises from that of other outlets under the Marks and FASTFRAME System so the design, decor and appearance no longer suggests or indicates a connection with the FASTFRAME System.

(g) If Franchisee fails or refuses to comply with these requirements, or if FASTFRAME suspects Franchisee has not complied or desires to confirm partial or full compliance, then FASTFRAME and its agents have the right to enter the premises, without being guilty of trespass or any other tort, to make whatever changes are required, at the expense of Franchisee, and Franchisee shall reimburse FASTFRAME for these expenses on demand.

10.5.3 Franchisee remains fully liable for any and all obligations of the Franchise and its FASTFRAME Outlet(s) incurred prior to the effective date of expiration or termination and for as long as Franchisee remains in possession of the premises, including obligations arising under this Agreement or under any other agreement with FASTFRAME, its principals or affiliates, obligations owed to third parties, and obligations for salaries, taxes and other expenses associated with the Franchise and its FASTFRAME Outlet(s).

10.5.4 Subject to Applicable Law to the contrary, Franchisee and its officers, directors, or Owners (expressly excluding FASTFRAME, and its officers, directors and shareholders, if otherwise applicable), if any, and their Immediate Families shall not, for a continuous and uninterrupted two-year period commencing on the termination or expiration of this Agreement, either directly or indirectly, for itself or through, on behalf of, or in conjunction with any person(s), Entity, own, maintain, operate, engage in or have any interest in any business which is the same as or similar to Franchisee's FASTFRAME Outlet(s) and which sells frames, framing services, pictures, prints or related products or services, either at retail or wholesale, and which is located within 5 miles of: (i) the boundaries of the Territory; and (ii) any FASTFRAME Outlet which is either operational or under construction on the effective date of termination or expiration.

10.5.5 In the event this Agreement is terminated for failure to obtain an Accepted Location pursuant to Section 5.1.5 and Franchisee was provided with information concerning an existing framing store owned

by a third party which may be available for purchase by Franchisee to convert to a FASTFRAME Outlet (the "Possible Transaction"), Franchisee shall preserve as confidential all Trade Secrets obtained or prepared during the course of discussions and evaluation of the Possible Transaction. Franchisee shall not, without FASTFRAME's prior written consent, which may be given or withheld in its sole and absolute discretion (a) disclose (i) any information concerning FASTFRAME (including, without limitation, information concerning FASTFRAME's business, assets, liabilities, operations, affairs, financial condition, projections, contracts, customers, products, plans or prospects) which has not been made available to the public or (ii) any analyses, compilations, studies, reports, records or other documents or materials which contain, or are prepared on the basis of, any such non-public information and which are either furnished to Franchisee or are prepared by or for Franchisee or any of its directors, officers, employees, agents or advisors, to any third party nor give any third party access thereto, or (b) use such information except in evaluating the Possible Transaction. Without limiting the foregoing, Franchisee shall not lease, sublease, or purchase said existing framing store or otherwise enter into any contractual relationship with the owner thereof.

10.6 FASTFRAME's Option to Purchase. FASTFRAME shall have an option, exercisable by written notice to Franchisee within 30 days of the effective date of expiration or termination of this Agreement, to purchase or assume Franchisee's interest in all or part of the tangible personal property located at or used in the operation of its FASTFRAME Outlet(s) and any other material, equipment or supplies.

10.6.1 The purchase price for Inventory Items shall be Franchisee's cost and for other personal property shall be the lesser of fair market value or Franchisee's cost. FASTFRAME can deduct the full amount of all accrued obligations owing to FASTFRAME or its principals or affiliates from the purchase price payable to Franchisee.

10.6.2 In determining fair market value, the parties shall exclude any factor or increment for goodwill or going-concern value and fair market value shall in no event exceed the actual depreciated value claimed by Franchisee on its federal income tax returns or as computed on a 5 year straight-line basis, whichever results in a greater depreciation deduction. FASTFRAME shall be permitted to deduct and set off against the purchase price to be paid to Franchisee all sums due and owing FASTFRAME.

10.6.3 The purchase price will be paid in cash at the closing of any such purchase.

10.7 Survival of Terms. All of Franchisee's obligations under this Agreement which expressly or by their nature survive the expiration or termination of this Agreement, including indemnification, confidentiality, and non-competition obligations, will continue in full force and effect after its expiration or termination until they are satisfied in full or until they expire by their terms. If FASTFRAME terminates this Agreement or if Franchisee wrongfully terminates this Agreement, Franchisee will remain obligated to pay the present value of all weekly royalty fees, marketing service fees, and all other amounts to be paid by Franchisee under this Agreement for the remainder of the term as if this Agreement has not been terminated.

11. ENFORCEMENT

11.1 Security Interest.

11.1.1 As additional security for the performance of Franchisee's obligations under this Agreement and any promissory note executed by Franchisee, Franchisee hereby grants FASTFRAME a security interest in and to all of Franchisee's personal property located at its FASTFRAME Outlet(s) and used in operating the Franchise, including inventory, fixtures, furniture, equipment, accounts, supplies and products. Franchisee shall execute whatever documents are required and provide any information requested by FASTFRAME to file and protect the validity, priority and enforceability of FASTFRAME's security interest, such as a security agreements and a UCC-1 Financing Statement.

11.1.2 If Franchisee defaults in the performance of any of the terms and conditions of this Agreement or any promissory note executed by Franchisee, then FASTFRAME may, in its sole discretion, exercise its rights with respect to the security to the extent allowed by law. FASTFRAME's rights under this Section 11 are in addition to any other rights or remedies FASTFRAME may have under this Agreement, any promissory note, or at law or in equity.

11.1.3 Upon written request by Franchisee, FASTFRAME may subordinate its security interest to the lien of any independent institutional lender providing financing to Franchisee for the purchase of the Franchise, but any such subordination must be evidenced in writing, executed by FASTFRAME, containing terms of subordination reasonably acceptable to FASTFRAME, and Franchisee must reimburse FASTFRAME for fees and expenses, including attorney's fees, incurred in connection with the foregoing.

11.1.4 The parties specifically agree that if FASTFRAME enforces its security interest as a result of Franchisee's default, Franchisee shall remain liable for any deficiency and shall be entitled to recover any surplus after application of the security.

11.2 Injunction. Franchisee recognizes that its FASTFRAME Outlet is one of a large number of FASTFRAME Outlets within the chain selling similar products and services to the public, and that Franchisee's failure to comply with the terms of this Agreement will cause irreparable damage to FASTFRAME and to the chain. Therefore, in the event of a breach or threatened breach by Franchisee of any of the terms of this Agreement, FASTFRAME shall be entitled to an injunction restraining such breach and/or to a decree of specific performance, without showing or proving any actual damage or irreparable harm or lack of an adequate remedy at law and without the requirement for the posting of bond. This remedy shall be in addition to all other remedies or rights which FASTFRAME might otherwise have if Franchisee breaches this Agreement.

11.3 Arbitration.

11.3.1 Except as provided in this Agreement, any controversy or claim arising out of or relating to this Agreement or its interpretation shall be settled by arbitration. Unless the parties mutually agree otherwise, the arbitration shall be conducted before and will be heard by one arbitrator in accordance with the then-current commercial arbitration rules of the American Arbitration Association ("AAA"). All arbitration proceedings and claims shall be filed and prosecuted separately and individually in the name of the Franchisee and FASTFRAME, and not in any class action or representative capacity, and shall not be joined with or consolidated with claims asserted by or against any other franchisee. The arbitration and the parties' agreement therefor shall be deemed to be self-executing, and if either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party despite said failure to appear. Judgment of any arbitration award shall be final and binding on FASTFRAME and the Franchisee and enforceable in any court of competent jurisdiction.

11.3.2 Unless otherwise determined by the arbitrators, AAA and arbitrator(s)' fees and charges in connection with the arbitration shall be shared equally by the parties.

11.3.3 The arbitration proceeding shall take place in the County of Los Angeles, California and the law of the State of California shall govern the construction and interpretation of this Agreement in arbitration. The provisions of §1283.05 of the California Code of Civil Procedure related to depositions and discovery (including any successor provisions) are hereby incorporated by this reference and made a part of this Agreement.

11.3.4 Notwithstanding the above, the following shall not be subject to arbitration:

(a) Disputes and controversies arising from the Sherman Act, the Clayton Act or any other federal or state antitrust law;

(b) Disputes and controversies based on or arising under the Lanham Act, as now or hereafter amended, relating to ownership or validity of the Marks;

(c) Disputes and controversies relating to modifications or changes in the FASTFRAME System by FASTFRAME or relating to the types of products or services offered by its FASTFRAME Outlet(s);

(d) Disputes, controversies and actions relating to FASTFRAME's right to obtain Franchisee's interest in any lease or sublease for the FASTFRAME Outlet premises following the termination or expiration of this Agreement; and

(e) Disputes and controversies relating to any monies owed under, or the termination by FASTFRAME of, this Agreement unless FASTFRAME, in its sole discretion, requests such claim be submitted to arbitration.

11.3.5 The foregoing shall also be subject to FASTFRAME's right to seek specific performance, including injunctive relief, under this Agreement and amendments to it.

11.3.6 In proceeding with arbitration and in making determinations through arbitration, the arbitrators shall not extend, modify or suspend any terms of this Agreement or the reasonable standards of business performance and operation established by FASTFRAME in good faith. Notice of or request to or demand for arbitration shall not stay, postpone or rescind the effectiveness of any termination of this Agreement.

11.3.7 With respect to all claims set forth above or which, as a matter of law or public policy, cannot be submitted to arbitration, then Franchisee hereby irrevocably submits to the jurisdiction of the State Courts of Los Angeles County, California and the Federal District Court for the Central District of California, Los Angeles. Franchisee and its principals, directors, Owners, if any, hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision, and that personal service may be made on them in any legal proceeding arising out of this Agreement by any means allowed by California or federal law. Franchisee and its principals, directors, and Owners, if any, further agree that venue for any legal proceeding relating to or arising out of this Agreement shall be Los Angeles County, California; provided that for any action (i) for monies owed; (ii) for injunctive or other extraordinary relief; or (iii) involving possession or disposition of, or other relief relating to, real property, FASTFRAME may bring an action in any state or Federal District Court which has jurisdiction. With respect to all claims, controversies, disputes, or actions, this Agreement shall be interpreted and construed under California law (except for California choice of law rules).

11.3.8 Any and all claims and actions arising out of or relating to this Agreement, the relationship of Franchisee and FASTFRAME, or the Franchisee's operation of its FASTFRAME Outlet(s), brought by any party against the other, shall be commenced within one (1) year from the discovery of the facts giving rise to any such claim or action or such claim or action shall be barred, except for any claims or actions arising from or relating to Franchisee's failure to pay amounts owed to FASTFRAME, or any other unperformed financial obligations by Franchisee to FASTFRAME, which shall not be subject to the foregoing one (1) year limitation.

11.4 Awards. The arbitrator will have the right to award or include in his award any relief which he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs, in accordance with Section 12.5.9 of this Agreement, provided that the arbitrator will not have the authority to award exemplary or punitive damages. The award and decision of the arbitrator will be conclusive and binding upon all parties and judgment upon the award may be entered in any court of competent jurisdiction. Each party waives any right to contest the validity or enforceability of such award. The parties shall be bound by the provisions of any limitation on the period of time by which claims must be brought. The parties agree that, in connection with any such arbitration proceeding, each will submit or file any claim which would constitute a compulsory counter-claim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceedings as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be barred. The provisions of §1283.05 of the California Code of Civil Procedure related to depositions and discovery (including any successor provisions) are hereby incorporated by this reference and made a part of this Agreement.

11.5 Survival. The provisions of Section 11.3 and 11.4 will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

12. MISCELLANEOUS

12.1 Notice.

12.1.1 Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties pursuant hereto shall be deemed so delivered at the time delivered by hand, one business day after transmission by facsimile or other electronic system expressly approved in the Manuals as

appropriate for delivery of notices hereunder (with confirmation copy sent by regular U.S. mail or FedEx), 1 business day after placement with FedEx or similar reputable carrier for overnight delivery, or 3 business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed as follows:

If to FASTFRAME: 433 West Allen Avenue, #114
San Dimas, California 91773
Attention: President

If to Franchisee: At Franchisee's address specified in Article 1.

Any party may change his or its address by giving 10 days prior written notice of such change to all other parties.

12.1.2 All payments and reports required from Franchisee under this Agreement shall be sent to FASTFRAME at the above address. Any required payment or report not actually received by FASTFRAME during regular business hours on the date due (or postmarked by postal authorities at least 3 business days prior to the due date) shall be deemed delinquent.

12.2 FASTFRAME's Approval. Except where this Agreement expressly obligates FASTFRAME to reasonably approve or not unreasonably withhold its approval of any action or request by Franchisee, FASTFRAME has the absolute right to refuse any request by Franchisee or to withhold its approval of any action by Franchisee. FASTFRAME's consent or approval to or of any act or request by Franchisee shall not be deemed to waive or render unnecessary consent or approval of any subsequent similar act or request.

12.3 Relationship of Parties.

12.3.1 Relationship of Parties. It is understood and agreed by the parties that this Agreement does not create a fiduciary relationship between or among them; that Franchisee shall be an independent contractor; and that nothing in this Agreement is intended to constitute any party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of any other party, for any purpose at all. Neither party to this Agreement shall be liable for the debts and obligations of the other. Franchisee shall display a sign, approved by FASTFRAME, declaring that Franchisee's FASTFRAME Outlet(s) are owned and operated by an independent contractor.

12.3.2 Franchisee represents and warrants to and for the benefit of FASTFRAME as follows:

(a) Franchisee has the power to enter into and perform its obligations under this Agreement and has taken all necessary actions to make this Agreement valid, binding and enforceable in accordance with its terms;

(b) the execution and performance of this Agreement will not breach any provision of any agreement, understanding or arrangement to which Franchisee is a party;

(c) no litigation, arbitration or administrative proceedings are at present current or pending, or to the knowledge of Franchisee, threatened which would have a material effect on the business or financial condition of the Franchisee or upon the Franchisee's ability to fulfill its obligations under this Agreement; and

(d) Franchisee has fully disclosed in writing to FASTFRAME all facts relating to the Franchisee and this Agreement which the Franchisee knows or should reasonably know and which are material to FASTFRAME's decision to enter into the granting of the franchise under this Agreement.

12.4 Indemnification. Franchisee shall indemnify and hold FASTFRAME and its shareholders, directors, officers, employees, agents, affiliates, regional developers, representatives and assignees free and harmless from and against any liability for any claims arising out of the operation, ownership, construction, use, design, equipping or maintenance of its FASTFRAME Outlet(s), including, without limitation, the preparation and sale of any products made in, or sold from, its FASTFRAME Outlet(s) or the use of any materials or supplies in connection therewith, irrespective of the source of such supply. For purposes of this indemnification, "claims" means and includes all

obligations, including taxes, in connection with sales made or business conducted by Franchisee or payments to FASTFRAME pursuant to this Agreement, actual and consequential damages, and costs incurred in the defense of any claim against FASTFRAME, such as, by way of illustration but not limitation, accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. FASTFRAME shall have the right to defend any such claim against it. This indemnity shall continue in full force and effect subsequent to, and notwithstanding, the expiration or termination of this Agreement or franchisee's assignment of this Agreement in accordance with Section 9. The minimum amounts of insurance outlined in Section 8.7 shall not be construed to limit liability under this section of the Agreement. This indemnity shall apply regardless of any active and/or passive negligent act or omission of FASTFRAME or its agents or employees, but Franchisee shall not be obligated to indemnify any party for claims are adjudged by a court of competent jurisdiction to have been caused by the sole negligence or willful misconduct of FASTFRAME or its agents or employees (but in no event shall "FASTFRAME'S agents or employees" include any agents or employees of Franchisee, including under a "joint employer" or any other legal theory). The indemnity set forth in this Section shall not be limited by insurance requirements or by any other provision of this Agreement.

12.5 Severability and Construction

12.5.1 Each section and provision of this Agreement shall be considered severable, and if, for any reason, a provision or part of any provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by a court, agency or tribunal with competent jurisdiction in a proceeding to which both FASTFRAME and Franchisee are parties, that ruling shall not impair the operation of or have any other effect on, the other portions of this Agreement that remain otherwise enforceable, and they shall continue to be given full force and effect and bind the parties. The invalid portion(s) shall be deemed not to be part of this Agreement from the date the ruling becomes final and unappealable.

12.5.2 If all or any part of a provision of this Agreement is deemed unenforceable due to its scope in terms of geographic area, business activity prohibited and/or length of time, but could be enforceable by reducing it, then Franchisee and FASTFRAME agree that the provision shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought.

12.5.3 If any law or rule of any governmental body having jurisdiction over this Agreement requires a different notice or cure period or the taking of some other action not required under this Agreement, then the notice or cure period or action required by law or rule shall be substituted for the comparable provision of this Agreement.

12.5.4 All captions in this Agreement are intended solely for the convenience of the parties and shall not affect the meaning or construction of any provision of the Agreement. The term "Franchisee" as used in this Agreement shall include, collectively or individually, Franchisee's spouse, if Franchisee is an individual; all officers and directors, and all Owners owning of record or beneficially 5% or more of the equity or control of Franchisee (if Franchisee is an Entity); all general partner(s) if Franchisee is a partnership and all Entities which control, directly or indirectly, any general partner (if Franchisee is a partnership); provided, that in no event shall FASTFRAME U.S.A., Inc., or its successors, assigns, officers, directors or shareholders be deemed or construed as "Franchisee" for any purpose hereunder, regardless of any right it may have to manage or control the Franchisee, or any ownership or other financial interest it may have in Franchisee, whether as a managing member or other member of a limited liability company, or as a general or limited partner of a partnership, or otherwise.

12.5.5 This Agreement, including all exhibits, together with Franchisee's application for the FASTFRAME Franchise, contain the entire agreement between the parties and fully supersedes any and all prior agreements or understandings between the parties, express or implied, oral or written. However, nothing in this Agreement, including all exhibits, is intended to disclaim the representations made by FASTFRAME in its franchise disclosure document.

12.5.6 No amendment, change, modification or variance to or from the terms and conditions set forth in this Agreement shall be binding on any party unless in writing and executed by both Franchisee and FASTFRAME.

12.5.7 The rights of FASTFRAME under this Agreement are cumulative and no exercise or enforcement by FASTFRAME of any right or remedy shall preclude the exercise or enforcement of any other right or remedy to which FASTFRAME is entitled by law to enforce.

12.5.8 This Agreement may be executed in counterparts and each copy so executed shall be deemed an original.

12.5.9 This Agreement shall not become effective until signed by an authorized officer of FASTFRAME

12.6 Fees and Expenses. Should any party hereto commence any action or proceeding for the purpose of enforcing, or preventing the breach of, any provision hereof, whether by judicial or quasi-judicial action or otherwise, or for damages for any alleged breach of any provision hereof, or for a declaration of such party's rights or obligations hereunder, the prevailing party shall be reimbursed by the losing party for all costs and expenses incurred in connection therewith, including, but not limited to, attorneys' fees. All sums which are due but unpaid to FASTFRAME or Franchisee shall bear interest from the date due at the rate of 12% per annum or the highest rate permissible by applicable law, whichever is less.

12.7 Business and Ethical Practices

12.7.1 Franchisee represents that, as of the date of this Agreement, Franchisee and each of its Owners shall be and, during the Term shall remain, in full compliance with all Applicable Laws in each jurisdiction in which Franchisee or any of its Owners, as applicable, conducts business that prohibits unfair, fraudulent or corrupt business practices in the performance of its obligations under this Agreement and related activities, including but not limited to the following prohibitions:

(a) Neither Franchisee nor any of its Owners shall make any expenditure other than for lawful purposes or directly or indirectly offering, giving, promising to give or authorizing the payment or the gift of any money, or anything of value, to any person or Entity, while knowing or having reason to know that all or a portion of such money or thing of value will be given or promised, directly or indirectly, to any government official, official of an international organization, officer or employee of a foreign government or anyone acting in an official capacity for a foreign government, for the purpose of (a) influencing any action, inaction or decision of such official in a manner contrary to his or her position or creating an improper advantage; or (b) inducing such official to influence any government or instrumentality thereof to effect or influence any act or decision of such government or instrumentality.

(b) No government official, official of an international organization, political party or official thereof, or candidate is an Owner or has any investment interest in the revenues or profit of Franchisee.

12.7.2 Neither Franchisee nor any of its Owners conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under the United States International Money Laundering Abatement and Anti-Terrorist Financing Act, as amended, and any amendments or successors thereto.

12.7.3 Neither Franchisee, any of its Owners nor any employee of either of them is named as a "Specially Designated Nationals" or "Blocked Persons" as designated by the U.S. Department of the Treasury's Office of Foreign Assets Control. Currently, this list is published under the internet website address "www.treas.gov/offices/enforcement/ofac/sdn/". Neither Franchisee, any of its Owners nor any employee of either of them is named or described in Section 1 of U.S. Executive Order 13224, issued on September 23, 2001, as amended and updated from time to time. Franchisee is neither directly nor indirectly owned or controlled by the government of any country that is subject to a United States embargo. Nor does Franchisee or its Owners act directly or indirectly on behalf of the government of any country that is subject to a United States embargo. Franchisee agrees that Franchisee will notify FASTFRAME in writing immediately of the occurrence of any event, which renders the foregoing representations and warranties of this paragraph incorrect.

12.7.4 Franchisee represents that it understands and has been advised by legal counsel on the requirements of the Applicable Laws referred to above, including the United States Foreign Corrupt Practices Act

(currently located at www.usdoj.gov/criminal/fraud/fcpa.html), as amended, any local foreign corrupt practices laws, and the USA Patriot Act of 2001, as amended, and hereby acknowledges the importance to FASTFRAME and the parties' relationship of Franchisee's compliance with any applicable auditing requirements and any requirement to report or provide access to information to FASTFRAME or any government, that is made part of any Applicable Law. Franchisee must take all reasonable steps to require its consultants, agents and employees to comply with such laws prior to engaging or employing any such persons.

FRANCHISEE INITIALS

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the Effective Date.

FASTFRAME U.S.A., INC.
a California corporation

Date of Execution

By: _____

Its: _____

FRANCHISEE

If Franchisee is an entity, complete and sign below:

Date of Execution

_____,
(print name of entity above)

(IRS Tax Identification Number)

Check one:

a _____ general partnership

a _____ limited partnership;

a _____ limited liability company;

a _____ corporation

By: _____

Its: _____

If Franchisee is an individual, print name and sign below:

Date of Execution

Print Name: _____

Date of Execution

Print Name: _____

APPENDIX A

CERTAIN DEFINITIONS

“Accepted Location” means a site for a Franchised Outlet opened pursuant to this Agreement which has been submitted to FASTFRAME for consideration and has been accepted by FASTFRAME.

“Advertisement” shall mean any written, visual or printed communication or communication by means of a recorded or spoken message on radio, television, internet, mobile application, or similar communication media relating to Franchisee’s FASTFRAME Outlet(s), other FASTFRAME Outlets, or the FASTFRAME System, whether or not it contains any Marks, including any and all related advertising and promotional materials and services. The term includes newspaper, magazine, television, radio, internet website, social media and mobile application advertisements, business listings and other advertisements; direct mail pieces; print and digital directory advertising and listings; signs; billboards; press releases and other “public relations” efforts; participation in any national, regional or other advertising program, such as promotions sponsored or paid for by third party suppliers; appearances by Franchisee, public figures or by others; customer testimonials; fliers; coupons and promotional merchandise, and any and all other forms of marketing and promotion.

“Applicable Law” means and includes applicable common law and all applicable statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority, as in effect on the Effective Date hereof, and as may be amended, supplemented or enacted from time to time.

“Claims” shall mean, for purposes of indemnification, includes all obligations, including taxes, in connection with sales made or business conducted by Franchisee or payments to FASTFRAME pursuant to this Agreement, actual and consequential damages, and costs incurred in the defense of any claim against FASTFRAME, such as, by way of illustration but not limitation, accountants’, attorneys’ and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses.

“Commencement Date Notice” shall have the meaning set forth in Section 3.1 of this Agreement.

“Control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of Franchisee, regardless of whether the Franchisee is an individual or Entity. A change in control shall include, if Franchisee is an Entity, any sale, assignment, transfer, conveyance, gift, pledge, mortgage, or other encumbrance of 50% or more of the outstanding and issued stock or other ownership interest, or voting rights, of Franchisee by one or more transfers or any other event(s) or transaction(s) which, directly or indirectly, effectively changes management control of Franchisee.

“Effective Date” shall mean the date set forth in the first paragraph of this Agreement.

“Electronic Commerce” means advertising and promoting merchandise and services, and accepting orders and receiving payment for merchandise and services, by means of electronic communication.

“Entity” means any corporation, limited liability company, general or limited partnership, association or other entity which is not an individual.

“FASTFRAME” shall mean FASTFRAME U.S.A., Inc., the Franchisor.

“FASTFRAME LifeSaver Database” shall mean the database and all records and information collected, maintained and utilized by the LifeSaver Software, including, but not limited to customer information and sales records. The FASTFRAME LifeSaver Database shall include all configurations of the database and records on all media, including analog, digital, printed, or otherwise, and includes the LifeSaver Customer, Order and Pricing Databases therein.

“FASTFRAME System” shall have the meaning set forth in Recital A above.

“FASTFRAME Outlet” shall mean a retail business at a fixed Accepted Location devoted to the sale of custom framing services and related products, which may be either a Full Service Outlet or a Multi-Service Outlet as specified in [Article 1](#).

“FASTFRAME Satellite” shall mean the second or subsequent FASTFRAME Outlet opened by Franchisee in the Territory, which shall be a Multi-Service Outlet, unless otherwise authorized by FASTFRAME in writing.

“Franchisee” shall mean, collectively or individually, Franchisee and Franchisee’s spouse, if Franchisee is an individual; all officers and directors, and all members or shareholders owning of record or beneficially 5% or more of the equity or control of Franchisee (if Franchisee is a limited liability company or a corporation); all general partner(s) if Franchisee is a partnership and all Entities which control, directly or indirectly, any general partner (if Franchisee is a partnership); provided, that in no event shall FASTFRAME U.S.A., Inc., or its successors, assigns, officers, directors or shareholders be deemed or construed as “Franchisee” for any purpose hereunder, regardless of any right it may have to manage or control the Franchisee, or any ownership or other financial interest it may have in Franchisee, whether as a managing member or other member of a limited liability company, or as a general or limited partner of a partnership, or otherwise.

“Full Service Outlet” is a fully equipped FASTFRAME Outlet including all necessary frame production and assembly facilities and related equipment, fixtures and Inventory Items, as specified and approved by FASTFRAME.

“Governmental Authority” means and includes federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.

“Gross Receipts” shall mean the total revenue derived by Franchisee, directly or indirectly, from the operation of FASTFRAME Outlet(s) in the Territory (and if the Outlet(s) are destroyed due to a casualty which is or is required to be insured against, the revenues which would have been received during the period covered by business interruption insurance based on historical performance) whether for cash, credit or in exchange for other goods and services and without reserve or deduction for inability or failure to collect amounts due. The term “Gross Receipts” excludes only: (a) refunded deposits or other documented customer refunds; and (b) any sales tax or other similar taxes that Franchisee collects from customers and pays to any federal, state or local taxing authority. The term “Gross Receipts” is subject to a method of estimation set forth in [Section 5.3.3](#) if Franchisee fails to report its Gross Receipts as provided herein.

“Inventory Items” shall mean moldings, prints, pictures, matting materials, glass, backings and other ancillary supplies for frames as FASTFRAME specifies from time to time as necessary for operation of Franchisee’s Multi-Service FASTFRAME Outlet or Full Service FASTFRAME Outlet, as applicable, in accordance with FASTFRAME Standards.

“Internet” means collectively the myriad of computer and telecommunications facilities, including equipment and software, which comprise the interconnected worldwide network of networks that employ the TCP/IP [Transmission Control Protocol/Internet Protocol], or any predecessor or successor protocols to such protocol, to communicate information of all kinds by fiber optics, wire, radio, or other methods of transmission

“Landlord” means the lessor or sublessor, as applicable, of the real property at which Franchisee’s FASTFRAME Outlet(s) operate.

“LifeSaver Software” shall mean the computerized store operations and point of sale tracking software developed and owned by LifeSaver Software, Inc.

“Manuals” shall mean the confidential training and operations manuals and video tapes containing Standards and operating procedures comprising the FASTFRAME System, as such Manuals may be revised and supplemented from time to time during the Term.

“Marketing Services Fund” shall mean the Marketing Service Fees collected from all FASTFRAME franchisees to develop and conduct marketing, advertising and promotional campaigns for the benefit of the FASTFRAME System.

“Marks” shall have the meaning set forth in Recital A above.

“Multi-Service Outlet” or “Multi-Service FASTFRAME Outlet” is a FASTFRAME Outlet devoted to accepting orders for work to be done by FASTFRAME in accordance with Sections 4.9 and 8.9, except if opened pursuant to a Satellite Addendum added to a Franchise Agreement for a Full Service Outlet, in which case the work shall be done by Franchisee at its Full Service Outlet, unless otherwise agreed by FASTFRAME.

“Opening Advertising Program” shall have the meaning set forth in Section 7.4.

“Opening Date” means the date on which the FASTFRAME Outlet first opens to public or, in the case of a FASTFRAME Outlet which is a previously existing framing store which is being converted to a FASTFRAME Outlet the first to occur of the date on which Franchisee first begins to use the Marks or the date it begins to use the LifeSaver Software.

“Outlet Manager” shall mean the individual, if other than the Franchisee, who shall be approved by FASTFRAME and who will have responsibility for the overall day-to-day management of Franchisee’s FASTFRAME Outlet(s).

“Owner” means any person or Entity owning, directly or indirectly, any debt or equity interest or voting rights in, or right to control, a Franchisee which is an Entity, including any shareholder, general or limited partner, or member.

“Satellite Addendum” shall have the meaning set forth in Section 2.2.1(c).

“Standards” shall mean and include the FASTFRAME design, image and refurbishing requirements, methods and all rules, standards and specifications relating to the operation of the Franchise or FASTFRAME Outlet(s) as established by FASTFRAME and set forth in this Agreement, the Manuals and any other written directives issued from time to time by FASTFRAME.

“Term” shall have the meaning set forth in Section 3.1 including any extensions thereof.

“Territory” shall mean the geographical area determined by FASTFRAME pursuant to Section 4.1.2, or, if the site of the FASTFRAME is known on the Effective Date, the geographic area identified as the “Territory” (and not the “Provisional Territory”) in the Territory Addendum attached hereto.

“Trade Secrets” shall mean certain confidential information owed by FASTFRAME that derives independent economic value, actual or potential, from being not generally known to, and not being readily ascertainable by proper means by, other persons or companies who can obtain economic value from its disclosure or use and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy, and includes, among other things: (1) methods for the assembly, fabrication and pricing of custom-ordered frames; (2) knowledge of framing materials, suppliers and pricing of inventory items used in FASTFRAME Outlets and other framing items; (3) information about the inventory, sales, staffing and profitability of FASTFRAME Outlets; (4) techniques and materials for training FASTFRAME Outlet employees and managers; (5) unique FASTFRAME LifeSaver Database; (6) results of customer surveys and promotional programs; and (7) other information about the operation of a framing store not known to the general public. Trade Secrets shall also include any information disclosed to Franchisee concerning an existing framing store owned by a third party which is or may be available for purchase by Franchisee to convert to a FASTFRAME Outlet.

“Weekly Marketing Services Fee” shall have the meaning set forth in Section 5.2.2.

“Weekly Royalty Fee” shall have the meaning set forth in Section 5.2.1.

TERRITORY ADDENDUM

THIS TERRITORY ADDENDUM is entered into and made a part of the FASTFRAME U.S.A., INC. Franchise Agreement dated _____, 20____ by and between FASTFRAME U.S.A., INC., a California corporation (“FASTFRAME”), and _____, a(n) _____, (“Franchisee”).

PROVISIONAL TERRITORY* (if applicable)

_____, as constituted on the effective date.

TERRITORY

1. The street address of the FASTFRAME Outlet is: _____

2. This store is located within the Territory* described as follows: _____

_____, as constituted on the effective date.

* If the Territory is defined by streets, highways, freeways or other roadways, then the boundary of the Territory shall extend to the center line of each such street, highway, freeway or other roadway (including where the Territory is defined as a zip code, and the boundary of the zip code is defined as a named street).

[remainder of this page intentionally left blank]

3. FASTFRAME and Franchisee each hereby accept and approve the store location and the description of the Territory.

FASTFRAME U.S.A., INC.
a California corporation

Date of Execution

By: _____
Its: _____

FRANCHISEE
If Franchisee is an entity, complete and sign below:

Date of Execution

_____,
(print name of entity above)

Check one:
 a _____ general partnership
 a _____ limited partnership;
 a _____ limited liability company;
 a _____ corporation

By: _____
Its: _____

By: _____
Its: _____

If Franchisee is an individual, print name and sign below:

Date of Execution

Print Name: _____

Date of Execution

Print Name: _____

EXHIBIT B-1
SBA Addendum



ADDENDUM TO _____¹ AGREEMENT

THIS ADDENDUM (“Addendum”) is made and entered into on _____, 20____, by and between _____ (“_____”), located at _____, and _____ (“_____”), located at _____.

_____ and _____ entered into a _____ Agreement on _____, 20____, (such Agreement, together with any amendments, the “_____ Agreement”). _____ is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration (“SBA”). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the _____ Agreement or any other document _____ requires _____ to sign:

CHANGE OF OWNERSHIP

- If _____ is proposing to transfer a partial interest in _____ and _____ has an option to purchase or a right of first refusal with respect to that partial interest, _____ may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of _____. If the _____’s consent is required for any transfer (full or partial), _____ will not unreasonably withhold such consent. In the event of an approved transfer of the _____ interest or any portion thereof, the transferor will not be liable for the actions of the transferee _____.

FORCED SALE OF ASSETS

- If _____ has the option to purchase the business personal assets upon default or termination of the _____ Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the _____ owns the real estate where the _____ location is operating, _____ will not be required to sell the real estate upon default or termination, but _____ may be required to lease the real estate for the remainder of the _____ term (excluding additional renewals) for fair market value.

¹ While relationships established under license, jobber, dealer and similar agreements are not generally described as “franchise” relationships, if such relationships meet the Federal Trade Commission’s (FTC’s) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

COVENANTS

- If the _____ owns the real estate where the _____ location is operating, _____ has not and will not during the term of the _____ Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the _____'s real estate, they must be removed in order for the _____ to obtain SBA-assisted financing.

EMPLOYMENT

- _____ will not directly control (hire, fire or schedule) _____'s employees. For temporary personnel franchises, the temporary employees will be employed by the _____ not the _____.

As to the referenced _____ Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the _____.

Except as amended by this Addendum, the _____ Agreement remains in full force and effect according to its terms.

_____ and _____ acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 - 3733.

Authorized Representative of _____:

By: _____

Print Name: _____

Title: _____

Authorized Representative of _____:

By: _____

Print Name: _____

Title: _____

Note to Parties: This Addendum only addresses "affiliation" between the _____ and _____. Additionally, the applicant _____ and the _____ system must meet all SBA eligibility requirements.

EXHIBIT C
Satellite Addendum

SATELLITE ADDENDUM TO
FASTFRAME U.S.A., INC.
FRANCHISE AGREEMENT DATED _____
FOR FASTFRAME STORE NO. _____

For valuable consideration, including the acts and promises of the parties set forth herein, the receipt of which is hereby acknowledged, the Franchise Agreement dated _____, 20 _____ (the "Franchise Agreement") between FASTFRAME U.S.A., INC., a California corporation ("FASTFRAME") and _____ ("Franchisee") for Franchise Number _____ located at _____ (the "Outlet"), is hereby modified by this Addendum as set forth below. All undefined capitalized terms used herein shall have the same meaning as such terms are used in the Franchise Agreement unless otherwise stated herein.

1. Amendment of Territory: Yes No

If yes, the Territory Addendum attached to the Franchise Agreement (the "Original Territory Addendum") shall be amended and restated as set forth in the Territory Addendum attached hereto as Schedule 1 (the "Expanded Territory"). The Expanded Territory shall be effective during the Term (as extended, if applicable, pursuant to paragraph 6 below), but only for so long as the Satellite at the location set forth in paragraph 3 below continues to be operational. If the Satellite opened pursuant to this Satellite Addendum becomes non-operational for any reason, this Satellite Addendum shall be deemed terminated, the Expanded Territory Addendum shall be deleted and have no further force and effect, and the original Territory specified in the Original Territory Addendum shall be deemed reinstated, without further notice or action on the part of FASTFRAME or Franchisee.

If no, the Territory Addendum attached to the Franchise Agreement shall not be amended by this Addendum.

2. FASTFRAME hereby grants to the Franchisee a nonexclusive and personal license to use the Fastframe System and the Marks in connection with the operation of a Franchise for one (1) additional store (the "Satellite") located within the Territory or Expanded Territory, if applicable.

3. The Satellite location shall be at: _____
_____ and shall be known as Franchise Number _____.

4. The Satellite location shall be a: Limited Service FASTFRAME Outlet Full Service FASTFRAME Outlet

If this Satellite is a Limited Service FASTFRAME Outlet it may have none or very limited production facilities and if it is a Full Service FASTFRAME Outlet, it shall conform in all respects to FASTFRAME's Standards for Full Service FASTFRAME Outlets. Franchisee warrants and agrees that Franchisee's FASTFRAME Outlet has the production capacity, staff, and financial ability to serve its customers as well as meeting the sales, service and production needs of customers of the Satellite in compliance with the obligations and conditions of its Franchise Agreement.

5. The Franchisee hereby acknowledges that the Franchise granted hereunder for the Satellite shall be and hereby is subject to all the provisions of the Franchise Agreement except as set forth in this Addendum. All references in the Franchise Agreement to the FASTFRAME Outlet are hereby deemed to mean the original FASTFRAME Outlet opened by the Franchisee and the Satellite authorized hereunder.

6. Extension of Term: Yes No

If yes, Term as provided in Section 3.1 of Franchise Agreement is hereby extended and will continue for a period of 10 years from the date of execution of this Addendum, unless sooner terminated by FASTFRAME in accordance with the provisions of the Franchise Agreement.

If no, the Term for the Outlet pursuant to the Franchise Agreement shall not be amended by this Addendum and, unless terminated earlier pursuant to paragraph 1 above, the term of the Franchise for the Satellite shall be the same as the Term for the Outlet.

7. The grant of the Franchise to the Franchisee hereunder to operate the Satellite is granted in the sole discretion and at the sole option of FASTFRAME and is not a permission to operate any other additional stores in any portion of the Territory or anywhere.

8. (a) Franchisee shall pay, upon the execution hereof, the following fees:

(i) an Opening Fee of \$5,000 (the "Satellite Opening Fee");

(ii) a Marketing Expense fee of \$5,000 (the "Satellite Marketing Fee"); and

(iii) an Administrative Fee (the "Satellite Administration Fee") of \$5,000

(iv) If Franchisee is executing this Satellite Addendum in connection with the renewal of the Franchise Agreement, the fees set forth in subsections (i) and (ii) above shall be waived.

(v) If Franchisee is executing this Satellite Addendum in connection with the purchase of a FASTFRAME Outlet from an existing FASTFRAME franchisee, the fees set forth in subsections (i), (ii) and (iii) above shall be waived, but instead, Franchisee or its assignor shall have paid a transfer fee as described in assignor's franchise agreement.

(b) None of the fees set forth in this paragraph 8 are refundable, and in no event shall FASTFRAME be required to repay any portion thereof.

9. If Franchisee is not in default under the Franchise Agreement and the Franchisee has the right to exercise the renewal option set forth in Section 3.2 of the Franchise Agreement and does exercise such option, the Franchisee may renew its rights hereunder in accordance with the provisions set forth in such Section 3.2.

10. Except as provided below, Franchisee shall not sell or assign the Satellite location operated pursuant to this Addendum except in conjunction with a concurrent assignment to the same assignee each and every FASTFRAME Outlet operated pursuant to the Franchise Agreement. Upon Franchisee's written request, FASTFRAME may in its sole discretion, consent to Franchisee assigning the Satellite location without assigning the Franchise Agreement provided that Franchisee:

(a) has furnished and equipped the Satellite location so that it meets FASTFRAME'S then-current Standards for a new Full Service FASTFRAME Outlet,

(b) enters into a written agreement in a form prescribed by FASTFRAME canceling this Addendum,

(c) Amends the Franchise Agreement to reduce Franchisee's Expanded Territory to exclude the portion of the Expanded Territory Franchisee proposes to assign to the buyer of the Satellite location (the "Transferred Territory"),

(d) enters into a new Franchise Agreement for the Satellite location and Transferred Territory on FASTFRAME'S then-current form, and

(e) pays FASTFRAME an amount equal to the greater of (i) the Transfer Fee (defined below) or (ii) the then-current initial franchise fee on the date of the transfer less an amount equal to the Satellite Administrative Fee paid by Franchisee pursuant to paragraph 8(a)(ii) above upon execution of this Addendum. In addition, Franchisee shall pay the broker fee, if any, payable to any broker involved in the sale, including any broker engaged by FASTFRAME. For purposes of this Satellite Addendum, Transfer Fee means an amount equal to (x) if Franchisee finds the buyer for its FASTFRAME Outlet, 5% of the total purchase price being paid to Franchisee for its FASTFRAME Outlet, excluding inventory, or (y) if FASTFRAME finds the buyer, 10% of the total purchase price, excluding inventory, provided that FASTFRAME will waive the transfer fee if a broker engaged by FASTFRAME finds the buyer.

11. Notwithstanding Section 6 of this addendum, in the event Franchisee's FASTFRAME Outlet closes or otherwise ceases operating, FASTFRAME may, in its sole and absolute discretion, permit Franchisee to continue to operate the Satellite. In such event, Franchisee acknowledges and agrees that its operation of the Satellite shall be subject to the terms and conditions of the Franchise Agreement as though the Satellite were Franchisee's Outlet. Franchisee further covenants and agrees to execute such documents as Franchisor may require to effectuate the foregoing, including without limitation a further amendment to the Franchise Agreement.

12. This addendum, together with the Franchise Agreement, set forth the entire agreement between the parties hereto, fully superseding any and all prior agreements or understandings between the parties pertaining to the subject matter hereof.

13. The submission of this Addendum to Franchisee does not constitute an offer to Franchisee and this Addendum shall become effective only upon execution by FASTFRAME and the Franchisee.

IN WITNESS WHEREOF, the parties have executed this Addendum on the day and year next to FASTFRAME'S signature below.

FASTFRAME U.S.A., INC.
a California corporation

Date of Execution

By: _____
Its: _____

FRANCHISEE

If Franchisee is an entity, complete and sign below:

Date of Execution

_____,
(print name of entity above)

Check one:

- a _____ general partnership
- a _____ limited partnership;
- a _____ limited liability company;
- a _____ corporation

By: _____
Its: _____

If Franchisee is an individual, print name and sign below:

Date of Execution

Print Name: _____

Schedule 1

EXPANDED TERRITORY
(if applicable)

EXHIBIT D
Conversion Addendum

CONVERSION ADDENDUM

between

FASTFRAME USA, INC.

and

This CONVERSION ADDENDUM TO FRANCHISE AGREEMENT (“Addendum”) is entered as of _____, 20____, by and between _____ (“Franchisee”) and Fastframe U.S.A., Inc. (“FASTFRAME”) with reference to the following facts.

A. Simultaneously herewith, Franchisee and FASTFRAME have entered into that certain (check applicable box):

Franchise Agreement of even date

Satellite Addendum pursuant to Franchise Agreement dated _____ (the “Agreement”) for the purpose of converting an existing custom picture framing business located at _____ (the “Existing Store”) to a FASTFRAME Outlet.

B. Franchisee desires to acquire a license to operate the custom picture framing business under the FASTFRAME System and to use the FASTFRAME Marks; and Fastframe has agreed to grant such license upon the terms and conditions set forth in the Agreement, as modified hereinbelow.

C. Because Franchisee currently operates, or has simultaneously acquired from a third party, an independent framing business at the Existing Store operating under a different name or service mark, certain provisions of Agreement will not apply and others need be modified as follows.

NOW, THEREFORE, the parties agree to amend the franchise Agreement as follows:

1. Initial Services of FASTFRAME.

(a) Section 4.2 of the Agreement is hereby deleted in its entirety, and FASTFRAME shall not be obligated to provide any lease related services except as expressly provided herein.

(b) Franchisee shall license and implement the Fastframe F.A.S.T. computer software system prior to commencing business under the “Fastframe” name. Promptly following the execution hereof, Franchisee shall provide FASTFRAME with hard copies of and, if available, computerized lists containing, its customer invoices for the prior 3 years, which FASTFRAME shall arrange to have imported into the F.A.S.T. system as soon as reasonably practicable but within 30 days after Franchisee provides FASTFRAME with its said invoice and computerized data, as applicable. Franchisee shall reimburse FASTFRAME for the costs and third party charges it incurs to import such data (currently approximately \$150 per 1,000 customer names).

(c) If the FASTFRAME Outlet being converted is not a Satellite location and Franchisee has paid an Opening Fee pursuant the Franchise Agreement executed concurrently herewith, Fastframe shall provide to Franchisee, at no additional charge, prior to the Opening Date an initial supply of point of sales materials, interior signage, “Fastframe” marketing posters, and decals, in currently approved form.

2. Franchisee’s Start-up Obligations. Section 8.1 of the Agreement is hereby deleted in its entirety. In addition to Franchisee’s other obligations under Section 8 of the Agreement (excluding Section 8.1), Franchisee shall, within 90 days following the execution hereof, and in any event prior to the Opening Date:

(a) Convert the Existing Store by means of remodeling the interior of the store, to comply with the current plans and specification of a Fastframe Outlet;

(b) If this is a Full Service FASTFRAME Outlet, equip the Existing Store with all necessary machines, equipment, fixtures and tools (as outlined in the Manuals) so that the location can provide immediate turn around of customer work;

(c) Maintain an inventory of materials and supplies in quantities and of the quality specified in the Manuals and sufficient in FASTFRAME's judgment to enable the Franchisee to provide immediate turn around of customer work;

(d) Install the Fastframe Marks, on the interior and on the exterior signage of the Existing Store in accordance with FASTFRAME's Standards and specifications;

(e) Subject to paragraph 3, if applicable, remove and cease to use and display any non-"Fastframe" trademarks, service marks, logo types and other commercial symbols from the interior and exterior of the Existing Store, and cease advertising under any name other than the "Fastframe" Marks, in accordance with the Franchisee Agreement, and change all telephone and other directory listings to the "Fastframe" Marks and Standards at the earliest possible date.

3. Notwithstanding paragraph 2(e) above, FASTFRAME, in its sole discretion, may allow Franchisee to utilize some form of the original name of the Existing Store ("Original Name") in conjunction with the Fastframe Marks provided that Franchisee (or the third party Owner of the Original Name) shall execute such documents as FASTFRAME deems necessary or appropriate to transfer and assign, or cause to be transferred and assigned, to FASTFRAME all right, title and interest in and to the Original Name, and Franchisee agrees to implement the combined use of the Original Name and the FASTFRAME Marks only for so long as FASTFRAME shall authorize and in such manner as FASTFRAME shall direct.

[remainder of this page intentionally left blank]

4. When the terms of this Addendum and the Franchise Agreement or Satellite Addendum, as applicable, are inconsistent, the terms of this Addendum shall control. Except as otherwise expressly provided herein, all capitalized terms used herein shall have the same meanings as defined in the Franchise Agreement.

FASTFRAME U.S.A., INC.
a California corporation

Date of Execution

By: _____
Its: _____

FRANCHISEE
If Franchisee is an entity, complete and sign below:

Date of Execution

_____,
(print name of entity above)

Check one:

- a _____ general partnership
- a _____ limited partnership;
- a _____ limited liability company;
- a _____ corporation

By: _____
Its: _____

By: _____
Its: _____

If Franchisee is an individual, print name and sign below:

Date of Execution

Print Name: _____

Date of Execution

Print Name: _____

EXHIBIT E
Deferred Fee Addendum

DEFERRED FEE ADDENDUM
between
FASTFRAME USA, INC.
and

This DEFERRED FEE ADDENDUM TO FRANCHISE AGREEMENT (“Addendum”) is entered into as of _____, 20____, by and between _____ (“Franchisee”) and Fastframe U.S.A., Inc. (“FASTFRAME”) with reference to the following facts.

A. Simultaneously herewith, Franchisee and FASTFRAME have entered into that certain Franchise Agreement of even date (the “Franchise Agreement”). Except as otherwise expressly provided herein, all capitalized terms used herein shall have the same meanings as defined in the Franchise Agreement.

B. FASTFRAME has agreed to defer payment by Franchisee of all or a portion of the initial franchise fee ordinarily payable upon execution of the Franchise Agreement until the transfer, expiration (without execution of a Renewal Franchise Agreement), or termination of the Franchise Agreement.

C. On execution of the Franchise Agreement, Franchisee paid FASTFRAME (among other possible payments) the sum of \$_____ (representing (a) an Initial Franchise Fee of \$_____ and (b) an Administrative Fee of \$_____) (the “Reduced Initial Fee”).

NOW, THEREFORE, the parties agree as follows:

1. Except as set forth in paragraph 2 below, upon the expiration (without execution of a Renewal Franchise Agreement) or termination of the Franchise Agreement for any reason (the “Termination Event”), Franchisee shall pay FASTFRAME an amount equal to (a) the then-current initial franchise fee generally payable by new FASTFRAME franchisees on the effective date of the Termination Event, less (b) an amount equal to the Reduced Initial Fee.

2. Upon the assignment of the Franchise Agreement, Franchisee shall pay FASTFRAME an amount equal to the greater of (a) the amount of the transfer fee payable pursuant to Section 9.3.5(g) of the Franchise Agreement, or (b) the then-current initial franchise fee generally payable by new FASTFRAME franchisees on the effective date of the transfer less an amount equal to the Reduced Initial Fee. In addition, Franchisee shall pay the broker fee, if any, payable to any broker involved in the sale, including any broker engaged by FASTFRAME.

3. All of Franchisee’s obligations under this Addendum shall survive and continue in full force and effect after the expiration or termination of the Franchise Agreement.

[remainder of this page intentionally left blank]

4. When the terms of this Addendum and the Franchise Agreement are inconsistent, the terms of this Addendum shall control.

FASTFRAME U.S.A., INC.
a California corporation

Date of Execution

By: _____
Its: _____

FRANCHISEE
If Franchisee is an entity, complete and sign below:

Date of Execution

_____,
(print name of entity above)

Check one:
 a _____ general partnership
 a _____ limited partnership;
 a _____ limited liability company;
 a _____ corporation

By: _____
Its: _____

By: _____
Its: _____

If Franchisee is an individual, print name and sign below:

Date of Execution

Print Name: _____

Date of Execution

Print Name: _____

EXHIBIT F
Cooperative Advertising Campaign Pledge Form

COOPERATIVE ADVERTISING CAMPAIGN
PLEDGE FORM

This Agreement, made as of _____, 20____, by and between Fastframe USA, Inc. (the “Franchisor”) and the undersigned “FASTFRAME” franchisee (“I” or “Franchisee”) is made with reference to the following facts:

A. The “FASTFRAME” store or satellite location (“Store”) identified in recital B below is located in the following Nielsen designated market area (“DMA”):

_____.

B. Franchisee owns and operates that certain “FASTFRAME” store and/or satellite location in the DMA, identified as Store number _____(the “Franchisee’s Store”), pursuant to a Franchise Agreement with Franchisor (the “Franchise Agreement”).

C. This Agreement confirms my desire to participate in that certain advertising campaign described generally in Exhibit “A” to this Agreement (the “Campaign”) which will be conducted in the DMA to advertise and promote the “FASTFRAME” name for the mutual benefit of all Franchisees who own and operate “FASTFRAME” Stores in the DMA who agree to participate in the Campaign (“Participating Franchisees”), and Franchisor, if Franchisor shall own and operate one or more “FASTFRAME” Stores in the DMA.

NOW, THEREFORE, in consideration of the foregoing, the parties hereto hereby agree as follows:

1. Participation of Other Franchisees.

a. Contemporaneously herewith, Franchisor shall offer to all franchisees who own and operate “FASTFRAME” Stores which are located in the DMA, the opportunity to execute a cooperative advertising campaign pledge form on substantially the same terms as contained in this Agreement, each of whom, together with Franchisor, if it owns and operates “FASTFRAME” Stores in the DMA, shall be eligible to participate in the Campaign.

b. This Agreement shall be contingent upon a sufficient number of franchisees in the DMA, as determined by Franchisor in its discretion, agreeing to participate in the Campaign by executing and returning their respective cooperative advertising campaign pledge forms by not later than _____, 20____, subject to Franchisor’s right to extend such deadline.

2. Campaign Contributions.

a. In addition to and payable by a check separate from all of my other payments to Franchisor pursuant to the Franchise Agreement, I shall pay to Franchisor an amount equal to \$_____ payable on or before the 15th day of each month (commencing _____, 20____ and ending _____, 20____) (the “Contribution”).

b. Each Participating Franchisee, including the undersigned, shall enter into a separate pledge agreement for each and every “FASTFRAME” store and satellite operated in the DMA by it or by any business entity affiliated with it.

c. Franchisor, its subsidiaries and affiliates who own and operate “FASTFRAME” Stores in the DMA will make similar contributions for all of their “FASTFRAME” Stores located in the DMA. FASTFRAME shall also contribute additional funds to the Campaign in an amount that it deems appropriate in its discretion.

d. I shall submit my Contribution on a timely basis, without regard for any dispute I may have with Franchisor under or relating to my Franchise Agreement, or any other agreement with Franchisor, and I shall in no event have or assert any right to set off against my required Contribution, any sums owed, or claimed to be owed by Franchisor to me under the Franchise Agreement, or otherwise. Franchisor will have the sole and exclusive right to decide whether, and if so how, to collect from any Participating Franchisee who fails to make required contributions to the Campaign.

e. I further acknowledge and agree that Franchisor will rely upon my agreement to contribute to the Campaign in entering into contractual commitments for the Campaign thereby requiring it to make payments and incur liability to third parties. All such payments, liabilities and undertakings to such third parties shall be deemed to be trade account obligations of mine and advances made on my behalf under my Franchise Agreement and any failure on my part to make Contributions under this Agreement shall also be deemed a default under my Franchise Agreement.

3. Use and Administration of Contributions.

a. All contributions to the Campaign shall be expended only to conduct the Campaign described in Exhibit A, and for related costs and expenses associated therewith. Franchisor shall not receive any reimbursement from the contributions of the Participating Franchisees to defray its indirect expenses in administering the Campaign. In the event that there shall be any excess contributions remaining after completion of the Campaign, Franchisor may, at its sole election, either refund such excess to the Participating Franchisees on an equitable basis as determined by Franchisor in good faith, or apply each Participating Franchisee's share of such excess toward its obligations under any other advertising campaign then in effect and in which the Participating Franchisee shall have agreed to participate.

b. The Campaign will be administered by Franchisor using the funds contributed by Participating Franchisees. Franchisor, with input from selected franchisees, shall determine, in its final and subjective discretion, exercised in good faith, the final costs, media programming, commercial content, format, style, and duration and all other matters relating to the Campaign, and, without limiting the generality of the foregoing, shall have the right to alter the Campaign during its course, as it deems appropriate to maximize Campaign efficiency, based on available dollars and programming opportunities.

4. Termination of Campaign. The Campaign may be terminated by Franchisor at its sole election for good cause, including but not limited the occurrence of any one or more of the following:

a. if any Participating Franchisee(s) default in their obligations to make their agreed upon contributions to the Campaign such that in Franchisor's judgment there is a substantial likelihood that there will not be sufficient funds available to meet the financial obligations associated with the Campaign; or

b. upon affirmative vote of both the Franchisor and a majority of all Participating Franchisees; with each Participating Franchisee entitled to one vote for each "FASTFRAME" Store which it owns and operates in the DMA.

Upon any such termination, Franchisor will likewise terminate all further obligation by the Participating Franchisees to contribute to the Campaign once sufficient contributions have been made to the Campaign to defray all costs and expenses accrued in connection with the Campaign, including any cancellation fees payable to the broadcaster and other similar financial obligations associated with the Campaign.

5. Transfer or Assignment. I agree that in the event of any transfer or assignment during the Campaign of my Franchise Agreement for the Store to which this Agreement relates, I shall concurrently assign and delegate all of my rights and obligations hereunder to such assignee, and such assignee shall expressly agree to assume such obligations.

6. Arbitration of Disputes.

a. Subject to Section 6(b), any controversy or claim arising out of or relating to this Agreement, or any breach thereof, including, without limitation, the determination of what disputes and issues are subject to arbitration and any claim that the Agreement, or any part thereof, is invalid, illegal or otherwise voidable or void, or any dispute arising out of or relating to any Participating Franchisee's participation in the Campaign shall be arbitrated before and in accordance with the commercial rules of the American Arbitration Association, at its offices in or nearest to the DMA, and judgment upon the award may be entered in any court of competent jurisdiction. This arbitration proceeding shall be deemed to be self-executing, and in the event that either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party notwithstanding said failure to appear. The prevailing party in arbitration shall be awarded his costs and reasonable attorneys' fees. This section shall be effective as to all claims, controversies or disputes arising out of or relating to participation in the Campaign, or to this Agreement.

b. Notwithstanding Section 6(a), any controversy or claim arising out of or relating to this Agreement, or any breach thereof, which involves alleged damages of \$2,000 or less shall not be subject to this arbitration provision, and shall be submitted to small claims court. Except to the extent prohibited by law, any suit brought hereon must be brought in the state court sitting in Los Angeles, California, the parties hereto hereby submitting to the jurisdiction of such courts, and each of the parties waiving any claim or defense that such forum is not convenient or proper.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this Agreement on the day and year set forth above.

FRANCHISEE

If Franchisee is an entity, complete and sign below:

ADDRESS:

_____,

(print name of entity above)

Check one:

- a _____ general partnership
- a _____ limited partnership;
- a _____ limited liability company;
- a _____ corporation

By: _____

Its: _____

By: _____

Its: _____

If Franchisee is an individual, print name and sign below:

Print Name: _____

Print Name: _____

FASTFRAME USA, INC.

By: _____

Its: _____

EXHIBIT G
Confidentiality And Non-Disclosure Agreement

CONFIDENTIALITY AND NONDISCLOSURE
AGREEMENT

In consideration of FASTFRAME U.S.A., INC., a California corporation ("Franchisor"), entering into a Franchise Agreement dated _____, 20____, with _____ ("Franchisee") and Franchisor providing Franchisee training to conduct a FASTFRAME franchise, Franchisee hereby agrees as follows:

1. Nondisclosure of Trade Secrets and Confidential Information. Franchisee agrees, during the term of any Franchise Agreement executed between the parties and following termination, expiration or its assignment of such Agreement, not to disclose, duplicate, sell, reveal, divulge, publish, furnish or communicate, either directly or indirectly, any Trade Secret or other Confidential Information of Franchisor to any other person, firm or entity, unless authorized in writing by Franchisor. Franchisee agrees not to use any Trade Secrets or Confidential Information for its own personal gain or for purposes of others, whether or not such Trade Secret or Confidential Information has been conceived, originated, discovered or developed, in whole or in part, by Franchisee or represents Franchisee's work product. To the extent Franchisee has assisted in the preparation of any information which Franchisor considers to be a Trade Secret or Confidential Information or has itself prepared or created such information, Franchisee hereby assigns any rights that it may have in such information as its creator to Franchisor, including all areas made or conceived by Franchisee.

2. Definition of Trade Secrets and Confidential Information. For purposes of this Agreement, the term "Trade Secrets" and "Confidential Information" shall mean any and all knowledge, techniques, processes or information made known or available to Franchisee that Franchisor treats as confidential, whether now existing or hereinafter created, including without limitation, information pertaining to the cost of materials and supplies; supplier lists or sources of supplies; internal business forms, orders, customer accounts, manuals and instructional materials setting forth Franchisor's methods of operation, including Franchisor's Operations Manual; drawings, designs, plans, proposals, marketing and sales plans; all concepts or ideas in, or reasonably related to Franchisor's business that have not previously been publicly released by Franchisor; and any other information or property of any kind of Franchisor which is protectible by law as a Trade Secret, Confidential Information or as proprietary. Such Trade Secrets and Confidential Information set forth herein shall be solely the property of Franchisor.

3. Return of Proprietary Materials. Upon termination or expiration of the franchise, Franchisee shall surrender to Franchisor all materials considered proprietary by Franchisor, technical or non-technical, whether or not copyrighted, which relate to Trade Secrets, Confidential Information or conduct of the operations of Franchisor.

Franchisee expressly acknowledges that any such materials of any kind provided to it shall be and remain solely the property of Franchisor.

4. Solicitation of Employees. Franchisee further agrees that he/she/it will not furnish to or for the benefit of any competitor of Franchisor, or such competitor's subsidiaries, the name of any person who is employed by Franchisor.

5. Irreparable Harm to Franchisor. Franchisee understands and agrees that Franchisor will suffer irreparable injury which is not capable of precise measurement in monetary damages if its Trade Secrets, Confidential Information and/or proprietary information is obtained by any person, firm or corporation and is used in competition with Franchisor. Accordingly, Franchisee agrees that it is reasonable and necessary for the protection of the business and goodwill of Franchisor for Franchisee to enter into this Agreement. Thus, in the event of breach of this Agreement by Franchisee, Franchisee consents to entry of a temporary restraining order or other injunctive relief as well as to any other relief which may be granted by a court having proper jurisdiction.

6. Binding Effect. This Agreement shall be binding on Franchisee's heirs, executors, successors and assignees as though originally executed by such person(s).

7. Applicable Law. The validity, interpretation, enforcement and construction of this Agreement shall be governed by the laws of the State of California.

APPLICABLE ONLY IN THE STATE OF ILLINOIS: To the extent the parties choice of California law conflicts with the Illinois Franchise Disclosure Act, the parties agree that the provisions of the Illinois Act shall control. To the extent said Act declares any provision of this Agreement void or unenforceable, the balance of the Agreement shall be fully enforceable in accordance with its terms.

APPLICABLE ONLY IN THE STATE OF INDIANA: To the extent the parties choice of California law conflicts with the Indiana Franchise Disclosure Law, the parties agree that the provisions of the Indiana Law shall control. To the extent the said Law declares any provision of this Agreement void or unenforceable, the balance of the Agreement shall be enforceable in accordance with its terms.

APPLICABLE ONLY IN THE STATE OF WASHINGTON: To the extent the parties choice of California law conflicts with the Washington Investment Protection Act, the parties agree that the provisions of said Law shall control. To the extent said Law declares any provision of this Agreement void or unenforceable, the balance of the Agreement shall be fully enforceable in accordance with its terms.

FRANCHISEE

If Franchisee is an entity, complete and sign below:

Date of Execution

_____,
(print name of entity above)

Check one:

- a _____ general partnership
- a _____ limited partnership;
- a _____ limited liability company;
- a _____ corporation

By: _____
Its: _____

By: _____
Its: _____

If Franchisee is an individual, print name and sign below:

Date of Execution

Print Name: _____

Date of Execution

Print Name: _____

EXHIBIT H
Personal Guaranty And Subordination

GUARANTY
AND
SUBORDINATION AGREEMENT

The undersigned, in order to induce FASTFRAME U.S.A., INC. (hereinafter referred to as "FASTFRAME") to enter into or permit assignment of a FASTFRAME Franchise Agreement, dated _____, 20____, with _____ (hereinafter referred to as the "Franchisee"), unconditionally, jointly and severally, guarantees to FASTFRAME, its successors or assigns, the prompt full payment and performance of all obligations of the Franchisee which are or may become due and owing to FASTFRAME, including, all obligations arising out of said Franchise Agreement or any other agreement between the parties, and all extensions or renewals thereof, in the same manner as if said Franchise Agreement were executed between FASTFRAME and the undersigned directly, as Franchisee.

The undersigned expressly waive(s): (a) notice of the acceptance by FASTFRAME of this Guaranty, (b) demand of payment, presentation and protest, (c) all rights to assert or plead any statute of limitations as to or relating to this Personal Guaranty and the Obligations, (d) any right to require FASTFRAME to proceed against any other Guarantor or any other person or entity liable to FASTFRAME, (e) any right to require FASTFRAME to proceed under any other remedy FASTFRAME may have before proceeding against Guarantor, and (f) any right of subrogation. This Personal Guaranty shall not be affected by the modification, extension, or renewal of any agreement between FASTFRAME and Franchisee, the taking of a note or other obligation from Franchisee or others, the taking of security for payment, the granting of extension of time for payment, the filing by or against Franchisee of bankruptcy, insolvency, reorganization of other debtor's relief afforded by the Federal Bankruptcy Act or any other state or federal statute or by the decision of any court, or any other matter, whether similar or dissimilar to any of the foregoing; and this Personal Guaranty shall cover the terms and obligations of any such modifications, notes, security agreements, extensions, or renewals. The obligations of the undersigned shall be unconditional notwithstanding any defect in the genuineness, validity, regularity, or enforceability of the Franchisee's obligations or liability to FASTFRAME, or any other circumstances whether or not referred to herein which might otherwise constitute a legal or equitable discharge of a surety or guarantor.

This is an irrevocable, unconditional and absolute guaranty of payment and performance and the undersigned agree(s) that his, hers or their liability of this Personal Guaranty shall be immediate and shall not be contingent upon the exercise or enforcement by FASTFRAME of whatever remedies it may have against the Franchisee or others, or the enforcement of any lien or realization upon any security FASTFRAME may at any time possess.

The undersigned covenant(s) and agree(s) that any indebtedness by the Franchisee to the undersigned, for any reason, currently existing, or which might hereafter arise, shall at all times be inferior and subordinate to any indebtedness owed by the Franchisee to FASTFRAME.

The undersigned further covenant(s) and agree(s) that as long as the Franchisee owes any monies to FASTFRAME (other than royalty and advertising and payments that are not past due) the Franchisee will not pay and the undersigned will not accept payment of any part of any indebtedness owed by the Franchisee to any one of the undersigned, either directly or indirectly, without the consent of FASTFRAME.

If this Personal Guaranty is executed by more than one individual, each person executing this Personal Guaranty shall be jointly and severally liable for the obligations created herein.

This Personal Guaranty shall remain in full force and effect until all obligations arising out of and pursuant to the Franchise Agreement including all renewals and extensions thereof, are fully paid and satisfied.

APPLICABLE ONLY IN THE STATE OF ILLINOIS: The validity, interpretation, enforcement and construction of this Personal Guaranty shall be governed by the laws of the State of California. The foregoing choice of law shall not be construed as a waiver of any right conferred upon FASTFRAME, Franchisee or the undersigned by the Illinois Franchise Disclosure Act. If any provision of this Personal Guaranty is void or unenforceable in the State of Illinois, the balance of the Personal Guaranty shall be fully enforceable in accordance with its terms.

APPLICABLE ONLY IN THE STATE OF INDIANA: The validity, interpretation, enforcement and construction of this Personal Guaranty shall be governed by the laws of the State of California. The foregoing

choice of law shall not be construed as a waiver of any right conferred upon FASTFRAME, Franchisee or the undersigned by the Indiana Franchise Disclosure Law. If any provision of this Personal Guaranty is void or unenforceable in the State of Indiana, the balance of the Personal Guaranty shall be fully enforceable in accordance with its terms.

APPLICABLE ONLY IN THE STATE OF WASHINGTON: The validity, interpretation, enforcement and construction of this Personal Guaranty shall be governed by the laws of the State of California. The foregoing choice of law shall not be construed as a waiver of any right conferred upon FASTFRAME, Franchisee or the undersigned by the Washington Franchise Investment Protection Act. If any provision of this Personal Guaranty is void or unenforceable in the State of Washington, the balance of the Personal Guaranty shall be fully enforceable in accordance with its terms.

IN WITNESS THEREOF, the undersigned have constituted this Agreement on the date set forth below.

Dated: _____

_____, Guarantor

Printed Name, Guarantor
Social Security No.: _____

Dated: _____

_____, Guarantor

Printed Name, Guarantor
Social Security No.: _____

EXHIBIT I
Secured Promissory Note

SECURED PROMISSORY NOTE

\$ _____ City: _____ State: _____
_____, 20____

In installments as herein stated, for value received, the undersigned ("Franchisee") promises to pay to FASTFRAME U.S.A., INC. ("Fastframe"), or order, at 433 West Allen Avenue, #114 San Dimas, California 91773, the principal sum of \$ _____ interest from date on the unpaid principal at the rate of 12% per annum. Principal and interest under this Note shall be due and payable in _____ equal _____ installments of \$ _____ on the ____ day of each month, commencing _____, 20____ and continuing until _____, 20____ on which day all principal then remaining unpaid and all accrued but unpaid interest shall be payable in full. Principal and interest evidenced hereby are payable only in lawful money of the United States.

Franchisee shall, at its sole cost and expense, instruct its bank to pay the installment amount specified above directly to Fastframe from Franchisee's account, by electronic funds transfer or such other automatic payment mechanism which Fastframe may designate ("EFT") and Franchisee shall execute or re-execute and deliver to Fastframe such pre-authorized check forms and other instruments or drafts required by Fastframe's bank, payable against Franchisee's bank account, to enable Fastframe to draw the amounts payable under the terms of this Promissory Note. Franchisee shall concurrently herewith execute and deliver Fastframe's current form of EFT authorization, which is attached hereto as Exhibit A. Franchisee must, maintain a single bank account for such payments and shall maintain a sufficient balance in such account to cover the installment payments when due, and shall maintain all applicable EFT instructions and authorizations in full effect until the Promissory Note has been paid in full, or until Fastframe otherwise consents in writing. Franchisee shall not alter or close such account except upon Fastframe's prior written approval. Any failure by Franchisee to implement such EFT system in strict accordance with Fastframe's instructions shall constitute a material default of this Promissory Note and the Franchise Agreement (defined below).

Each payment shall be credited first on interest then due, and the remainder on principal; and interest shall thereupon cease upon the principal so credited. Should interest not be so paid, it shall thereafter bear like interest as the principal, but such unpaid interest so compounded shall not exceed an amount equal to simple interest on the unpaid principal at the maximum rate permitted by law.

All agreements between the undersigned and the holder of this Note are expressly limited so that in no contingency or event whatsoever, whether by reason of advancement of the proceeds hereof, acceleration of maturity of the unpaid principal balance, or otherwise, shall the amount paid or agreed to be paid to the holder hereof for the use, forbearance or detention of money advanced hereunder exceed the highest lawful rate permissible under any law which a court of competent jurisdiction may deem applicable hereto. If fulfillment of any provision hereof or any instrument securing this Note or any other agreement referred to herein, at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law which a court of competent jurisdiction may deem applicable hereto, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, and if from any circumstances the holder hereof shall ever receive as interest an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the unpaid principal balance due hereunder and not to the payment of interest. This provision shall control every other provision of all agreements between the undersigned and the holder hereof.

This Note is referred to and arises out of a Franchise Agreement dated as of _____, _____ between the undersigned and Fastframe U.S.A., Inc. (the "Franchise Agreement"). Pursuant to Section 11.1 of the Franchise Agreement, this Note is secured by certain personal property as specified therein. No reference herein to said Franchise Agreement and no provision of this Note shall alter or impair the obligation of the undersigned, which is absolute and unconditional, to pay the principal of and interest on this Note at the place, at the respective times, and in the currency herein prescribed.

Should default be made in the payment of any installment when due, the whole sum of principal and

interest and the amount of any accrued but unpaid late charges shall, at the option of the holder this note, become immediately due and payable, provided that there shall be no acceleration of due dates until the holder of the note shall have given written notice to maker of such default and such default shall not have been remedied within 5 days from the giving of such notice. This Note shall also automatically become due and payable, without notice or demand and without the need for any action or election by the holder hereof, in the event of any termination or expiration of the Franchise Agreement or any Assignment (as defined in the Franchise Agreement), or any failure to pay when due any payment of any sums due to holder under the Franchise Agreement, or the failure in the performance or observance by the undersigned of any of the terms or conditions under the Franchise Agreement after giving effect to any applicable curative period which may be contained therein.

Upon any default hereunder, in addition to any other rights which the holder of this Note may have, the holder shall have the right to foreclose upon the collateral, as set forth Franchise Agreement and in the Security Agreement, if applicable. The remedies of the holder of this Note are not exclusive, and election by the holder of any remedy hereunder shall not be deemed a waiver of any other remedies which the holder may have.

If this Note or any installment of principal or interest is not paid when due, whether at maturity or by acceleration, the undersigned promises to pay all costs of collection, including without limitation, actual attorneys' fees, and all expenses in connection with the protection or realization of the collateral securing this Note or the enforcement of any guaranty hereof incurred by the holder hereof on account of such collection, whether or not suit is filed hereon or thereon.

The maker of this Note shall have the right to prepay all or any portion of this Note at any time without penalty; provided however that all accrued interest on the amount to be prepaid and all late charges payable hereunder are also paid at such time, and provided, further, that the amount to be prepaid is not less than \$1,000 and the amount to be prepaid is an integral multiple of \$100. Such prepayments will be applied to the final payment of principal under this Note or the principal components of the remaining payments under this Note, in the order or inverse order of maturity, all as the holder hereof may determine.

Assignment by Holder. All rights of holder hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of, either in whole or in part, without notice to the undersigned. The assignee's rights shall be free from all defenses, set-offs or counterclaims which the undersigned may be entitled to assert against Fastframe U.S.A., Inc. No such assignee shall be obligated to perform any duty, covenant or condition required to be performed by Fastframe U.S.A., Inc.

Assignment by Maker. This Note may not be changed, modified, amended or assigned or terminated other than by a written instrument executed by the maker and payee hereof. The entire amount of this Note, including all accrued interest, shall become immediately due and payable at the option of the Holder in the event of any transfer or assignment of this Note by Maker, or of any transfer of ownership as contemplated by Section 8.3 of the Franchise Agreement, or the sale, conveyance, transfer or disposition by the undersigned of the personal property and improvements which have been pledged as security for the Franchise Agreement (or for this Note), or any part thereof, or any interest therein, whether voluntarily, involuntarily or otherwise (other than the sale of inventory in the ordinary course of business).

If the undersigned consists of more than one person or entity, their obligation hereunder shall be joint and several. If the undersigned is a partnership or joint venture, each general partner or joint venturer of the undersigned shall be jointly and severally liable for this Note and hereby waives any requirement of law that in the event of a default hereunder the holder hereof exhaust any assets of the partnership or joint venture before proceeding against such general partner's or joint venturer's assets or against such general partner or joint venturer. Maker hereby waives presentment, demand, protest, notice of protest and notice of dishonor.

Governing Law. This note shall be interpreted and enforced in accordance with the laws of the State of California, including applicable statutes of limitations and other such procedural statutes, without reference to such State's conflict of law rules, which shall also govern the resolution of any dispute or claim relating hereto.

If an entity, complete and sign below:

_____,
(print name of entity above)

Check one:

- a _____ general partnership
- a _____ limited partnership;
- a _____ limited liability company;
- a _____ corporation

By: _____

Its: _____

By: _____

Its: _____

If individual(s), print name and sign below:

Print Name: _____

Print Name: _____

Exhibit "A"

Electronic Funds Transfer
Authorization To Honor Charges Drawn By and Payable To

FASTFRAME U.S.A., INC./PAYEE

Bank Name	Account No.	ABA#	FEIN
_____	_____	_____	_____

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, "debits") drawn on such account which are payable to the above named Payee. It is agreed that Depository's rights with respect to each such debit shall be the same as it if were a check drawn and signed by the Depositor. It is further agreed that is any such debit is not honored, whether with or without cause and whether intentionally or inadvertently, Depository shall be under no liability whatsoever. This authorization shall continue in force until the earlier of (a) _____, ____ or (b) Depository and Payee have received at least thirty (30) days written notification from Depositor of its termination.

The Depositor agrees with respect to any action taken pursuant to the above authorization.

(1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.

(2) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

(3) To defend at Depositor's own cost and expense any action which might be brought by a depositor or any other persons because of any actions takes by the Depository or Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein.

Name of Depository: _____

Name of Depositor: _____

Designated Bank Account: _____

(Please attach one voided check for the above account)

Store Location: _____

Store #: _____

For information call: _____

Address: _____

Phone #: _____

Fax #: _____

Name of Franchisee/Depositor (please print)

By: _____

Signature and Title of Authorized Representative

Date: _____

EXHIBIT J
General Release

GENERAL RELEASE

This General Release (the "Agreement") is made and entered into as of _____, 20____, (the "Effective Date") by and among FASTFRAME U.S.A., INC. ("Fastframe"), a California corporation currently located at 433 West Allen Avenue, #114 San Dimas, CA 91773 and _____("Franchisee").

WITNESSETH:

WHEREAS, FASTFRAME and Franchisee have entered into a FASTFRAME U.S.A., INC. Franchise Agreement dated _____, _____ ("Franchise Agreement"), whereby FASTFRAME granted to Franchisee a FASTFRAME franchise store located at _____ ("Franchise").

WHEREAS, Franchisee has elected to (a) enter into a new franchise agreement with FASTFRAME which, among other things, extends the term of the franchise, (b) enter into a Satellite Addendum which allows the franchisee to open a satellite location, or (c) assign the Franchise Agreement;

WHEREAS, FASTFRAME has agreed to (a) execute the new franchise agreement, (b) execute the Satellite Addendum, or (c) consent to assignment of the Franchise Agreement, as applicable, on condition, among other things that Franchisee execute this General Release.

NOW, THEREFORE, in consideration of the premises set forth above, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, FASTFRAME and Franchisee do hereby agree as follows:

1. GENERAL RELEASE

Franchisee hereby absolutely and forever releases and discharges, and covenant not to sue or bring any arbitration against, FASTFRAME or its predecessors, successors, assigns, agents, employees, attorneys, officers, directors, shareholders, regional developers or representatives (each a "Fastframe Related Party") from and against any and all obligations, actions, proceedings, losses, costs, claims, demands, damages, debts, liabilities, accounts, costs, expenses, attorney's fees, liens and causes of action of every kind and nature whatsoever ("Released Matters"), whether now known or unknown, suspected or unsuspected, which FRANCHISEE now has, owns or holds, or at any time heretofore ever had, owned or held, pertaining to, arising out of or in connection with the offer, sale, execution, performance, or alleged breach of the Franchise Agreement and/or the franchisor-franchisee or other business relationship between Franchisee, on the one hand, and FASTFRAME or any Fastframe Related Party on the other hand. Franchisee hereby waives and relinquishes any right and benefits which Franchisee has or may acquire under Section 1542 of the Civil Code of the State of California to the full extent that they may lawfully waive all such rights and benefits pertaining to the subject matter of this agreement. In the furtherance of this release, Franchisee acknowledges that Franchisee is familiar with Section 1542 of the Civil Code of the State of California which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

In connection with such waiver, with respect to the Released Matters, Franchisee acknowledges that Franchisee is aware that Franchisee may hereafter discover facts in addition to or different from those which he Franchisee now knows or believes to be true with respect to the subject matter of this Agreement, but that it is Franchisee's intention hereby fully, finally and forever, to settle and release all Released Matters, disputes and differences, known or unknown, suspected or unsuspected, which now exist, may exist or heretofore existed, and in furtherance of such intention, the release given herein shall be and remain in effect as a full and complete release, notwithstanding the discovery or existence of any such additional or different facts. Franchises intends this Agreement to remain in effect as a full and complete general release, notwithstanding the discovery or existence of any additional or different facts that might have materially effected this Agreement.

2. NO ASSIGNMENT. Franchisee represents and warrants to FASTFRAME that he/she has not assigned, transferred, or conveyed to any third party all or any part of or partial or contingent interest in any of the claims which are called for to be released by this Agreement now or in the future, that he/she is aware of no third party who contends or claims otherwise, and that he/she shall not assign, transfer, or convey any such claim hereafter.

3. BINDING ARBITRATION

The parties agree to submit any claim or dispute arising out of this Agreement to private and confidential arbitration by a single neutral arbitrator. The arbitration proceedings shall be before and be governed by the Commercial Arbitration Rules of the American Arbitration Association. The arbitrator shall be appointed by agreement of the parties hereto or, if no agreement can be reached, by the American Arbitration Association pursuant to its rules. Any such arbitration shall take place in the County of Los Angeles, State of California.

4. GENDER

Whenever in this Agreement the context may so require, the feminine, masculine or neuter gender shall be deemed to refer to and include the neuter, feminine and masculine, and the singular to refer to and include the plural.

5. CHOICE OF LAW

This Agreement shall be construed in accordance with and all disputes hereunder shall be governed by the laws of the State of California. If any legal action is necessary to enforce the terms and conditions of this Agreement, the parties hereby agree that the Superior Court of California, County of Los Angeles, shall be the sole jurisdiction and venue for the bringing of the action.

6. SOLE AND ONLY AGREEMENT

This Agreement contains all of the terms and conditions agreed upon by the parties with reference to the subject matter hereof. No other agreements not specifically referred to herein, oral or otherwise, shall be deemed to exist or to bind any of the parties hereto.

7. AMENDMENTS

Any amendment to this Agreement must be in writing and signed by duly authorized representatives of each of the parties hereto and must expressly state that it is the intention of each of the parties to amend the Agreement.

This Agreement 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 have executed this Agreement effective as of the Effective Date.

FASTFRAME U.S.A., INC.
a California corporation

By: _____
Its: _____

Date of Execution

FRANCHISEE
If Franchisee is an entity, complete and sign below:

_____,
(print name of entity above)

Check one:
 a _____ general partnership
 a _____ limited partnership;
 a _____ limited liability company;
 a _____ corporation

By: _____
Its: _____

By: _____
Its: _____

Date of Execution

If Franchisee is an individual, print name and sign below:

Date of Execution

Print Name: _____

Date of Execution

Print Name: _____

EXHIBIT K
LLC Operating Agreement

**LIMITED LIABILITY COMPANY AGREEMENT
OF
_____, LLC
A DELAWARE LIMITED LIABILITY COMPANY**

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Page

**LIMITED LIABILITY COMPANY AGREEMENT
OF
_____, LLC
A DELAWARE LIMITED LIABILITY COMPANY**

This Limited Liability Company Agreement is made as of _____, 20____, by and between _____, an individual (“_____”), and Fastframe, U.S.A., Inc., a California corporation (“Fastframe”), with reference to the following facts:

A. The parties desire to form **[INSERT COMPANY NAME]**, LLC (the “Company”) as a limited liability company under the laws of the State of Delaware and, to that end, have filed a Certification of Formation for the Company with the Delaware Secretary of State.

B. The parties desire the Company to acquire a franchise from Fastframe to operate a “Fastframe” picture framing store (the “Store”) and to that end have entered into a Franchise Agreement dated _____, 20_____.

C. The parties now desire to adopt a limited liability company agreement to govern their respective rights and obligations as members and managers of the Company.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt of which is acknowledged, the parties agree that the following shall be the Limited Liability Company Agreement.

ARTICLE I

DEFINITIONS

When used in this Agreement, the terms defined in this Article I and in Exhibit B shall have the meaning ascribed to them:

“Act” means the Limited Liability Company Act of the State of Delaware.

“Affiliate” of a Member or the Managing Member means (a) a Person directly or indirectly (through one or more intermediaries) controlling, controlled by or under common control with that Member or Managing Member; (b) an officer, director, partner, member or immediate family member of that Member or Managing Member; or (c) a member of the immediate family of an officer, director, partner or member of that Member or Managing Member. For these purposes “control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Agreement” means this Limited Liability Company Agreement of **[INSERT COMPANY NAME]**, LLC, as originally executed and as amended from time to time.

“Anniversary Date” means each anniversary of the Store Opening Date.

“Anniversary Year” means a consecutive twelve (12) month period commencing on an Anniversary Date and ending on the day immediately preceding the next Anniversary Date.

“Bankruptcy” of a Member means the institution of any proceedings under any federal or state law for the relief of debtors, including the filing by or against that Member of a voluntary or involuntary case under the federal bankruptcy law, which proceedings, if involuntary, are not dismissed within sixty (60) days after their filing; an assignment of the property of that Member for the benefit of creditors; the appointment of a receiver, trustee or conservator of any substantial portion of the assets of that Member, which appointment, if obtained ex parte, is not dismissed within sixty (60) days thereafter; the seizure by a sheriff, receiver, trustee or conservator of any substantial portion of the assets of that Member; the

failure by that Member generally to pay its debts as they become due within the meaning of Section 303(h)(1) of the United States Bankruptcy Code, as determined by the Bankruptcy Court; or that Member's admission in writing of its inability to pay its debts as they become due.

"Capital Account" shall have the meaning set forth in Exhibit B.

"Capital Contribution" of a Member, at any particular time, means the amount of money or a promissory note or other binding obligation to contribute money, which that Member has theretofore contributed to the capital of the Company.

"Certificate of Formation" means the Certificate of Formation of the Company as filed under the Act with the Delaware Secretary of State.

"Class" shall have the meaning set forth in the definition of "Unit."

"Code" means the Internal Revenue Code of 1986, as amended from time to time (or any corresponding provisions of succeeding law).

"Company" means **[INSERT COMPANY NAME]**, LLC, a Delaware limited liability company.

"Company Assets" means the Company's real property, personal property and other tangible and intangible assets.

"Dissolution Event" with respect to any Member means one or more of the following: the death, insanity, permanent disability, withdrawal, Bankruptcy, expulsion, dissolution or occurrence of any other event which terminates the continued membership of that Member in the Company (excluding a Repurchase Event), other than a Transfer of a Member's Units which is made in accordance with the provisions of Article VII.

"Distributable Cash" at any time means that portion of the cash then on hand or in bank accounts of the Company which the Managing Member, in his or her absolute discretion, deems available for distribution to the Members, taking into account (a) the amount of cash required for the payment of all current expenses, liabilities and obligations of the Company (whether for expense items, Member Loans, capital expenditures, improvements, retirement of indebtedness or otherwise) and (b) the amount of cash necessary to establish prudent reserves for the payment of future capital expenditures, improvements, retirements of indebtedness, operations and contingencies, known or unknown, liquidated or unliquidated, including, but not limited to, liabilities which may be incurred in litigation and liabilities undertaken pursuant to the indemnification provisions of this Agreement.

"Distribution" means the transfer of money or property by the Company to one or more Members without separate consideration.

"EBITDA" means that amount as reasonably calculated by Fastframe equal to the sum of (i) store level earnings of the Store, before interest, taxes, depreciation and amortization, after deduction of ordinary and customary operating expenses; as adjusted by adding back any deductions for pre-opening expenses with respect to the Store.

" _____ " means _____, an individual, or any permitted successor-in-interest to his Units.

"Employment Agreement" means that certain Employment Agreement between the Company and the Store Manager Member of even date herewith.

"Fiscal Year" means the Company's fiscal year, which shall be the calendar year.

"Franchise Agreement" means that certain Franchise Agreement between Fastframe, U.S.A., Inc. (as franchisor thereunder) and Company (as franchisee thereunder), which has been executed contemporaneously herewith.

"Gross Sales" means the total revenue derived by the Company, directly or indirectly, from the operation of a "Fastframe" picture framing store, but excluding extraordinary revenue, such as, insurance proceeds resulting from damage or destruction of the store, revenue from the sale of all or substantially all of the assets of the Company, or revenue resulting from the condemnation or threatened condemnation of the premises where the store is located.

"_____" means _____, an individual, or any permitted successor-in-interest to his Units.

"Majority In Interest" means those Members owning Units which, taken together, exceed fifty percent (50%) of the aggregate of all Voting Interests held by all Members entitled to vote or grant consent with respect to the matter in question.

"Managing Member" means the manager of the Company duly selected by the Members pursuant to Section 5.1. The initial Managing Member shall be the Investor Member until a replacement is selected by the Members pursuant to Section 5.1.

"Member" means each Person who (a) is an initial signatory to this Agreement, has been admitted to the Company as a Member in accordance with the Certificate of Formation or this Agreement or is a transferee of a Member who has become a Member in accordance with Article VII, and (b) has not suffered a Dissolution Event. A "Investor Member" means a Member to the extent such Member owns Investor Units; a "Store Manager Member" means a Member to the extent such Member owns Store Manager Units. The Company shall only have one (1) Store Manager Member at any time.

"Member Loan" means a loan made by a Member to the Company hereunder.

"Membership Interest" means solely a Member's share of the profits and losses of the Company, the right to receive distributions of Company Assets and the right to participate in the management of the business and affairs of the Company by vote or otherwise pursuant to this Agreement and/or the Act.

"Person" means any entity, corporation, company, association, joint venture, joint stock company, partnership, trust, limited liability company, limited liability partnership, real estate investment trust, organization, individual (including personal representatives, executors and heirs of a deceased individual), nation, state, government (including agencies, departments, bureaus, boards, divisions and instrumentalities thereof), trustee, receiver or liquidator.

"Profit Sharing Interest" shall have the meaning set forth in Section 6.2.2.

"Repurchase Event" means any of the following prior to the fifth (5th) Anniversary Date: (1) termination by the Company of the Employment Agreement with the Store Manager Member (in which case the effective date of the Repurchase Event shall be the effective date of such termination); or (2) the disclosure of any confidential information of the Company in violation of any agreement between the Store Manager Member and the Company or the breach of any obligation of such Store Manager Member not to compete with the Company or the disclosure of any confidential information of Fastframe in violation of any policy or the Franchise Agreement.

“Restricted Units” means the total number of Store Manager Units issued to the Store Manager Member less the number of Store Manager Vested Units.

“Store Manager Vested Units” shall have the meaning set forth in Section 7.4.1.

“Store Opening Date” means the date the Store at the location specified in Section 2.4 of this Agreement opens to the public.

“Transfer” means, with respect to a Unit or any interest therein, the sale, assignment, transfer, disposition, pledge, hypothecation or encumbrance thereof, whether direct or indirect, voluntary, involuntary or by operation of law, and whether or not for value, of (a) all or any part of that Unit or interest therein or (b) a controlling interest in any Person which directly or indirectly through one or more intermediaries holds that Unit or interest therein; provided, however, the pledge or encumbrance of a Unit for the purpose of securing a loan to the Company shall not be deemed a Transfer hereunder.

“Year” means a 12 consecutive month period.

“Unit” means the smallest divisible portion of a Membership Interest that may be acquired initially by a Member or Transferred pursuant to Section 7 hereof; and, notwithstanding any provision of this Agreement to the contrary, no fractional Unit may be issued or Transferred. The Company shall have 2 different types (each a “Class” and collectively “Classes”) of Units: “Investor Units” and “Store Manager Units.” The following rules govern the Classes for all purposes of this Agreement at all times: (a) each Member of a Class has the same rights and obligations hereunder as any other Member of the same Class; (b) Members of one Class have different rights and obligations from those of another Class only to the extent expressly provided in this Agreement; and (c) a person may own Units of two or more different Classes at the same time, and in that case shall be deemed to be a Member of one Class to the extent of the Units of such Class owned by such person and a Member of another Class to the extent of the Units of such other Class owned by such person.

“Vested Units” means with respect to an Investor Member, the number of Units set forth in Exhibit A opposite his name and, with respect to the Store Manager Member, the Store Manager Vested Units.

“Voting Interest” means a Member’s percentage right to vote on matters coming before the Members for action. The Voting Interest of a Member shall mean, at any time, the ratio (expressed as a percentage rounded off to the nearest one hundredth (1/100) of a percentage point) of (a) the Unit(s) owned by such Member, regardless of Class, to (b) the total Units issued and outstanding.

References in this Agreement to “Certificate of Formation,” “Sections,” “Exhibits” and “Schedules,” shall be to the Certificate of Formation, Sections, Exhibits and Schedules of this Agreement, unless otherwise specifically provided; all Exhibits and Schedules to this Agreement are incorporated herein by reference; any of the terms defined in this Agreement may, unless the context otherwise requires, be used in the singular or the plural and in any gender depending on the reference; the words “herein,” “hereof” and “hereunder” and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement; and except as otherwise specified in this Agreement, all references in this Agreement (a) to any Person shall be deemed to include such Person’s permitted heirs, personal representatives, successors and assigns; and (b) to any agreement, any document or any other written instrument shall be a reference to such agreement, document or instrument together with all exhibits, schedules, attachments and appendices thereto, and in each case as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof; and (c) to any law, statute or regulation shall be deemed references to such law, statute or regulation as the same may be supplemented, amended, consolidated, superseded or modified from time to time.

ARTICLE II

ORGANIZATIONAL MATTERS

2.1 Name. The name of the Company shall be “_____, LLC”. The business of the Company may be conducted under that name or, upon compliance with applicable law, under any other name that the Managing Member deems appropriate or advisable.

2.2 Term. Unless terminated as hereinafter provided, the term of this Agreement shall commence upon the date of this Agreement and shall continue for the period of duration provided in the Certificate of Formation, if any is stated, and if none, then a perpetual existence.

2.3 Office and Agent. The principal office of the Company shall be at _____ or at such other place as the Managing Member may determine from time to time. The Company may also have such offices within and without the State of _____ as the Managing Member may from time to time determine. The registered agent for service of process in the State of Delaware shall be as stated in the Certificate of Formation or as otherwise determined by the Managing Member.

2.4 Purpose of Company. The Company's sole purpose shall be to engage in the business of owning and operating a retail “Fastframe” picture framing Store at _____, pursuant to the Franchise Agreement and in such other satellite locations as the Managing Member shall deem appropriate from time to time.

2.5 Intent. It is the intent of the Members that the Company shall always be operated in a manner consistent with its treatment as a “partnership” for Federal and state income tax purposes. It also is the intent of the Members that the Company not be operated or treated as a “partnership” for purposes of Section 303 of the United States Bankruptcy Code. No Member shall take any action inconsistent with that express intent.

2.6 Reimbursement of Expenses of Organization. The Members hereby authorize the Company to pay its expenses of organization and to reimburse any Person advancing funds for that purpose.

ARTICLE III

CAPITAL CONTRIBUTIONS

3.1 Initial Capital Contributions. Concurrently herewith, each Member shall contribute to the Company the monies which are specified in Exhibit A as that Member's initial Capital Contribution. The Members acknowledge that their respective initial Capital Contributions are being made in accordance with such Member's initial Profit Sharing Interest.

3.2 Additional Capital Contributions. Except with the affirmative vote or consent of all of the Members, no Member shall be required to make any additional Capital Contributions not specifically referred to in Section 3.1. Notwithstanding the foregoing, it is intended by the Members that the Company shall obtain either (i) a Member Loan or (ii) third party financing to construct or acquire the Store, to purchase initial inventory, to satisfy working capital needs and other matters as the Managing Member determines is advisable. It is the intention of the Members that such Member Loan or third party financing (in addition to all other obligations and liabilities) executed by Company will be solely the obligation and liability of the Company. However, the Members acknowledge that certain third party lenders may, from time to time, require the Members to guaranty the obligations of the Company under such obligations. Accordingly, the Members agree that if any third party lender requires a guaranty of the Company's obligations under a certain loan, the Investor Members and the Store Manager Member shall execute joint and several guarantees.

3.3 Capital Accounts. A Capital Account shall be established and maintained for each Member in accordance with this Agreement. The initial Capital Account of each Member as of the date of this Agreement shall be specified on Exhibit A.

3.4 No Priorities of Members; No Withdrawals of Capital. Except as otherwise specified in Article VI and in the Act, no Member shall have a priority over any other Member as to any Distribution, whether by way of return of capital or by way of profits, or as to any allocation of Profits or Losses. No Member shall have the right to withdraw or reduce its Capital Contributions in the Company except as a result of the dissolution of the Company or as otherwise provided in Section 4.6 or the Act, and no Member shall have the right to demand or receive property other than cash in return for its Capital Contributions.

3.5 No Interest. No Member shall be entitled to receive any interest on its Capital Contributions.

3.6 Member Loans. No Member shall lend or advance money to the Company or for the Company's benefit without the affirmative vote or written consent of a Majority-in-Interest of the Members approving such loan or advance, except as otherwise provided under Section 3.2. The loan or advance shall be a debt of the Company to that Member and shall bear interest at an annual rate equal to the lesser of (i) the Prime Rate plus four percent (4%) for any Member Loan, or (ii) the highest rate permitted under applicable laws. A Member Loan shall only be deemed repaid upon payment of all unpaid principal and all accrued interest. Any payment made on a Member Loan first shall be applied to any accrued interest and then to unpaid principal. Any loan under this Section 3.6 shall be repaid before the distribution of any Distributable Cash to the Members under this Agreement.

3.7 Certificates Representing Units. The Units owned by the Members may be evidenced by certificates issued by the Company, which, if issued, shall be in such form and incorporate such legends, recitals and provisions as the Managing Member shall deem necessary or advisable. If certificates are issued, the Managing Member shall establish reasonable procedures for the delivery and reissuance of certificates in connection with Transfers of Units, split-ups or combinations of certificates, loss or destruction of certificates and other eventualities. Among other matters, such procedures may set forth required fees, indemnifications, documentation and signatures (including guarantees thereof) to be obtained from parties requesting reissuance of certificates. Such procedures need not be incorporated into this Agreement, but a copy thereof shall be delivered to all Members.

ARTICLE IV

MEMBERS

4.1 Limited Liability. Except as required under the Act or as expressly set forth in this Agreement, no Member shall be personally liable for any debt, obligation or liability of the Company, whether that liability or obligation arises in contract, tort or otherwise.

4.2 Admission of Initial Members. Upon making the Capital Contribution pursuant to Section 3.1, each of those Persons identified in Exhibit A shall be issued and shall own the number and Class of Units set forth opposite his name on Exhibit A. Within 30 days after the issuance of any Store Manager Unit, the recipient of the Store Manager Unit shall make an effective election with the Internal Revenue Service under Section 83(b) of the Code with respect to such Store Manger Units, in form and substance reasonably satisfactory to the Company.

4.3 Admission of Additional Members. Subject to compliance with applicable law, this Agreement and the approval of 100% of the Members, additional Members may be admitted to the Company from time to time upon such terms and conditions as the Managing Member may determine.

4.4 Members Are Not Agents. The management of the Company is vested exclusively in the Managing Member. No Member, acting solely in its capacity as a Member, may be an

agent of the Company, nor may any Member, in that capacity, bind or execute any instrument on behalf of the Company without the prior written consent of the Managing Member.

4.5 Meetings of Members; Written Consent. Meetings of the Members shall be held at such times and places within or without the State of _____ as the Members may fix from time to time, but, in any event, any Member may call a special meetings of the Members upon 10 days prior written notice to the other Members. No annual, regular or special meetings of Members are required, but if such meetings are held, they shall be conducted pursuant to the Act. Members may participate in any meeting through the use of conference telephones or similar communications equipment as long as all Members participating can hear one another. A Member so participating is deemed to be present in person at the meeting. Any action which may be taken by the Members at a meeting may also be taken without a meeting, if a consent in writing setting forth the action so taken is signed by Members having not less than the minimum votes that would be necessary to authorize that action at a meeting of the Members duly called and noticed.

4.6 Transactions between the Company and the Members. Notwithstanding that it may constitute a conflict of interest the Managing Member may, and may cause his or her Affiliates to, engage in any other transactions with the Company so long as that transaction is either (a) fair to the Company or (b) approved by the Members.

4.7 Performance of Duties; Liability of Members and Officers. No Member or officer shall be liable to the Company or to any other Member for any losses or damages suffered by them, except as the result of fraud, deceit, gross negligence, reckless or intentional misconduct or a knowing violation of law or this Agreement by that Member or officer or as a result of acts from which that Member or officer derives an improper personal benefit. The Members and officers, if any, shall perform their duties in good faith, in a manner they reasonably believe to be in the best interests of the Company and the Members. In performing their duties, the Members and officers shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, of the following persons or groups unless they have knowledge concerning the matter in question that would cause such reliance to be unwarranted and provided that the Members and officers act in good faith and after reasonable inquiry when the need therefor is indicated by the circumstances:

(a) or more agents of the Company whom the Managing Member or officers, as the case may be, reasonably believe to be reliable and competent in the matters presented; or

(b) Any attorney, independent accountant or other Person as to matters which the Managing Member or officers, as the case may be, reasonably believe to be within such Person's professional or expert competence.

4.8 Company Opportunities.

4.8.1 Company Opportunities. Except as may otherwise be expressly agreed in writing, the Managing Member and/or any Member shall not be required to offer to the Company any opportunity it acquires after the date of this Agreement to pursue a prospective business venture, investment opportunity or economic advantage whether or not that prospective business venture is within the primary purpose of the Company specified in Section 2.4 and the Company would or might reasonably be in a position to take up that prospective business venture in the course of its business. Each Member shall have the right to hold any such prospective project, business venture, investment opportunity or economic advantage for its own account or to recommend the same to Persons other than the Company or the other Members.

4.8.2 Competing Activities. Except as may be restricted under the terms of the Franchise Agreement or any other Agreement, the Members and their respective officers, directors, shareholders, partners, members, managers, agents, employees and Affiliates may engage or invest in, independently or with others, any business activity of any type or description, including without limitation those that might be the same as or similar to the Company's business and that might be in direct or indirect competition with the Company. Neither the Company nor the other Members shall have the right

in or to such other ventures or activities or to the income or proceeds derived therefrom.

ARTICLE V

GENERAL SUPERVISION AND CONTROL OF MANAGEMENT BY THE MANAGING MEMBER

5.1 Management by Managing Member. The business and affairs of the Company shall be managed and controlled by Managing Member. Except for situations in which the approval of the Members is specifically required by the Act, the Certificate of Formation or this Agreement, the Managing Member shall have full, complete and exclusive authority, power and discretion to manage and control the business, property and affairs of the Company, to supervise, direct and control the actions of the officers, if any, of the Company and to perform any and all other actions customary or incident to the management of the Company's business, property and affairs. Within the resources available to the Company, the Managing Member shall control and direct the administration of the business and affairs of the Company in accordance with sound business practice, taking such steps as are necessary or appropriate in its reasonable judgment to conserve and enhance the value and profitability of the Company's business, property and affairs.

5.1.1 Managing Member Powers. Except as expressly provided in the Certificate of Formation, this Agreement, and without limiting the generality of the foregoing, the Managing Member shall have and may exercise the following powers, rights, and authority and obligations on behalf of the Company:

- (a) To appoint or remove any officer or employee of the Company and to establish its terms and conditions of employment.
- (b) To select and/or discharge the certified public accountants used by the Company
- (c) To acquire and take title to the Company Assets on behalf of the Company.
- (d) To deal in and with any of the Company Assets, including, but not limited to, the right to subdivide, develop, operate, manage, sell, lease, sublease, or convey title to, and to grant options for, portions of any real property owned by the Company, including any mortgage or leasehold interest or other realty which may be acquired by the Company; to lease or sublease all or portions of the Company Assets; to obtain financing or refinancing of any mortgage or mortgages placed on the Company Assets; to obtain financing, loans or refinancing, unsecured or secured by the Company Assets (including security interest in the Company's accounts, accounts receivable, and other personal property); to prepay the same in whole or in part; to increase, modify, consolidate or extend any mortgage or mortgages placed on the Company Assets; and to buy, sell, exchange or otherwise acquire, hold, invest in, deal with, manage, develop and operate the Company.
- (e) To make payments from Company funds for or on account of contract sums due to be paid by the Company and expenses of the Company as they become due, and otherwise to perform and comply with present and future contracts and obligations of the Company.
- (f) To carry such insurance as the Managing Member may deem advisable, at the expense of the Company.
- (g) To commence or defend litigation with respect to the Company or any assets of the Company as the Managing Member may deem advisable, at the expense of

the Company.

(h) To make, execute, acknowledge and deliver any and all, notes (or other evidence of indebtedness), security agreements, documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted.

(i) To do all such acts and take all such proceedings and execute all such rights and privileges, although not specifically mentioned herein, as the Managing Member may deem necessary to operate Company and carry out its purpose.

5.1.2 Election and Term of Managing Member. The Managing Member shall be designated by the vote of the Members. The Members shall have the right to change the identity of the Managing Member at any time and for any reason, by the affirmative vote or written consent of the a Majority In Interest of the Members, and the Managing Member so appointed shall serve in that capacity until he or she resigns or is removed by the Members, in their absolute discretion.

5.1.3 Appointment of Officers. The Managing Member may, at his or her discretion, appoint officers of the Company at any time to conduct, or to assist the Managing Member in the conduct of the day-to-day business and affairs of the Company. The officers of the Company may include a President or Chief Executive Officer, one or more Vice Presidents, a Secretary, and a Treasurer. The officers shall serve at the pleasure of the Managing Member subject to all rights, if any, of an officer under any contract of employment. Any individual may hold any number of offices. The officers shall exercise such powers and perform such duties as are typically exercised by similarly titled officers in a corporation and as shall be determined from time to time by the Managing Member, but subject in all instances to the supervision and control of the Managing Member. Initially, there shall be a President, a Secretary and a Treasurer of the Company. _____ shall serve as the initial President of the Company, _____ shall serve as the initial Secretary of the Company, and _____ shall serve as the initial Treasurer of the Company, subject to all of the foregoing prerogatives of the Members.

5.1.4 Signing Authority of Officers. The officers, if any, shall have such authority to sign checks, instruments and other documents on behalf of the Company as may be delegated to them by the Managing Member.

5.1.5 Acts of Officers as Conclusive Evidence of Authority. Any note, mortgage, deed of trust, evidence of indebtedness, contract, certificate, statement, conveyance or other instrument or obligation in writing, and any assignment or endorsement thereof, executed or entered into between the Company and any other Person, when signed by the President or Chief Executive Officer, any Vice-President or by any Vice-President and any Secretary, or any Treasurer, is not validated as to the Company by any lack of authority of the signing officers in the absence of actual knowledge on the part of the other Person that the signing officers had no authority to execute the same.

5.2 Limitations on Power of Managing Member. Notwithstanding any other provisions of this Agreement, however, the Managing Member shall have no power or authority to approve or cause the Company to engage in any of the following, without first obtaining the affirmative vote or written consent of a Majority In Interest of the Members:

(a) the sale, exchange or other disposition of all, or substantially all of the Company's assets occurring as part of a single transaction or plan, or in a series of transactions, except in the ordinary course of business or in the orderly liquidation and winding up of the business of the Company upon its duly authorized dissolution;

(b) the merger of the Company with another limited liability company or a corporation, general partnership, limited partnership or other entity;

(c) any act which would make it impossible to carry on the ordinary

business of the Company;

- (d) any alteration of the primary purpose of the Company as set forth in Section 2.4;
- (e) any amendment to this Agreement or to the Certificate of Formation; or
- (f) any decision to place the Company into Bankruptcy.

5.3 Expenses. The Company shall reimburse the Managing Member and its Affiliates for all reasonable out-of-pocket costs and expenses incurred by them in connection with the business and affairs of the Company, as well as organizational expenses (including, without limitation, legal and accounting fees and costs) incurred by them to form the Company and to prepare the Certificate of Formation and this Agreement.

ARTICLE VI

ALLOCATIONS OF NET PROFITS AND NET LOSSES AND DISTRIBUTIONS

6.1 Allocations. All items of income, gain, loss, deduction and credit of the Company shall be allocated among the Members in accordance with Exhibit B attached hereto.

6.2 Distributions by the Company.

6.2.1 Subject to applicable law and any limitations contained elsewhere in this Agreement, and except as provided in Section 10.5.1 below, the Managing Member shall, from time to time when the Managing Member deems appropriate, distribute Distributable Cash to the Members, which Distributions shall be distributed among the Members in accordance with their respective Profit Sharing Interest (as determined below) at the time of such distribution. The Company shall distribute to each Member within 75 days after the close of each taxable year (or at such earlier times and in such amounts as determined in good faith by the Managing Member to be appropriate to allow such Member to pay estimated income tax liabilities) an amount equal to the anticipated taxes payable on the share of taxable income allocated to such Member for such taxable year (after taking into account such Member's share of income, gain, loss, deductions and credits and other items reported on such Member's Schedule K-1 (Form 1065)), assuming for such determination the highest applicable marginal United States federal, state, and local income tax rates applicable to any Member; provided, that such distributions shall be subject to the availability of cash after the setting aside by the Managing Member of appropriate reserves for anticipated or contingent obligations, losses and commitments of the Company.

6.2.2 "Profit Sharing Interest" means.

(a) Prior to the first Anniversary Date, the Members initial Profit Sharing Interest set forth opposite their name on Exhibit A; and

(b) Within 60 days following each Anniversary Date (up to and including the 5th Anniversary Date) the Managing Member shall, in consultation with the Store Manager Member, determine, and if applicable adjust (effective as of such Anniversary Date), the Profit Sharing Interest of the Members in accordance with the following:

- (i) The Store Manager Member's Profit Sharing Interest shall be the Applicable Percentage (as described in the table below) for the highest Gross Sales level achieved during any preceding Anniversary Year (*i.e.* once a certain Applicable Percentage shall have been established, it shall not be decreased).

(ii) Each Investor Member's Profit Sharing Interest shall be 100 less the Applicable Percentage then in effect for the Store Manager Member (as adjusted as provided in Section 6.2.2(b)(i)), which difference shall be multiplied by a percentage equal to such Investor Member's Vested Units divided by the Vested Units of all Investor Members.

(c) Following the 5th Anniversary Date, each Member's Profit Sharing Interest shall be equal to the Member's Profit Sharing Interest which was in effect as of the 5th Anniversary Date (i.e. as adjusted pursuant to Section 2.2.2(b)).

(d) The Managing Member shall provide written notice to each Member of all Members' Profit Sharing Interest promptly following the determination thereof.

6.2.3 "Applicable Percentage" means the percentage corresponding to the Company's Gross Sales during the applicable Anniversary Year:

Gross Sales During Any Anniversary Year	Applicable Percentage
\$0 - _____	_____ %
\$ _____ 1 - _____	_____ %
\$ _____ 1 - _____	_____ %
\$ _____ 1 - _____	_____ %
\$ _____ 1 - _____	49%

6.3 Form of Distribution. No Member, regardless of the nature of its Capital Contribution, has the right to demand and receive any Distribution from the Company in any form other than money. No Member may be compelled to accept from the Company a distribution of any asset in kind in lieu of a proportionate distribution of money being made to other Member(s), and except upon a dissolution and the winding up of the Company, no Member may be compelled to accept a distribution of any asset in kind.

6.4 Distributions in Respect to Transferred Interests. Distributions pursuant to this Article VI shall be made only to the Persons or entities who, according to the Company's books and records, are the holders of record of the Membership Interests in the Company as of the actual date of distribution.

ARTICLE VII

TRANSFER OF INTERESTS

7.1 In General. Notwithstanding any provision of the Act to the contrary and subject to Sections 7.3 and 7.4, a Member may not Transfer any of such Member's Units except upon the satisfaction of the conditions set forth in Section 7.2. Any Transfer or attempted Transfer, except in full compliance with this Article VII, shall be null and void ab initio, and the transferee shall not become a Member.

7.2 Conditions. No Transfer of a Unit shall be permitted unless each of the following conditions has been satisfied, and a transferee shall be deemed admitted as a Member effective as of the date that each of the following conditions has been satisfied (*provided*, that the Managing Member may waive any such conditions in the Managing Member's sole and absolute discretion):

7.2.1 The Managing Member consents to the Transfer.

7.2.2 The transferee shall agree to be bound by the terms of this Agreement.

7.2.3 The transferor or transferee shall deliver to the Company an opinion of counsel in form and substance satisfactory to the Managing Member and counsel for the Company to the effect that the transfer of such Unit may be made without violating federal or state securities laws.

7.2.4 The transferor and transferee shall execute such instruments as are reasonably requested by the Managing Member under which they agree to be jointly and severally responsible for, and to reimburse the Company for, all costs and expenses related to such transfer.

7.2.5 The transferee shall execute any other documents as the Managing Member may reasonably request.

7.3 Transfer of Investor Units. Subject to Section 7.2 and any restrictions set forth in the Franchise Agreement, an Investor Member may Transfer any or all of such Investor Member's Investor Unit(s) to any Person.

7.4 Transfer of Store Manager Units.

7.4.1 Definitions.

- Units" means:
- (a) As used in this Agreement the term "Store Manager Vested Units" means:
 - (i) prior to the first Anniversary Date, _____; and
 - (ii) thereafter, on each Anniversary Date (up to and including 5th Anniversary Date), the number of Applicable Units (as described in the table below) for the highest Gross Sales level achieved during any preceding Anniversary Year, (*i.e.* once a certain number of Applicable Units shall have been established, it shall not be decreased). Following the 5th Anniversary Date, the number of Applicable Units shall be equal to the number of Applicable Units which was in effect as of the 5th Anniversary Date.

(b) As used in this Agreement the term “Applicable Units” means the number of Store Manager Units corresponding to the Company’s Gross Sales during the applicable Anniversary Year:

Gross Sales During Any Anniversary Year	Applicable Units
\$0 - _____	_____
\$ _____, _____ 1 - _____, _____	_____
\$ _____, _____ 1 - _____, _____	_____
\$ _____, _____ 1 - _____, _____	_____
\$ _____, _____ 1 - _____, _____	49

(c) The Managing Member shall, in consultation with the Store Manager Member, determine the number of Store Manager Vested Units within 60 days following each Anniversary Date (up to and including the 5th Anniversary Date), and shall promptly thereafter provide written notice to Store Manager Member of the number of Store Manager Vested Units then in effect.

7.4.2 In General. Prior to the 5th Anniversary Date, the Store Manager Member may not Transfer any Store Manager Unit to any Person (except as provided in Section 7.4.3). Following the 5th Anniversary Date, the Store Manager Member may not Transfer any Store Manager Unit to any Person, except with the prior written consent of the Managing Member, which consent shall not be unreasonably withheld (but the Managing Member may impose any reasonable condition).

7.4.3 Repurchase of Store Manager Units.

(a) Upon the occurrence of a Repurchase Event, the Managing Member may cause the Company to repurchase, and the Store Manager Member shall sell, all (but not less than all) of such Member’s Store Manager Units at a price determined in accordance with Section 7.4.3(c). If the Managing Member shall determine that the Company cannot repurchase all of the Store Manager Member’s Store Manager Units (for any reason or no reason), the Company’s nominee may exercise such right in the same manner as the Company.

(b) The Managing Member shall make the election under Section 7.4.3(a) by written notice given to the Store Manager Member within thirty (30) days after the effective date of such Repurchase Event (or, in the case of a Repurchase Event as a result of the applicable Store Manager Member disclosing confidential information in violation of any agreement with the Company, within thirty (30) days after the Company through its Managing Member has actual knowledge of such Repurchase Event), which notice shall also include an unendorsed cashier’s or certified check equal to the purchase price. Upon the giving of such notice together with the foregoing purchase price, the Company shall be deemed to have purchased and the applicable Store Manager Member shall be deemed to have sold all of such Member’s Store Manager Units without any further action by any Person.

(c) The purchase price for any Restricted Units purchased pursuant to this Section 7.4 shall be \$1.00. The purchase price for any Store Manager Vested Units purchased pursuant to this Section 7.4 shall be equal to the greater of (i) the Store Manger Member’s initial Capital Contribution; (ii) the Store Manager Member’s Capital Account; or (iii) the fair market value of the Store Manager Vested Units as of the Repurchase Event, which shall be determined as if the assets of the Company were sold for an amount equal to EBITDA multiplied by 2.5 and the net proceeds were distributed in liquidation of the Company in accordance with Section 10.5. If the Company does not exercise its rights under this Section 7.4, the Store Manager Member shall continue to receive distributions of Distributable Cash, if

any, in the same manner as though no Repurchase Event had occurred; provided, however, the Store Manager Member's Profit Sharing Interest shall remain fixed at the rate in effect immediately prior to the occurrence of the Repurchase Event.

(d) If on the fifth (5th) Anniversary Date, the Store Manager Member shall not have achieved the highest possible number of Store Manager Vested Units under Section 7.4.1, the Store Manager Member shall sell and the Company shall purchase (at any time prior to the dissolution of the Company) all of the Restricted Units at a price of \$1, and thereafter the terms and conditions of this Section 7.4.3(d) shall automatically terminate.

ARTICLE VIII

CONSEQUENCES OF DISSOLUTION EVENTS

8.1 Dissolution Event. Upon the occurrence of a Dissolution Event, the Company shall dissolve unless (a) all remaining Members consent in writing within ninety (90) days of the Dissolution Event to the continuation of the business of the Company and (b) agreement is reached within such ninety (90) day period between the Company and the Member (or the heirs or legal representatives of the Member) who suffered the Dissolution Event as to the purchase of that Member's Units.

ARTICLE IX

ACCOUNTING, RECORDS, REPORTING BY MEMBERS

9.1 Books and Records. The books and records of the Company shall be kept, and the financial position and the results of its operations recorded, in accordance with generally accepted accounting principles. The books and records of the Company shall reflect all the Company transactions and shall be appropriate and adequate for the Company's business. Each Member and its duly authorized representative shall have complete access to all such books and records at any time.

9.2 Bank Accounts; Invested Funds. All funds of the Company shall be deposited in such account or accounts of the Company as may be determined by the Managing Member and shall not be commingled with the funds of any other Person. All withdrawals therefrom shall be made upon checks signed by such persons and in such manner as the Managing Member may determine. Temporary surplus funds of the Company may be invested in commercial paper, time deposits, short-term government obligations or other investments determined by the Managing Member.

9.3 Accounting Matters. All decisions as to accounting matters shall be made by the Managing Member.

ARTICLE X

DISSOLUTION AND WINDING UP

10.1 Dissolution. The Company shall be dissolved, its assets disposed of and its affairs wound up upon the first to occur of the following:

- (a) the expiration of the term of the Company specified in the Certificate of Formation, if any, or any other event of dissolution specified in the Certificate of Formation;
- (b) the expiration or termination of the Franchise Agreement;
- (c) The vote of a Majority In Interest of the Members;

(d) the occurrence of a Dissolution Event, if all remaining Members fail to consent in accordance with Section 8.1 to continue the business of the Company within ninety (90) days after the occurrence of that event;

(e) the sale of all or substantially all of the assets of the Company;

(f) the Company's Bankruptcy; or

(g) the occurrence of an event which makes it unlawful for the business of the Company to be continued.

10.2 Certificate of Dissolution. Upon dissolution of the Company, the Managing Member shall cause a Certificate of Dissolution to be filed with the Delaware Secretary of State.

10.3 Winding Up. Upon the occurrence of any event specified in Section 10.1, the Company shall continue solely for the purpose of winding up its affairs in an orderly manner, liquidating its assets and satisfying the claims of its creditors. The Managing Member shall be responsible for overseeing the winding up and liquidation of the Company, shall take full account of the liabilities and assets of the Company, shall cause its assets either to be sold or distributed, as they may determine, and shall cause the proceeds therefrom, to the extent sufficient, to be applied and distributed as provided in Section 10.5. The Persons winding up the affairs of the Company shall give written notice of the commencement of winding up by mail to all known creditors and claimants whose addresses appear on the records of the Company.

10.4 Distributions in Kind. Any non-cash asset distributed to one or more Members shall first be valued at its fair market value to determine the profit or loss that would have resulted if that asset had been sold for that value, the profit or loss shall then be allocated pursuant to Exhibit B, and the Members' Capital Accounts shall be adjusted to reflect those allocations. The amount distributed and charged to the Capital Account of each Member receiving an interest in the distributed asset shall be the fair market value of the interest (net of any liability secured by the asset that the Member assumes or takes subject to). The fair market value of that asset shall be determined by the Managing Member.

10.5 Order of Payment of Liabilities Upon Dissolution.

10.5.1 Liquidating Distributions. After determining that all known debts and liabilities of the Company, including, without limitation, debts and liabilities to Members who are creditors of the Company, have been paid or adequately provided for, the remaining assets shall promptly be distributed to the Members in accordance with their positive Capital Account balances, after taking into account income and loss allocations for the Company's taxable year during which the liquidation occurs.

10.5.2 No Liability. No Member shall have any liability to the Company, any Member or any creditor of the Company on account of any deficit balance in its Capital Account.

10.6 Limitations on Payments Made in Dissolution. Except as otherwise specifically provided in this Agreement, each Member shall be entitled to look only to the assets of the Company for the return of that Member's positive Capital Account balance and shall have no recourse for its Capital Contributions and/or share of Profits (upon dissolution or otherwise) against the Managing Member or any other Member.

10.7 Certificate of Cancellation. Upon completion of the winding up of the Company's affairs, the Managing Member shall cause a Certificate of Cancellation to be filed with the Delaware Secretary of State.

10.8 Compensation for Services. The Persons winding up the affairs of the Company shall be entitled to reasonable compensation from the Company for their services.

ARTICLE XI
INDEMNIFICATION

11.1 Indemnification. The Company shall indemnify and hold harmless each of the Members and Managing Member, and each of their respective officers, directors, shareholders, partners, members, trustees, beneficiaries, employees, agents, heirs, assigns, successors-in-interest and Affiliates, (collectively, "Indemnified Persons") from and against any and all losses, damages, liabilities and expenses, (including costs and reasonable attorneys' fees), judgments, fines, settlements and other amounts (collectively "Liabilities") reasonably incurred by any such Indemnified Person in connection with the defense or disposition of any action, suit or other proceeding, whether civil, criminal, administrative or investigative and whether threatened, pending or completed (collectively a "Proceeding"), in which any such Indemnified Person may be involved or with which any such Indemnified Person may be threatened, with respect to or arising out of any act performed by the Indemnified Person or any omission or failure to act if (a) the performance of the act or the omission or failure was done in good faith and within the scope of the authority conferred upon the Indemnified Person by this Agreement or by the Act, except for acts of willful misconduct, gross negligence or reckless disregard of duty, or acts which constitute a material breach of this Agreement or from which such Indemnified Person derived an improper personal benefit, or (b) a court of competent jurisdiction determines upon application that, in view of all of the circumstances, the Indemnified Person is fairly and reasonably entitled to indemnification from the Company for such Liabilities as such court may deem proper. The Company's indemnification obligations hereunder shall apply not only with respect to any Proceeding brought by the Company or a Member but also with respect to any Proceeding brought by a third party.

11.2 Contract Right; Expenses. The right to indemnification conferred in this Article XI shall be a contract right and shall include the right to require the Company to advance the expenses incurred by the Indemnified Person in defending any such Proceeding in advance of its final disposition; provided, however, that, if the Act so requires, the payment of such expenses in advance of the final disposition of a Proceeding shall be made only upon receipt by the Company of an undertaking, by or on behalf of the indemnified Person, to repay all amounts so advanced if it shall ultimately be determined that such Person is not entitled to be indemnified under this Article XI or otherwise.

11.3 Indemnification of Officers and Employees. The Company may, to the extent authorized from time to time by the Managing Member, grant rights to indemnification and to advancement of expenses to any officer, employee or agent of the Company to the fullest extent of the provisions of this Article XI with respect to the indemnification and advancement of expenses of Members and Managing Member of the Company.

11.4 Insurance. The Company may purchase and maintain insurance on behalf of any Person who is or was an agent of the Company against any liability asserted against that Person and incurred by that Person in any such capacity or arising out of that Person's status as an agent, whether or not the Company would have the power to indemnify that Person against liability under the provisions of Section 11.1 or under applicable law.

ARTICLE XII
MISCELLANEOUS

12.1 Amendments. No amendment to this Agreement may be made without compliance with Section 5.2. All amendments to this Agreement must be in writing.

12.2 Offset Privilege. Any monetary obligation owing from the Company to any Member or the Managing Member may be offset by the Company against any monetary obligation then owing from that Member or the Managing Member to the Company.

12.3 Arbitration.

12.3.1 General. In the event of any dispute, claim or controversy among the parties arising out of or relating to this Agreement or the Certificate of Formation whether in contract, tort, equity or otherwise, and whether relating to the meaning, interpretation, effect, validity, performance or enforcement of this Agreement or the Certificate of Formation, such dispute, claim or controversy shall be resolved by and through an arbitration proceeding to be conducted under the auspices and the commercial arbitration rules of the American Arbitration Association (or any like organization successor thereto), then in effect, at Los Angeles, California. The arbitrability of the dispute, claim or controversy shall likewise be determined in the arbitration. The arbitration proceeding shall be conducted in as expedited a manner as is then permitted by the commercial arbitration rules (formal or informal) of the American Arbitration Association. Both the foregoing agreement of the parties to arbitrate any and all such disputes, claims and controversies, and the results, determinations, findings, judgments and/or awards rendered through any such arbitration shall be final and binding on the parties and may be specifically enforced by legal proceedings in any court of competent jurisdiction.

12.3.2 Governing Law. The arbitrator(s) shall follow any applicable federal law and Delaware state law (with respect to all matters of substantive law) in rendering an award.

12.3.3 Costs of Arbitration. The cost of the arbitration proceeding and any proceeding in court to confirm or to vacate any arbitration award, as applicable (including, without limitation, each party's attorneys' fees and costs), shall be borne by the unsuccessful party or, at the discretion of the arbitrator(s), may be prorated between the parties in such proportion as the arbitrator(s) determines to be equitable and shall be awarded as part of the arbitrator's award.

12.4 Remedies Cumulative. Except as otherwise provided herein, the remedies under this Agreement are cumulative and shall not exclude any other remedies to which any Person may be lawfully entitled.

12.5 Notices. Any notice to be given to the Company or any Member in connection with this Agreement must be in writing and will be deemed to have been given and received when delivered to the address specified by the party to receive the notice by courier or other means of personal service, when received if sent by facsimile, or three (3) days after deposit of the notice by first class mail, postage prepaid, or certified mail, return receipt requested. Any such notice must be given to the Company at its principal place of business, and to any Member at the address specified in Exhibit A. Any party may, at any time by giving five (5) days' prior written notice to the other parties, designate any other address as the new address to which notice must be given.

12.6 Attorneys' Fees. In the event that any dispute between the Company and/or the Members should result in litigation or arbitration, the prevailing party in that dispute shall be entitled to recover from the other party all reasonable fees, costs and expenses of enforcing any right of the prevailing party, including without limitation, reasonable attorneys' fees and expenses, subject, however to the provisions of Section 12.3.3.

12.7 Jurisdiction. Each Member consents to the exclusive jurisdiction of the state and federal courts sitting in Los Angeles, California any action on a claim arising out of, under or in connection with this Agreement or the transactions contemplated by this Agreement, provided such claim is not required to be arbitrated pursuant to Section 12.3. Each Member further agrees that personal jurisdiction over it may be effected by service of process by registered or certified mail addressed as provided in Section 12.5 and that when so made shall be as if served upon it personally.

12.8 Complete Agreement. This Agreement and the Certificate of Formation constitute the complete and exclusive statement of agreement among the Members with respect to their

respective subject matters and supersede all prior written and oral agreements or statements by and among the Members. No representation, statement, condition or warranty not contained in this Agreement or the Certificate of Formation shall be binding on the Members or have any force or effect whatsoever. To the extent that any provision of the Certificate of Formation conflicts with any provision of this Agreement, the Certificate of Formation shall control. Nothing in the Agreement or in any related agreement is intended to disclaim the representations Company made in the franchise disclosure document.

12.9 Binding Effect. Subject to the provisions of this Agreement relating to Transferability, this Agreement shall be binding upon and inure to the benefit of the Members and their respective successors and assigns.

12.10 Section Headings. All Section headings are inserted only for convenience of reference and are not to be considered in the interpretation or construction of any provision of this Agreement.

12.11 Amendments. This Agreement may not be amended, modified or altered except by a written instrument executed by all parties hereto.

12.12 Interpretation. In the event any claim is made by any Member relating to any conflict, omission or ambiguity in this Agreement, no presumption or burden of proof or persuasion shall be implied by virtue of the fact that this Agreement was prepared by or at the request of a particular Member or that Member's counsel.

12.13 Severability. If any provision of this Agreement or the application of that provision to any person or circumstance shall be held invalid, the remainder of this Agreement or the application of that provision to persons or circumstances other than those to which it is held invalid shall not be affected.

12.14 Multiple Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, all of the Members and the Managing Member of _____, LLC a Delaware limited liability company, have executed this Agreement, effective as of the date first written above.

MEMBER:

_____, an
individual

_____, an individual

MANAGING MEMBER

_____, an individual

EXHIBIT A

**CAPITAL CONTRIBUTIONS, ADDRESSES, UNITS, INTERESTS AND CAPITAL ACCOUNTS
OF MEMBERS AS OF**

_____, 200__

Member's Name	Member's Address	Member's Capital Contribution	Number of Vested / Restricted Units	Class of Units	Member's Initial Profit Sharing Interest	Member's Voting Interest	Member's Initial Capital Accounts
_____	_____	\$ _____	51/0	Investor	80%	51%	\$
_____	_____	\$ _____	___/___	Store Manager	___%	49%	\$
_____	_____						
_____	_____						

EXHIBIT B

ALLOCATIONS AND TAX PROCEDURES

ARTICLE B-I

DEFINITIONS

B.1.1 Definitions. Capitalized words and phrases used in this Exhibit B have the following meanings:

(a) “Adjusted Capital Account Deficit” means, with respect to any Member, the deficit balance, if any, in such Member’s Capital Account as of the end of the relevant Allocation Period, after giving effect to the following adjustments:

(i) Credit to such Capital Account any amounts which such Member is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to the penultimate sentence of Treas. Reg. §§ 1.704-2(g)(1) and 1.704-2(i)(5); and

(ii) Debit to such Capital Account the items described in Treas. Reg. §§ 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6).

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treas. Reg. § 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(b) “Allocation Period” means (i) the period commencing on the effective date of this Agreement and ending on December 31, [200__] (ii) any subsequent twelve (12) month period commencing on January 1 and ending on December 31 or (iii) any portion of the period described in clauses (i) or (ii) for which the Company is required to allocated Profits, Losses and other items of Company income, gain, loss, or deduction pursuant to this Exhibit B.

(c) “Capital Account” means, with respect to any Member, the Capital Account maintained for such Member in accordance with the following provisions:

(i) To each Member’s Capital Account there shall be credited (A) such Member’s Capital Contributions, (B) such Member’s distributive share of Profits and any items in the nature of income or gain which are specially allocated pursuant to Sections B.2.3 or B.2.4 hereof, and (C) the amount of any Company liabilities assumed by such Member or which are secured by any Property distributed to such Member. The principal amount of a promissory note which is not readily tradeable on an established securities market and which is contributed to the Company by the maker of the note (or a Member related to the maker of the note within the meaning of Treas. Reg. § 1.704-1(b)(2)(ii)(c)) shall not be included in the Capital Account of any Member until the Company makes taxable disposition of the note or until (and to the extent) principal payments are made on the note, all in accordance with Treas. Reg. § 1.704-1(b)(2)(iv)(d)(2).

(ii) To each Member’s Capital Account there shall be debited (A) the amount of cash and the Gross Asset Value of any Property distributed to such Member pursuant to any provision of this Agreement, (B) such Member’s distributive share of Losses and any items in the nature of expenses or losses which are specially allocated pursuant to Sections B.2.3 or B.2.4 hereof, and (C) the amount of any liabilities of such Member assumed by the Company or which are secured by any property contributed by such Member to the Company.

(iii) In the event all or a portion of a Member’s Units are transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred Interest; and

(iv) In determining the amount of any liability for purposes of subparagraphs (i) and (ii) above, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treas. Reg. § 1.704-1(b), and shall be interpreted and applied in a manner consistent therewith. In the event the Managing Member shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or distributed property or which are assumed by the Company or the Members), are computed in order to comply with Treas. Reg. § 1.704-1(b), the Managing Member may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Member pursuant to this Agreement hereof upon the dissolution of the Company. The Managing Member also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of Company capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Treas. Reg. § 1.704-1(b)(2)(iv)(q), and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Treas. Reg. § 1.704-1(b), provided that, to the extent that any such adjustment is inconsistent with other provisions of this Agreement and would have a material adverse effect on any Member, such adjustment shall require the consent of such Members.

(d) "Company Minimum Gain" has the same meaning as "partnership minimum gain" set forth in Treas. Reg. §§ 1.704-2(b)(2) and 1.704-2(d).

(e) "Depreciation" means, for each Allocation Period, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable for federal income tax purposes with respect to an asset for such Allocation Period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Allocation Period, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Allocation Period bears to such beginning adjusted tax basis; provided, however, that if the federal income tax depreciation, amortization, or other cost recovery deduction for such Allocation Period is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Managing Member.

(f) "Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(i) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as determined by the contributing Member and the Managing Member; **insert if Investor Member is contributed the assets of an existing Store, provided that the Members agree that the aggregate Gross Asset Value of the existing Store contributed by the Investor Member is \$_____.**

(ii) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values (taking Code Section 7701(g) into account), as determined by the Managing Member, as of the following times: (A) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (B) the distribution by the Company to a Member of more than a de minimis amount of Property as consideration for an interest in the Company; and (C) the liquidation of the Company within the meaning of Treas. Reg. § 1.704-1(b)(2)(ii)(g); provided, however, that adjustments pursuant to clauses (A) and (B) above shall be made only if the Managing Member reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company

(iii) The Gross Asset Value of any Company asset distributed to any Member shall be adjusted to equal the gross fair market value (taking into account Code Section 7701(g) into account) of such asset on the date of distribution as determined by the Managing Member; and

(iv) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treas. Reg. § 1.704-1(b)(2)(iv)(m) and subparagraph (vi) of the definition of “Profits,” and “Losses” and Section B.2.3(g) hereof; provided, however, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (iv) to the extent the Managing Member determines that an adjustment pursuant to subparagraph (ii) hereof is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (iv). If the Gross Asset Value of an asset has been determined or adjusted pursuant to subparagraphs (i), (ii) or (iv) hereof, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

(g) “Member Nonrecourse Debt” has the same meaning as the term “partner nonrecourse debt” set forth in Treas. Reg. § 1.704-2(b)(4).

(h) “Member Nonrecourse Debt Minimum Gain” means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Treas. Reg. §1.704-2(i)(3). In the case of Member Nonrecourse Debt for which the creditor’s recourse against the Company is not limited to particular assets of the Company, until such time as there is regulatory guidance on the determination of minimum gain with respect to such liabilities, all such liabilities of the Company shall be treated as a single liability and allocated to the Company’s assets using any reasonable basis selected by the Managing Member.

(i) “Member Nonrecourse Deductions” has the same meaning as the term “partner nonrecourse deductions” set forth in Treas. Reg. § 1.704-2(d).

(j) “Nonrecourse Deductions” has the meaning set forth in Treas. Reg. §§ 1.704- 2(b)(1) and 1.704-2(c). The amount of Nonrecourse Deductions for an Allocation Period shall generally equal the net increase, if any, in the amount of Company Minimum Gain for that Allocation Period, reduced (but not below zero) by the aggregate distributions during the year of proceeds of Nonrecourse Liabilities that are allocable to an increase in Company Minimum Gain, with such other modifications as provided in Treas. Reg. § 1.704-2 (c).

(k) “Nonrecourse Liability” has the meaning set forth in Treas. Reg. § 1.704- 2(b)(3).

(l) “Profits” and “Losses” means, for each Allocation Period, an amount equal to the Company’s taxable income or loss for such Allocation Period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments (without duplication):

(i) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition of “Profits” and “Losses” shall be added to such taxable income or loss;

(ii) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treas. Reg. § 1.704-1(b)(2)(iv)(I), and not otherwise taken into account in computing Profits or Losses pursuant to this definition of “Profits” and “Losses” shall be subtracted from such taxable income or loss;

(iii) In the event the Gross Asset Value of any Property is adjusted pursuant to subparagraphs (ii) or (iii) of the definition of "Gross Asset Value" hereof, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Gross Asset Value of the asset) or an item of loss (if the adjustment decreases the Gross Asset Value of the asset) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses;

(iv) Gain or loss resulting from any disposition of Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(v) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Allocation Period, computed in accordance with the definition of "Depreciation";

(vi) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Treas. Reg. § 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in complete liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses; and

(vii) Any items which are specially allocated pursuant to Sections B.2.3 or B.2.4 hereof shall not be taken into account in computing Profits or Losses. The amounts of the items of Company income, gain, loss, or deduction available to be specially allocated pursuant to Sections B.2.3 or B.2.4 hereof shall be determined by applying rules analogous to those set forth in subparagraphs (i) through (vi) above.

(m) "Regulatory Allocations" has the meaning set forth in Section B.2.4 hereof.

(n) "Tax Matters Member" has the meaning set forth in Section B.3.3 of this Exhibit B.

ARTICLE B-II

ALLOCATIONS OF PROFITS AND LOSSES

B.2.1 Profits. After giving effect to the special allocations set forth in Sections B.2.3 and B.2.4 hereof, Profits for any Allocation Period shall be allocated in the following order and priority:

(a) First, to the Members in proportion to and to the extent of the excess, if any, of (i) the cumulative Losses allocated to each Member pursuant to Section B.2.2(a)(iii) hereof for all prior Allocation Periods, over (ii) the cumulative Profits allocated to each Member pursuant to this Section B.2.1(a) for all prior Allocation Periods;

(b) Second, to the Members in proportion to and to the extent of the excess, if any, of (i) the cumulative Losses allocated to each Member pursuant to Section B.2.2(a)(ii) hereof for all prior Allocation Periods, over (ii) the cumulative Profits allocated to each Member pursuant to this Section B.2.1(b) for all prior Allocation Periods;

(c) The balance, if any, among the Members in proportion to their Profit Sharing Interest.

B.2.2 Losses. After giving effect to the special allocations set forth in Sections B.2.3 and B.2.4 hereof, Losses for any Allocation Period shall be allocated as set forth in Section B.2.2(a) below, subject to the limitation in Section B.2.2(b) below:

(a) Losses for any Allocation Period shall be allocated in the following order and priority:

(i) First, to the Members in proportion to and to the extent of the excess, if any, of (A) the cumulative Profits allocated to each Member pursuant to Section B.2.1(c) hereof for all prior Allocation Periods, over (B) the cumulative Losses allocated to each Member pursuant to this Section B.2.2(a)(i) for all prior Allocation Periods;

(ii) Second, to the Members in proportion to and to the extent of their Capital Account balances; and

(iii) The balance, if any, among the Members in proportion to their Profit Sharing Interests.

(b) The Losses allocated pursuant to Section B.2.2(a) hereof shall not exceed the maximum amount of Losses that can be so allocated without causing any Member to have an Adjusted Capital Account Deficit at the end of any Allocation Period. In the event some but not all of the Members would have Adjusted Capital Account Deficits as a consequence of an allocation of Losses pursuant to Section B.2.2(a), the limitation set forth in this Section B.2.2(b) shall be applied on a Member by Member basis and Losses not allocated to any Member as a result of such limitation shall be allocated to the other Members in accordance with the positive balances in such Member's Capital Accounts so as to allocate the maximum permissible Losses to each Member under Treas. Reg. § 1.704-1(b)(2)(ii)(d).

B.2.3 Special Allocations. The following special allocations shall be made in the following order and priority:

(a) Minimum Gain Chargeback. Except as otherwise provided in Treas. Reg. § 1.704-2(f), notwithstanding any other provision of this Agreement, if there is a net decrease in Company Minimum Gain during any Allocation Period, each Member shall be specially allocated items of Company income and gain for such Allocation Period (and, if necessary, subsequent Allocation Periods) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Treas. Reg. § 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Treas. Reg. §§ 1.704-2(f)(6) and 1.704-2(j)(2). This Section B.2.3(a) is intended to comply with the minimum gain chargeback requirement in Treas. Reg. § 1.704-2(f) and shall be interpreted consistently therewith.

(b) Member Nonrecourse Debt Minimum Gain Chargeback. Except as otherwise provided in Treas. Reg. § 1.704-2(i)(4), notwithstanding any other provision of this Agreement, if there is a net decrease in Member Nonrecourse Debt Minimum Gain attributable to a Member Nonrecourse Debt during any Allocation Period, each Member who has a share of the Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Treas. Reg. § 1.704-2(i)(5), shall be specially allocated items of Company income and gain for such Allocation Period (and, if necessary, subsequent Allocation Periods) in an amount equal to such Member's share of the net decrease in Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Treas. Reg. §§ 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Treas. Reg. §§ 1.704-2(i)(4) and 1.704-2(j)(2). This Section B.2.3(b) is intended to comply with the partner nonrecourse debt minimum gain chargeback requirement in Treas. Reg. § 1.704-2(i)(4) and shall be interpreted consistently therewith.

(c) Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Treas. Reg. §§ 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) or 1.704-1(b)(2)(ii)(d)(6), items of Company income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the

Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this Section B.2.3(c) shall be made only if and to the extent that the Member would have an Adjusted Capital Deficit after all other allocations provided for in this Agreement have been tentatively made as if this Section B.2.3(c) were not in this Agreement. This Section B.2.3(c) is intended to comply with the qualified income offset requirement in Treas. Reg. § 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(d) Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any Allocation Period which is in excess of the sum of (i) the amount such Member is obligated to restore pursuant to any provision of this Agreement and (ii) the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentences of Treas. Reg. §§ 1.704-2(g)(1) and 1.704-2(i)(5), each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section B.2.3(d) shall be made only if and to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Agreement have been made as if Section B.2.3(c) hereof and this Section B.2.3(d) were not in this Agreement.

(e) Nonrecourse Deductions. Nonrecourse Deductions for any Allocation Period shall be specially allocated to the Members in accordance with their respective Profit Sharing Interest.

(f) Member Nonrecourse Deductions. Member Nonrecourse Deductions for any Allocation Period shall specially be allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Treas. Reg. § 1.704-2(i)(1); provided, however, that if more than one Member bears the economic risk of loss for such debt, the Member Nonrecourse Deductions attributable to such Member Nonrecourse Debt shall be allocated to and among the Member in the same proportion that they bear the economic risk of loss for such Member Nonrecourse Debt. This Section B.2.3(f) is intended to comply with the provision of Treas. Reg. § 1.704-2(i) and shall be interpreted consistently therewith.

(g) Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Treas. Reg. §§ 1.704-1(b)(2)(iv)(m)(2) or 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a distribution to a Member in complete liquidation of such Member's interest in the Company, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in accordance with their interests in the Company in the event Treas. Reg. § 1.704-1(b)(2)(iv)(m)(2) applies, or to the Member to whom such distribution was made in the event Treas. Reg. § 1.704-1(b)(2)(iv)(m)(4) applies.

(h) Taxable Issuance of Company Units. Any income, gain, loss, or deduction realized as a direct or indirect result of the issuance of Interests by the Company to a Member shall be allocated among the Members so that, to the extent possible, the net amount of such items, together with all other allocations under this Agreement to each Member shall be equal to the net amount that would have been allocated to each such Member if such items had not been realized.

B.2.4 Curative Allocations. The allocations set forth in Sections B.2.2(b) and B.2.3(a) through (g) (the "Regulatory Allocations") are intended to comply with certain requirements of the Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section B.2.4. Therefore, notwithstanding any other provision of this Agreement (other than the Regulatory Allocations), the Managing Member shall make such offsetting allocations of Company income, gain, loss, or deduction in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not part of this Agreement.

B.2.5 Other Allocation Rules

(a) For purposes of determining the Profits, Losses, or any other items allocable to any period, Profits, Losses, and any such other items shall be determined on a daily, monthly, or other basis, as determined by the Managing Member using any permissible method under Code Section 706 and the Regulations thereunder. In the event that a Member's Profit Sharing Interest shall change during an Allocation Period in accordance with Section 6.2.2, the allocation of Profits, Losses, or any other items allocable to such Allocation Period shall be allocated to the period prior to such change and the period after such change in accordance with the preceding sentence.

(b) The Members are aware of the income tax consequences of the allocations made in this Agreement and hereby agree to be bound by the provisions of this Agreement in reporting their shares of Company income and loss for income tax purposes.

(c) Solely for purposes of determining a Member's proportionate share of the "excess nonrecourse liabilities" of the Company within the meaning of Treas. Reg. § 1.752-3(a)(3), the Members' interests in Company profits are in proportion to their Profit Sharing Interest.

(d) To the extent permitted by Treas. Reg. § 1.704-2(h)(3), the Managing Member shall endeavor to treat distributions as having been made from the proceeds of a Nonrecourse Liability or a Member Nonrecourse Debt only to the extent that such distributions would cause or increase an Adjusted Capital Account Deficit for any Member.

B.2.6 Tax Allocations: Code Section 704(c)

(a) In accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its initial Gross Asset Value (computed in accordance with subparagraph (i) of the definition of "Gross Asset Value").

(b) In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraph (ii) of the definition of "Gross Asset Value", subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder.

(c) Any elections or other decisions relating to such allocations shall be made by the Managing Member in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section B.2.6 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items, or distributions pursuant to any provision of this Agreement.

(d) Except as otherwise provided in this Agreement, all items of Company income, gain, loss, deduction, and any other allocations not otherwise provided for shall be divided among the Members in the same proportions as they share Profits or Losses, as the case may be, for the Allocation Period. For purposes of determining the nature (as ordinary or capital) of any Company gain allocated among the Members for Federal income tax purposes pursuant to this Agreement, the portion of such gain required to be recognized as ordinary income pursuant to Code Sections 1245 and/or 1250 shall be deemed to be allocated among the Members in accordance with Treas. Reg. § 1.1245-1(e)(2) and 1.1250-1(f).

B.2.7 Reliance on Advice of Accountants and Attorneys. The Managing Member will have no liability to the Members or the Company if the Managing Member relies upon the written

opinion of tax counsel or accountants retained by the Company with respect to all matters (including disputes) relating to computations and determinations required to be made under this Exhibit B or other related provisions of this Agreement.

ARTICLE B-III OTHER TAX MATTERS

B.3.1 Tax Returns. The Company shall prepare and timely file all federal, state, and local tax returns required to be filed by the Company. Each Member shall furnish to the Company all pertinent information in its possession relating to the Company's operations that is necessary to enable the Company's tax returns to be timely prepared and filed. The Company shall deliver a copy of each such return to the Members on or before ten days prior to the due date of any such return (taking into account extensions), together with such additional information as may be required by the Members in order for the Members to file their individual returns reflecting the Company's operations. The Company shall bear the costs of the preparation and filing of its returns.

B.3.2 Tax Elections. The Company shall make the following elections for tax purposes on the appropriate returns:

- (a) to adopt the calendar year as the Company's taxable year;
- (b) to adopt the cash method of accounting and to keep the Company's books and records on the income-tax method;
- (c) if a distribution of the Company's property as described in Code Section 734 occurs or upon a transfer of a Member Interest as described in Code Section 743 occurs, on request by notice from any Member, to elect, pursuant to Code Section 754, to adjust the basis of Company's properties;
- (d) to elect to amortize the organizational expenses of the Company ratably over a period of 60 months as permitted by Code Section 709(b); and
- (e) any other election the Managing Member may deem appropriate and in the best interests of the Members.

The Company intends to be classified as a partnership for federal income tax purposes under Treas. Reg. § 301.7701-3. Neither the Company nor any Member may make an election under Treas. Reg. § 301.7701-3(c) to treat the Company as an association taxable as a corporation. To the extent Treas. Reg. § 301.7701-3 does not govern the state and local tax classification of the Company, the Managing Member shall take such action as may be permitted or required under any state and/or local law applicable to the Company to cause the Company to be taxable as, and in a manner consistent with, a partnership (or the functional equivalent thereof under applicable law) for the state and/or local income tax purposes. In addition, neither the Company nor any Member may make an election for the Company to be excluded from the application of the provisions of subchapter K of chapter 1 of subtitle A of the Code or any similar provisions of applicable state law and no provision of this Agreement shall be construed to sanction or approve such an election.

B.3.3 Tax Matters Member.

(a) The "tax matters partner" of the Company pursuant to Code Section 6231(a)(7) (the "Tax Matters Member") shall be the Managing Member (or, if the Managing Member is not a Member, such Member as is designated by the Managing Member or, in the absence of such designation, such Member as is set forth as the "tax matters partner" on the applicable federal return of the Company) shall serve as the "tax matters partner" of the Company within the meaning of section 6321(a)(7) of the Code.

(b) The Tax Matters Member shall take no action in such capacity without the written consent of the Managing Member other than such action as the Tax Matters Member may be required to take by law. The Tax Matters Member shall use its best efforts to comply with the responsibilities outlined in Code Sections 6222 through 6231 and in doing so shall incur no liability to the other Members provided that the Tax Matters Member was not grossly negligent in complying with its responsibilities. Notwithstanding the Tax Matters Member's obligation to use its best efforts in the fulfillment of its responsibilities, the Tax Matters Member shall not be required to incur any expenses for the preparation for or pursuance of administrative or judicial proceedings unless the Members agree on a method for sharing such expenses, or the Company can pay for such expenses.

(c) The Tax Matters Member shall not enter into any extension of the period of limitations for making assessments on behalf of the other Members without first obtaining the written consent of the Managing Member.

(d) No Member shall file, pursuant to Code Section 6227, a request for an administrative adjustment of items for any Company taxable year without first notifying the other Members. If the Managing Member agrees with the requested adjustment, then the Tax Matters Member shall file the request for administrative adjustment on behalf of the requesting Member. If such consent is not obtained within thirty (30) calendar days from such notice, or within the period required to timely file the request for administrative adjustment, if shorter, any Member, including the Tax Matters Member, may file a request for administrative adjustment on its own behalf.

(e) Any Member intending to file a petition under Code Sections 6226, 6228 or other Section with respect to any item or other matter involving the Company shall notify the other Members of such intention and the nature of the contemplated proceeding. In the case where the Tax Matters Member is the Member intending to file such petition on behalf of the Company, such notice shall be given within a reasonable period of time to allow the other Members to participate in the choosing of the forum in which such petition will be filed. If any Member intends to seek review of any court decision rendered as a result of a proceeding instituted under the preceding provisions of this Section B.3.3(e), then such Member shall notify the other Members of such intended action.

(f) The Tax Matters Member shall not bind the Members to a settlement agreement without obtaining the written consent of Majority Interest of the Members. For purposes of this Section B.3.3(f), the term "settlement agreement" shall include a settlement agreement at either an administrative or judicial level. Any Member who enters into a settlement agreement with respect to any Company items (within the meaning of Code Section 6231(a)(3)) shall notify the other Members of such settlement agreement and its terms within ninety (90) calendar days from the date of settlement. Under no circumstances shall the Tax Matters Member enter into a settlement agreement without the prior written consent of a Majority of the Members.

(g) The provisions of this Section B.3.3 shall survive the termination of the Company or the termination of any Member's Interest in the Company and shall remain binding on the Members for a period of time necessary to resolve with the IRS or the United States Department of the Treasury any and all matters regarding the United States Federal income taxation of the Company.

(h) If any Member intends to file a notice of inconsistent treatment under Code Section 6222(b), such Member shall give reasonable notice under the circumstances to the other Members of such intent and the manner in which the Member's intended treatment of an item is (or may be) inconsistent with the treatment of that item by the other Members.

B.3.4 Amounts Withheld. All amounts required to be withheld pursuant to Code Section 1446 or any other provision of federal, state, local, or foreign tax law shall be treated as amounts actually distributed to the affected Members for all purposes under this Agreement. The Managing Member is hereby authorized to withhold from distributions, or with respect to allocations, to the Members and to pay over any federal, state, local, or foreign government any amounts required to be so withheld pursuant to the Code or any provisions of any other federal, state, or local law and shall allocate such amounts to the Members with respect to which such amount was withheld.

SPOUSAL CONSENT

Each of the undersigned acknowledges as follows:

(a) The undersigned has read the foregoing Limited Liability Company Agreement (the "Agreement"), understands the contents of the Agreement and is aware that by the provisions of the Agreement, the undersigned's spouse agrees to certain restrictions and requirements relating to the sale or other Transfer of his/her Units, including the undersigned's community property interest therein (if any). THE UNDERSIGNED HAS THE RIGHT TO CONSULT WITH COUNSEL OF HIS OR HER CHOOSING IN CONNECTION WITH THIS SPOUSAL CONSENT AND HE OR SHE HAS HAD AMPLE OPPORTUNITY TO DO SO. IF THE UNDERSIGNED HAS NOT CONSULTED WITH COUNSEL IN CONNECTION HEREWITH, THE UNDERSIGNED HAS KNOWINGLY AND WILLINGLY ELECTED NOT TO DO SO.

(b) The undersigned (1) consents to any such restrictions and requirements, (2) agrees that the undersigned's spouse shall have the sole and exclusive management power with respect to the Membership Interest subject to the Agreement, and (3) agrees that the undersigned will not effect or attempt to effect any sale or other Transfer of such Membership Interest, or of any interest therein.

(c) Should the spouse of the undersigned die and bequeath to the undersigned any interest in the Membership Interest covered by the Agreement in such a manner that no probate is required with respect thereto, or should the applicable probate laws relating to the community property interest (if any) of the undersigned in the Membership Interest provide, upon the death of the undersigned's spouse, that the undersigned is entitled to a portion of the Membership Interest without such portion being subject to probate, or should the undersigned acquire any interest in the Membership Interest during the undersigned's spouse's life by reason of any agreement, court order, judgment or decree, or for any other reason whatsoever, then the undersigned further agrees that the undersigned shall perform all of the obligations of the undersigned's deceased spouse imposed thereunder.

(d) The undersigned shall perform any further acts and execute and deliver any further documents or procure any court orders which may be reasonably necessary to carry out the provisions of this Spousal Consent.

Name: _____,
Spouse of _____

Name: _____,
Spouse of _____

EXHIBIT L-1
Confidentiality Agreement (Sale of Existing Fastframe Store)

[Insert FASTFRAME Letterhead]

_____ , _____

**[INSERT EXISTING FRANCHISEE'S
NAME AND ADDRESS]**

Re: CONFIDENTIALITY AGREEMENT

Gentlemen:

We understand that you (“you” or “Owner”) are interested in discussing the possible sale of your “FASTFRAME” Outlet located at [_____], Fastframe Store # _____ (the “Location”) to a third-party (the “Possible Transaction”). In order to consider and evaluate the Possible Transaction, we have requested that you provide us with certain information about your business (“Business Information”), which may include, information regarding your sales, assets, customers, financial condition and other information which you consider confidential and/or proprietary. We will review and analyze the Business Information you provide to determine whether, in our discretion, we think it is in our best interest to discuss the Possible Transaction with third parties that we have identified as prospective “FASTFRAME” franchisees (each a “Prospective Franchisee”). Unless and until we identify such Prospective Franchisee, we hereby agree that we will not disclose or give access to any of the Business Information to any third party.

If, however, we identify a Prospective Franchisee with whom we want to discuss the Possible Transaction, then you, by countersigning below, acknowledge and agree that we may disclose the Business Information to such Prospective Franchisee so that they may review and analyze the information, subject to the conditions in this letter.

We recognize your interest in protecting the proprietary nature of the Business Information. Therefore, before disclosing any of the Business Information to a Prospective Franchisee, we will cause the Prospective Franchisee to sign the attached “Acknowledgement of Prospective Franchisee,” thereby acknowledging and agreeing to be bound by the following terms and conditions:

1. Prospective Franchisee acknowledges that in connection with the Possible Transaction it will receive Business Information, as well as, confidential and proprietary information regarding the “FASTFRAME” framing store system (“FASTFRAME Information”). Prospective Franchisee agrees to preserve any and all Business Information and FASTFRAME Information as confidential and will not, except to the extent required by law, disclose or provide access to any such information to any third party.

2. Prospective Franchisee and Owner understand that we make no representations or warranties as to the accuracy or completeness of any of Owner’s Business Information that we pass on, or disclose to Prospective Franchisee, and agree that we (including our officers, directors, shareholders, employees, agents or attorneys) will not have any liability to

Prospective Franchisee arising from its use of, or reliance upon, any of the Owner's Business Information.

3. If Prospective Franchisee does not enter into a franchise agreement with us (or one of our affiliates) for the operation of a "FASTFRAME" Outlet at the Location, then Prospective Franchisee agrees that neither Prospective Franchisee nor any officer, director, or owner of Prospective Franchisee (if a business entity) will, **[for a period of at least one year following its execution of the attached "Acknowledgement of Prospective Franchisee"]** either directly or indirectly, own, maintain, operate, engage in, advise, or have any interest in any business within one (1) mile of the Location which is the same as or similar to a "FASTFRAME" framing store.

Further, you (by countersigning below) and the Prospective Franchisee (by signing the attached "Acknowledgment of Prospective Franchisee") acknowledge and agree that:

1. In connection with the Possible Transaction, we are merely acting on our own behalf and are in no way acting as an agent, broker or dealer on behalf of either you or Prospective Franchisee.

2. To the fullest extent permitted by law, all of the covenants and agreements contained in this letter will survive the termination of any discussions between the parties or the termination or expiration of any business relationship which may hereafter be established between the parties and will also survive any definitive agreements entered into by the parties hereto, unless and only to the extent that such definitive agreements expressly supersede the covenants and agreements contained herein.

3. In the event of any litigation between the parties to this letter, the unsuccessful party to such litigation will pay to the successful party all costs and expenses, including attorneys' fees incurred by such successful party.

4. This letter is to be construed according to the laws of the State of California, without giving effect to conflict of laws principles.

5. This Letter supersedes any previous agreements, written or oral, relating to the above subject matter, and may be modified only by a written instrument duly executed by all of the parties hereto.

Sincerely,

FASTFRAME U.S.A., INC.

By: _____

Its: _____

AGREED AND ACKNOWLEDGED:

Owner: _____

By: _____

Print Name: _____

Title: _____

Date: _____

Acknowledgment of Prospective Franchisee

I, the undersigned, acknowledge that I have read that certain "Confidentiality Agreement" letter from Fastframe, U.S.A., Inc. to _____, dated _____. I hereby agree to be bound by all of the restrictions and obligations of the Prospective Franchisee, as the term is used in such letter.

If an entity, complete and sign below:

Date of Execution

_____,
(print name of entity above)

Check one:

- a _____ general partnership
- a _____ limited partnership;
- a _____ limited liability company;
- a _____ corporation

By: _____
Name: _____
Its: _____

If an individual, print name and sign below:

Date of Execution

Print Name: _____

EXHIBIT L-2
Confidentiality Agreement (Conversion of Independent Framing Store)

[Insert FASTFRAME Letterhead]

**[INSERT STORE OWNER'S
NAME AND ADDRESS]**

Re: CONFIDENTIALITY AGREEMENT

Gentlemen:

We understand that you (“you” or “Owner”) are interested in discussing the possible sale of your framing store to a third-party that would convert the store into a “FASTFRAME” franchised framing store (the “Possible Transaction”). In order to consider and evaluate the Possible Transaction we have requested that you provide us with certain information about your business (“Business Information”), which may include, information regarding your sales, assets, customers, financial condition and other information which you consider confidential and/or proprietary. We will review and analyze the Business Information you provide to determine whether your store meets our criteria and standards for a store that would be converted to a franchised “FASTFRAME” store. If we determine that your store does not meet our criteria and standards, we agree that we will not disclose or give access to any of the Business Information to any third party, and upon completing our review of the Business Information, we will either destroy the information or, at your request, return it to you.

If, however, we determine that your store meets our standards and criteria for a store to be converted to a franchised “FASTFRAME” store, then you, by countersigning below, acknowledge and agree that we may disclose the Business Information to third parties that we have identified as prospective “FASTFRAME” franchisees (each a “Prospective Franchisee”) so that they may review and analyze the information, subject to the conditions in this letter.

We recognize your interest in protecting the proprietary nature of the Business Information. Therefore, before disclosing any of the Business Information to a Prospective Franchisee, we will require the Prospective Franchisee to sign the attached “Acknowledgement of Prospective Franchisee,” thereby acknowledging and agreeing to be bound by the following terms and conditions:

1. Prospective Franchisee acknowledges that in connection with the Possible Transaction it will receive Business Information, as well as, confidential and proprietary information regarding the “FASTFRAME” framing store system (“FASTFRAME Information”). Prospective Franchisee agrees to preserve any and all Business Information and FASTFRAME Information as confidential and will not, except to the extent required by law, disclose or provide access to any such information to any third party.

2. Prospective Franchisee and Owner understand that we make no representations or warranties as to the accuracy or completeness of any of Owner’s Business Information that we pass on, or disclose to Prospective Franchisee, and agree that we (including our officers, directors, shareholders, employees, agents or attorneys) will not have any liability to Prospective Franchisee arising from its use of, or reliance upon, any of the Owner’s Business Information.

Further, you (by countersigning below) and the Prospective Franchisee (by signing the attached “Acknowledgment of Prospective Franchisee”) acknowledge and agree that:

1. If Prospective Franchisee does not enter into a franchise agreement with us (or one of our affiliates), then you and Prospective Franchisee will not otherwise enter into an agreement for the lease, sublease, license or sale of your store or its assets or any other contractual relationship. You and Prospective Franchisee acknowledge that if either of you were to violate this condition, we would be damaged. Therefore, in the event of a breach of this condition and in addition to all other remedies which may be available to us, we will be entitled to monetary damages equaling not less than the initial franchise fee plus the present value of any royalty payments to which we would have been entitled if a franchise agreement had been entered into between us and Prospective Franchisee (royalties being calculated based on your trailing 12 months of gross revenues). You and Prospective Franchisee agree that such damages are reasonable and waive any objection to the application of such damages.

2. In connection with the Possible Transaction, we are merely acting on our own behalf and are in no way acting as an agent, broker or dealer on behalf of either you or Prospective Franchisee.

3. To the fullest extent permitted by law, all of the covenants and agreements contained in this letter will survive the termination of any discussions between the parties or the termination or expiration of any business relationship which may hereafter be established between the parties and will also survive any definitive agreements entered into by the parties hereto, unless and only to the extent that such definitive agreements expressly supersede the covenants and agreements contained herein.

4. In the event of any litigation between the parties to this letter, the unsuccessful party to such litigation will pay to the successful party all costs and expenses, including attorneys’ fees incurred by such successful party.

5. This letter is to be construed according to the laws of the State of California, without giving effect to conflict of laws principles.

6. This Letter supersedes any previous agreements, written or oral, relating to the above subject matter, and may be modified only by a written instrument duly executed by all of the parties hereto.

Sincerely,

FASTFRAME U.S.A., INC.

By:_____

AGREED AND ACKNOWLEDGED:

Owner: _____

By:_____

Print Name:_____

Title:_____

Date:_____

Acknowledgment of Prospective Franchisee

I, the undersigned, acknowledge that I have read that certain "Confidentiality Agreement" letter from Fastframe, U.S.A., Inc. to _____, dated _____. I hereby agree to be bound by all of the restrictions and obligations of the Prospective Franchisee, as the term is used in such letter.

If an entity, complete and sign below:

Date of Execution

_____,
(print name of entity above)

Check one:

- a _____ general partnership
- a _____ limited partnership;
- a _____ limited liability company;
- a _____ corporation

By: _____
Print Name: _____
Name: _____
Its: _____

If an individual, print name and sign below:

Date of Execution

Print Name: _____

EXHIBIT M
Fastperks Participation Agreement

Fax to 805-498-8983



FASTPERKS PARTICIPATION AGREEMENT

This agreement is made and entered into between FASTFRAME USA INC. (herein referred to as the COMPANY), which is responsible for the coordination of the FASTperks program (herein referred to as the PROGRAM), and the undersigned FASTFRAME franchisee ("Franchisee") who desires to be among the FASTFRAME Franchisees wishing to participate in the PROGRAM (herein referred to as PARTICIPATING FRANCHISEES).

FASTFRAME USA INC. (COMPANY) hereby agrees to:

1. Procure one or more agreements with national, regional and locally recognized companies, organizations, and associations (herein referred to as "AFFILIATES") whereby PARTICIPATING FRANCHISEES will provide custom framing services at a discount to the employees, members and associates of the AFFILIATES.
2. Use best effort to encourage AFFILIATES to promote the PROGRAM to their employees, members and associates through password protected websites and email, newsletters and other methods.
3. Develop and maintain a list of PARTICIPATING FRANCHISEES, and provide and periodically update the list to the AFFILIATES. The list will be updated a minimum of every 90 days.
4. Develop and aid in the AFFILIATES' distribution of FASTperks discount coupons, cards or other means of identification as a participant ("FASTperks Discount Coupon").

PARTICIPATING FRANCHISEE hereby agrees to:

1. Recognize that websites, email and newsletters are global forms of communication and have no boundaries, and therefore recognize that the employees, members and associates of the affiliates are free to redeem the discount at any participating FASTFRAME location.
2. Extend to the employees, members and associates of the AFFILIATES who present a FASTperks Discount Coupon or AFFILIATE issued membership card a 15% discount off of Franchisee's standard retail price for custom framing services at all FASTFRAME outlets owned by the Franchisee, including any outlet that Franchisee may open subsequent to executing this Agreement, until this Agreement is cancelled by either party in accordance with the terms hereof.
3. Track all sales made through the PROGRAM in Franchisee's FASTsystem. This will require the addition of a "FASTperks" option being added to the existing Advertising Campaign menu.

This PARTICIPATION AGREEMENT will become effective on January 5, 2004, and will remain effective (a) until Franchisee gives written notice of termination to COMPANY, which termination shall be effective as of the end of the next calendar quarter, or (b) until COMPANY gives written notice of termination to Franchisee at least 30 in advance. COMPANY may amend the terms of the PROGRAM from time to time by giving Franchisee at least 60 days prior written notice of the proposed new terms, and at least 30 days within which to opt out of the PROGRAM. The parties hereto acknowledge and agree that this PARTICIPATION AGREEMENT represents the parties' entire agreement pertaining to the PROGRAM.

[remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the undersigned agrees to the terms and conditions of this PARTICIPATION AGREEMENT:

FRANCHISEE

If Franchisee is an entity, complete and sign below:

Date of Execution

(print name of entity above)

Check one:

- a _____ general partnership
- a _____ limited partnership;
- a _____ limited liability company;
- a _____ corporation

By: _____
Its: _____

By: _____
Its: _____

If Franchisee is an individual, print name and sign below:

Date of Execution

Print Name: _____

Date of Execution

Print Name: _____

EXHIBIT N
Financial Statements



A S S U R A N C E D I M E N S I O N S

Financial Statements and
Independent Auditor's Report

Fastframe U.S.A., Inc.

September 30, 2023 and 2022

Fastframe U.S.A., Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders
of Fastframe U.S.A., Inc.

Opinion

We have audited the accompanying financial statements of Fastframe U.S.A., Inc. (a Florida corporation), which comprise the balance sheet as of September 30, 2023, and the related statements of operations, shareholders' equity and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fastframe U.S.A., Inc. as of September 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Prior Period Financial Statements

The financial statements of Fastframe U.S.A., Inc. as of September 30, 2022 were audited by other auditors whose report dated December 12, 2022 expressed an unmodified opinion on those statements.

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 Fastframe U.S.A., Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud

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is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Assurance Dimensions

Margate, Florida
December 21, 2023

Fastframe U.S.A., Inc.

Balance Sheets

As of September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 110,363	\$ 332,701
Accounts receivable, net	45,500	91,108
Other receivable	35,000	-
Note receivable, current	25,200	20,000
Prepaid expenses and other assets	<u>22,763</u>	<u>21,008</u>
Total current assets	238,826	464,817
Non-current assets		
Fixed asset, net of accumulated depreciation	866	1,440
Note receivable, net of current portion	45,200	-
Deferred tax asset	17,658	-
Other non-current assets	-	8,793
Total non-current assets	<u>63,724</u>	<u>10,233</u>
Total assets	<u>\$ 302,550</u>	<u>\$ 475,050</u>
<u>Liabilities and Shareholders' Equity</u>		
Current liabilities		
Accounts payable	\$ 160,028	\$ 130,622
Income taxes payable	<u>3,766</u>	<u>53,630</u>
Total current liabilities	163,794	184,252
Deferred tax liability	-	310
Total liabilities	<u>163,794</u>	<u>184,562</u>
Commitments and Contingencies (Note I)		
Shareholders' equity:		
Common stock, no par value; 100,000 shares authorized; 76,046 shares issued and outstanding, respectively	2,632,422	2,632,422
Accumulated deficit	<u>(2,493,666)</u>	<u>(2,341,934)</u>
Total shareholders' equity	<u>138,756</u>	<u>290,488</u>
Total liabilities and shareholders' equity	<u>\$ 302,550</u>	<u>\$ 475,050</u>

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

Fastframe U.S.A., Inc.
Statements of Operations
For the Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues:		
Royalties	\$ 771,690	\$ 862,267
Marketing	208,259	245,198
Other operating revenue	2,258	14,567
Total revenues	<u>982,207</u>	<u>1,122,032</u>
Operating expense:		
Merchandise and store	62,740	15,453
Franchise services	269,845	267,715
General and administrative	1,016,070	807,185
Total operating expense	<u>1,348,655</u>	<u>1,090,353</u>
(Loss) Income from operations	(366,448)	31,679
Other income:		
Settlement income	130,000	127,816
Bad debt recovery - notes receivable	99,429	-
Total other income	<u>229,429</u>	<u>127,816</u>
Net (loss) income before income taxes	(137,019)	159,495
Benefit (provision) for income taxes	24,501	(53,027)
Net (loss) income	<u>\$ (112,518)</u>	<u>\$ 106,468</u>

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

Fastframe U.S.A., Inc.
Statements of Stockholders' Equity
For the Years Ended September 30, 2023 and 2022

	Common Stock		Accumulated Deficit	Total Equity
	Shares	Amount		
Balance, September 30, 2021	76,046	\$ 2,632,422	\$ (2,448,402)	\$ 184,020
Net income	-	-	106,468	106,468
Balance, September 30, 2022	<u>76,046</u>	<u>2,632,422</u>	<u>(2,341,934)</u>	<u>290,488</u>
Distribution	-	-	(39,214)	(39,214)
Net loss	-	-	(112,518)	(112,518)
Balance, September 30, 2023	<u><u>76,046</u></u>	<u><u>\$ 2,632,422</u></u>	<u><u>\$ (2,493,666)</u></u>	<u><u>\$ 138,756</u></u>

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

Fastframe U.S.A., Inc.
Statements of Cash Flows
For the Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Net income (loss)	\$ (112,518)	\$ 106,468
Adjustments to reconcile net income(loss) to net cash provided (used in) by operating activities:		
Depreciation and amortization	574	2,723
Bad debt expense - accounts receivable	95,600	14,584
Bad debt recovery - notes receivable	(99,429)	-
Deferred tax asset/liability	(17,968)	558
(Increase) decrease in cash due to changes in:		
Accounts receivable	(46,163)	59,702
Prepaid expenses and other assets	(1,755)	(5,685)
Other non-current assets	8,793	(5,994)
Accounts payable	29,406	(57,252)
Income tax payable	(49,864)	-
Net cash (used in) provided by operating activities	<u>(193,324)</u>	<u>115,104</u>
Cash flows from investing activities:		
Purchase of property and equipment	-	(1,368)
Other receivables	(35,000)	-
Note receivable advances	(19,214)	-
Note receivable collections	25,200	-
Net cash used in investing activities	<u>(29,014)</u>	<u>(1,368)</u>
Cash flows from financing activities:		
Net cash used in financing activities	<u>-</u>	<u>-</u>
Net (decrease) increase in cash	(222,338)	113,736
Cash and cash equivalents at beginning of the period	332,701	218,965
Cash and cash equivalents at end of year	<u>\$ 110,363</u>	<u>\$ 332,701</u>
Supplemental disclosure of cash flow:		
Cash paid for income taxes	<u>\$ 39,214</u>	<u>\$ 53,269</u>
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Supplemental disclosures of non-cash flow Information:		
Distributions for notes receivable	<u>\$ 39,214</u>	<u>\$ -</u>

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

Fastframe U.S.A., Inc.

Notes to Financial Statements

September 30, 2023 and 2022

Note A – Organization and Description of Business

Fastframe U.S.A., Inc. (“the Company”), was formed as a C-corporation under the laws of California on November 3, 1986. The Company franchises retail custom picture framing stores, primarily throughout the United States of America, operating under the name of FASTFRAME. The Company earns the majority of its royalties from these franchisees located throughout the United States of America. The Company is dependent on the franchisees generating their own sales to earn and receive royalties.

Note B – Significant Accounting Policies

Basis of Presentation

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Company places its cash and temporary investments in quality institutions.

Accounts Receivables and Allowance for Doubtful Accounts

A valuation allowance is provided on the Company’s accounts receivables, which in Management’s judgement will not be collected. All accounts receivables are reviewed on a case-by-case basis for collectability. Management determines collectability of accounts receivable based on payment history and, if necessary, store collateral. All loan receivables are secured by the franchisees’ store assets and locations. As of September 30, 2023 and 2022, the allowance for doubtful accounts was \$135,323 and \$126,651, respectively.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation. Major additions and improvements which extend the life of the assets are capitalized whereas maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed as incurred. When property or equipment is sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Property, equipment, and intangible assets are being depreciated and amortized on the straight-line basis over the following estimated useful lives:

Furniture and Equipment	5 years
Leasehold Improvements	Lesser of asset life or 10 years

The Company capitalizes expenditures that materially increase asset lives and charges ordinary repairs and maintenance to operations as incurred. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts and any resulting gain or loss is included in other income in the accompanying statements of income.

Fastframe U.S.A., Inc.

Notes to Financial Statements

September 30, 2023 and 2022

Note B – Significant Accounting Policies (continued)

Property and Equipment (continued)

For the fiscal year ending September 30, 2023 and 2022, the Company recorded \$574 and \$2,723 of depreciation expense, respectively.

Long-Lived Assets

The Company accounts for impairment and disposition of long-lived assets in accordance with Accounting Standards Codification (“ASC”) ASC 360-01, *Property, Plant, and Equipment* (“ASC 360”). ASC 360 requires impairment losses to be recognized for long-lived assets used in operations when indicators of impairment are present and the undiscounted future cash flows are not sufficient to recover the asset's carrying amount. There was no impairment of the value of such assets for the years ended September 30, 2023 or 2022.

Revenue Recognition

The Company recognizes revenue in accordance with ASC 606, *Revenue from Contracts with Customers* as a five-step analysis in determining when and how revenue is recognized. ASC 606 requires revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration an organization expects to receive in exchange for those goods or services.

The Company recognizes initial franchise fees as income when the franchise commences operations, at which time the Company has substantially performed its obligations related to such fees using the practical expedient as noted in ASU 202-02, *Franchisors – Revenue from Contracts with Customers*. During the years ended September 30, 2023 and 2022, no such revenues generated or recognized. Additionally, all existing franchises have been in existence for many years and did not have any contract liabilities to recognize in the current fiscal years.

The Company has issued area development agreements which entitle the area developer to develop an area and receive a portion of initial franchise fees and royalties within the area. Area development agreements have a term of 10 years and are recorded as income when the Company has substantially completed its obligations (mainly training) related to such fees. During the years ended September 30, 2023 and 2022, no such revenues were generated or recognized. Additionally, all existing franchises have been in existence for many years and did not have any contract liabilities to recognize in the current fiscal years.

Royalties and marketing revenues are based on a percentage of franchise retail sales, are recognized when earned. Royalties are earned at the rate of 10.50% (which includes marketing fees at 3%) of franchise sales. During the years ended September 30, 2023 and 2022, the Company was obligated to spend the marketing fee portion of \$208,259 and \$245,948, respectively, of these royalties in franchise marketing services. During the years ended September 30, 2023 and 2022, the Company expensed \$245,662 and \$247,928, respectively. These expenditures resulted in a net overspend of \$37,403 in the year ended September 30, 2023 and \$1,980 in the year ended September 30, 2022. As of September 30, 2023, the Company had \$1,767,646 in cumulative net overspends since inception. Under the terms of the marketing section of the franchise agreement, the Company may recover these overspends by reducing expenditures for marketing in future years.

Income Taxes

The Company accounts for income taxes in accordance with ASC 740, *Income Taxes*. The Company recognizes deferred tax assets and liabilities based on the liability method. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized.

Fastframe U.S.A., Inc.

Notes to Financial Statements

September 30, 2023 and 2022

Note B – Significant Accounting Policies (continued)

Income Taxes (continued)

The Company accounts for uncertain tax positions in accordance with ASC 740. ASC 740 prescribes a recognition threshold and measurement principles for financial statement disclosure of tax positions taken or expected to be taken on a tax return. ASC 740 requires the enterprise to determine whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recognized. Additionally, ASC 740 provides guidance on recognition, de-recognition, classification, related interest and penalties, accounting in interim periods, disclosure and transition.

The Company recognizes the financial statement effect of a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. At September 30, 2023, the Company had no unrecognized tax benefits, interest or penalties included in the consolidated balance sheets.

The Company is subject to taxation in the United States and various states. The Company's U.S. federal income tax returns for tax years 2020 through 2023 are subject to examination by the Internal Revenue Service and its 2018 through 2023 state income tax returns are subject to examination by state tax authorities.

Trademarks

During the fiscal year ending September 30, 2023 and 2022, all trademarks in the amount of \$399,021 were fully amortized. Trademarks were amortized on a straight-line basis over an estimated useful life of ten years.

Advertising Costs

Advertising costs are charged to expense as incurred. Advertising expense totaled \$4,257 and \$5,860 for the fiscal years ended September 30, 2023 and 2022, respectively.

Concentrations, Risks, and Uncertainties

The Company's revenue at September 30, 2023 and 2022 is comprised mostly of franchise royalties and marketing revenues which make up approximately 99% and 98%, respectively, of total revenues in each year. Any negative effect on franchise agreements or revenues could have a material effect on future operations of the Company.

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. At various times during the year, the Company had bank balances that exceeded federal depository insurance limits. At September 30, 2023, the Company had no balance in excess of federally insured limits.

Fair Value of Financial Instruments

ASC 820, Fair Value Measurement, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. Under this standard, fair value should be based on the assumptions market participants would use when pricing the assets or liability and establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The three levels of the fair value hierarchy defined by the standard are as follows:

Level 1: Valuations based on quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2: Valuations based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities.

Level 3: Valuations based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Fastframe U.S.A., Inc.

Notes to Financial Statements

September 30, 2023 and 2022

Note B – Significant Accounting Policies (continued)

Fair Value of Financial Instruments (continued)

The estimated fair values of the Company's short-term financial instruments, including trade receivables, other assets, other receivables, notes receivable, and prepaid expenses, and accounts payable arising in the ordinary course of business, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization. For liabilities not accounted for at fair value and without quoted market prices, fair value is based upon borrowing rates currently available to the Company for bank loans with the same remaining maturities and similar terms and collateral requirements. As such, the fair value of the Company's liabilities approximates its carrying value.

Recently adopted accounting pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after October 1, 2022. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company adopted this standard at the beginning of the current fiscal year, with no material impact.

Reclassification

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or retained earnings.

Note C – Liquidity

During the year ended September 30, 2023, the Company incurred a net loss from operations of \$112,518 and had an accumulated deficit of \$2,493,666 respectively. The Company's current year loss, negative operating cash flows, and accumulated deficit raised doubt about the ability of the Company to meet its obligations as they become due for a reasonable period of time.

The Company has taken several actions to ensure that the Company will continue to as a going concern. The net loss in 2023 is due in part to the launching of a new social media platform and a new fine art platform. The Company believes that these two new platforms will increase retail sales throughout the system and increase buyer awareness of the brand. The Company has reduced additional operating costs by implementing efficiencies in operations to improve liquidity, profitability and allow the Company to meet its financial obligations in the foreseeable future.

Note D – Accounts Receivable

Accounts receivable as of September 30, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Accounts receivables	\$ 180,823	\$ 217,759
Less allowance for doubtful accounts	(135,323)	(126,651)
	<u>\$ 45,500</u>	<u>\$ 91,108</u>

Fastframe U.S.A., Inc.

Notes to Financial Statements

September 30, 2023 and 2022

Note D – Accounts Receivable (continued)

Bad debt expense related to accounts receivable, which is included in general and administrative expenses in the statements of operations, was \$95,600 and \$14,584 for the years ended September 30, 2023 and 2022, respectively.

Note E – Note and Other Receivables

As of September 30, 2023 and 2022, the Company had a note receivable of \$70,400 and zero, respectively, with a due date of June 1, 2026 with no interest rate. \$25,200 of this note receivable is considered current and the remaining \$45,200 is long-term. Management determined there was a bad debt recovery related to this note receivable, which is included in general and administrative expenses in the statements of operations, was \$99,429 for the year ended September 30, 2023.

During the year ended September 30, 2023, the Company entered into an arrangement with a third party that is in the process of taking over an existing franchise whereby the Company has paid for \$35,000 worth of expenses on behalf of this third party for repairs and upgrades to the existing franchise location. These expenses will be reimbursed by this third party and is reflected as an other receivable on the balance sheet. During 2024, if certain revenue milestones are met by this franchise this other receivable will convert into a note receivable.

Note F – Shareholders' Equity

The Company has 100,000 shares authorized for common stock. Additionally, the Company has 500,000 authorized for preferred stock with zero issued and outstanding as of September 30, 2023 and 2022. During the year ended September 30, 2023 the Company issued a distribution of \$39,214 in the form of a forgiven note receivable to the Company's main shareholder, of which \$20,000 of this note receivable was outstanding as of September 30, 2022.

Note G – Income Taxes

Deferred income tax assets or liabilities are computed based on the temporary differences between the financial statement and income tax bases of assets and liabilities using the enacted income tax rate expected to apply to taxable income in the periods in which the deferred tax assets or liabilities are expected to be realized or settled. Deferred income tax expenses or credits are based on changes in the deferred income tax assets or liabilities from period to period. Deferred tax assets and liabilities are classified as either current or non-current.

The provision (benefit) for income taxes for the years ended September 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Current Provision		
Federal	\$ -	\$ 36,491
State	<u>(6,533)</u>	<u>17,139</u>
Total current provision	(6,533)	53,630
Deferred Provision		
Federal	(15,609)	(580)
State	<u>(2,359)</u>	<u>(23)</u>
Total deferred benefit	<u>(17,968)</u>	<u>(603)</u>
Total (benefit) provision	<u>\$ (24,501)</u>	<u>\$ 53,027</u>

Fastframe U.S.A., Inc.

Notes to Financial Statements

September 30, 2023 and 2022

Note G – Income Taxes (continued)

Significant components of the Company's deferred tax assets and deferred tax liabilities are as follows as of September 30:

	<u>2023</u>	<u>2022</u>
Deferred tax assets (liabilities):		
Allowance for doubtful accounts	\$ 17,658	\$ -
Other deferred tax assets (liabilities)	-	(310)
Total deferred tax assets (liabilities)	<u>17,658</u>	<u>(310)</u>
Valuation allowance	-	-
Net deferred tax asset (liabilities)	<u>\$ 17,658</u>	<u>\$ (310)</u>

Deferred tax liabilities arise primarily from the differences between book and tax depreciation. As of September 30, 2023, deferred tax liabilities were zero for federal and state due to depreciation differences. As of September 30, 2022, deferred tax liabilities were \$310 federal and state due to depreciation differences.

Note H – Related Party Transactions

A corporation owned by one of the directors and shareholders of the Company has an agreement with the Company to provide management services. During the years ending September 30, 2023 and 2022, management services was \$93,415 and \$73,475, respectively. As of September 30, 2023, the Company had reimbursement payable to the Company's CEO in the amount of \$2,361.

Note I – Commitments and Contingencies

Operating Leases

The Company leases various facilities and equipment under non-cancelable monthly or annual, short-term operating leases, which are excluded from ASC 842, *Leases*. For the years ended September 30, 2023 and 2022, rent expenses were \$22,799 and \$35,323, respectively.

Litigation

The Company experiences litigation in the normal course of conducting business. Management does not believe that any pending or threatened litigation will have a material adverse effect on its combined financial statements.

The Company is subject to legal proceedings and claims that arise in the normal course of business. While the outcome of the proceedings and claims cannot be predicted with certainty, management does not have any knowledge of any such matters that would have a material adverse effect on the Company's financial position or results of operations.

Settlement Income

During the years ended September 30, 2023 and 2022, the Company entered into settlement agreements with franchisees that defaulted on their franchise agreement whereby the Company received awards in the amounts of \$130,000 and \$127,816, respectively.

Fastframe U.S.A., Inc.

Notes to Financial Statements

September 30, 2023 and 2022

Note J – Summary of Franchise Businesses

The following is a summary of changes in the number of franchise businesses during the years ended September 30, 2023 and 2022:

<u>Affiliate-Operated Businesses:</u>	<u>2023</u>	<u>2022</u>
In Operation, Beginning of Year	-	-
New Affiliate-Operated Business	-	-
Franchised Business No Longer Affiliate-Operated	-	-
Ceased Operations	-	-
In Operation, End of Year	<u>-</u>	<u>-</u>
<u>Franchised Businesses:</u>	<u>2023</u>	<u>2022</u>
In Operation, Beginning of Year	41	41
New Franchises Sold	-	-
Franchised Business No Longer Affiliate-Operated	(1)	-
Ceased Operations	-	-
In Operation, End of Year	<u>40</u>	<u>41</u>
Total in Operation, End of Year	<u>40</u>	<u>41</u>

Note K – Subsequent Events

Management has evaluated subsequent events through December 21, 2023 the date on which the financial statements were available to be issued.

FASTFRAME U.S.A., INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021
WITH AUDIT REPORT OF INDEPENDENT ACCOUNTING FIRM

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
FASTFRAME U.S.A., Inc.

Opinion

We have audited the accompanying combined financial statements of Fastframe U.S.A, Inc. which comprise the balance sheet as of September 30, 2022 and 2021, and the related statements of income, stockholders' equity <deficit>, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Fastframe U.S.A., Inc. as of September 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Responsibility for the Audit of the Financial Statements section of our report. We are required to be independent of Fastframe U.S.A., Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility 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 Fastframe U.S.A., Inc.'s ability to continue as a going concern for 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fastframe U.S.A., Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fastframe U.S.A., Inc.'s ability to continue as a going concern for a one year 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 black ink, consisting of a large, stylized initial 'S' followed by a series of loops and a long horizontal line extending to the right.

Sarna and Company
Certified Public Accountants
Thousand Oaks, California
December 12, 2022

FASTFRAME U.S.A., INC.
BALANCE SHEET
SEPTEMBER 30, 2022 and 2021

	<u>September 30,</u> 2022	<u>September 30,</u> 2021
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 332,701	\$ 218,965
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$137,306 and \$12,477 as of September 30, 2022 and 2021, respectively	91,108	165,394
Prepaid Expenses	<u>21,008</u>	<u>15,323</u>
Total Current Assets	<u>444,817</u>	<u>399,682</u>
Property and Equipment, at Cost:		
Furniture and Equipment	79,234	77,866
Less Accumulated Depreciation and Amortization		
	<u><77,794></u>	<u><75,071></u>
	<u>1,440</u>	<u>2,795</u>
Other Assets		
Trademarks, Net of Accumulated Amortization of \$399,021	-0-	-0-
Other Assets	<u>28,793</u>	<u>22,799</u>
Total Other Assets	<u>28,793</u>	<u>22,799</u>
TOTAL ASSETS	<u>\$ 475,050</u>	<u>\$ 425,276</u>

See accompanying accountants' audit report and footnotes.

FASTFRAME U.S.A., INC.
BALANCE SHEET (CONT'D)
SEPTEMBER 30, 2022 and 2021

	<u>September 30,</u> 2022	<u>September 30,</u> 2021
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current Liabilities		
Accounts Payable, Including Related Party Payable of \$0 and \$250, Respectively	\$ 130,622	\$ 187,874
Income Taxes Payable	53,630	52,469
Deferred Income Tax	310	913
Total Current Liabilities	<u>184,562</u>	<u>241,256</u>
Long Term Liabilities	\$ <u>-0-</u>	\$ <u>-0-</u>
Shareholders' Equity		
Common Stock		
No Par Value		
1,000,000 Shares Authorized;		
76,046 Shares Issued and Outstanding		
	2,574,156	2,574,156
Additional Paid in Capital	58,266	58,266
Accumulated Deficit	<u><2,341,934></u>	<u><2,448,402></u>
Total Shareholders' Equity	<u>290,488</u>	<u>184,020</u>
TOTAL LIABILITES AND SHAREHOLDERS' EQUITY	<u>\$ 475,050</u>	<u>\$ 425,276</u>

See accompanying accountants' audit report and footnotes.

FASTFRAME U.S.A., INC.
STATEMENT OF INCOME
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	<u>Year Ended September 30, 2022</u>	<u>Year Ended September 30, 2021</u>
Revenues		
Royalties	\$ 862,267	\$ 792,024
Other Operating Revenue	142,383	373,902
Location Franchise Fees	245,198	256,621
Total Revenues	<u>1,249,848</u>	<u>1,422,547</u>
Cost and Expenses		
Merchandise and Store	15,453	-0-
Franchise Services	267,715	196,067
General and Administrative	807,185	1,028,398
Total Expenses	<u>1,090,353</u>	<u>1,224,465</u>
Income from Operations	159,495	198,082
Other Income <Expense>	<u>-0-</u>	<u>64,803</u>
Income Before Provision for Income Taxes	159,495	262,885
Provision for Income Taxes	<u><53,027></u>	<u><52,592></u>
Net Income	<u>\$ 106,468</u>	<u>\$ 210,293</u>

See accompanying accountants' audit report and footnotes.

FASTFRAME U.S.A., INC.
 STATEMENT OF SHAREHOLDERS' EQUITY <DEFICIT>
 FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

Common Stock

	<u>Number of Shares</u>	<u>Amount</u>	<u>Accumulated Deficit</u>	<u>Additional Paid in Capital</u>	<u>Total</u>
Balance at September 30, 2020	76,046	\$ 2,574,156	\$ <2,658,695>	\$ 58,266	\$ <26,273>
Net Income	<u>-</u>	<u>-</u>	<u>210,293</u>	<u>-</u>	<u>210,293</u>
Balance at September 30, 2021	76,046	2,574,156	<2,448,402>	58,266	184,020
Net Income	<u>-</u>	<u>-</u>	<u>106,468</u>	<u>-</u>	<u>106,468</u>
Balance at September 30, 2022	<u>76,046</u>	<u>\$ 2,574,156</u>	<u>\$ <2,341,934></u>	<u>\$ 58,266</u>	<u>\$ 290,488</u>

See accompanying accountants' audit report and footnotes.

FASTFRAME U.S.A., INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	Year Ended September 30, 2022	Year Ended September 30, 2021
Operating Activities		
Net Income	\$ 106,468	\$ 210,293
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation and Amortization	2,723	7,662
Changes in Operating Assets and Liabilities		
<Increase>/Decrease in		
Accounts Receivable	74,286	<87,887>
Prepaid Expenses	<5,685>	<11,123>
Deposits/Other Assets	<5,994>	<2,430>
Deferred Tax Asset	-0-	1,538
Increase/<Decrease> in		
Accounts Payable	<57,252>	<6,977>
Deferred Income Tax	<603>	-0-
Other Current Liabilities	-0-	<1,416>
Income Taxes Payable	1,161	17,572
Net Cash Provided by Operating Activities	115,104	127,232
Investing Activities		
Investment Advance	-0-	<20,000>
Equipment Purchases	<1,368>	-0-
Net Cash Provided/<Used> by Investing Activities	<1,368>	<20,000>
Financing Activities		
Loan Proceeds/Forgiveness - PPP	-0-	<64,803>
Net Cash Used in Financing Activities	-0-	<64,803>
Net Increase in Cash	113,736	42,429
Cash at Beginning of Year	218,965	176,536
Cash at End of Year	\$ 332,701	\$ 218,965

See accompanying accountants' audit report and footnotes.

FASTFRAME U.S.A., INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

Note 1 - Description of Business and Summary of Significant Accounting Policies

Description of Business

FASTFRAME U.S.A., Inc. (the "Company") was formed as a C-corporation under the laws of California on November 3, 1986. The Company franchises retail custom picture framing stores, primarily throughout the United States of America, operating under the name of FASTFRAME. The Company earns the majority of its royalties from these franchisees located throughout the United States of America. The Company is dependent on these franchisees generating their own sales to earn and receive royalties.

Revenue Recognition

The Company recognizes initial franchise fees as income when the franchise commences operations, at which time the Company has substantially performed its obligations related to such fees. Initial franchise fees received prior to the commencement of franchise operations are reported as deferred revenue until such time that they are earned.

The Company has issued area development agreements which entitle the area developer to develop an area and receive a portion of initial franchise fees and royalties within the area. Area development agreements are recorded as income when the Company has substantially completed its obligations (mainly training) related to such fees.

Franchise royalties and marketing fees, which are based on a percentage of franchise retail sales, are recognized when earned. Royalties are earned at the rate of 10.5% (which includes marketing fees at 3%) of franchise sales. The Company is obligated to spend the marketing fee portion (\$256,621 in 2021 and \$245,948 in 2022) of these royalties in franchise marketing services. The Company expensed \$225,632 for marketing in 2021 and \$247,928 in 2022. These expenditures resulted in a net underspend of \$30,989 in 2021 and a net overspend of \$1,980 in 2022. As of September 30, 2022, the Company had \$1,730,243 in cumulative net overspends since inception. Under the terms of the marketing section of the franchise agreement, the Company may recover these overspends by reducing expenditures for marketing in future years.

FASTFRAME U.S.A., INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

Note 1 - Description of Business and Summary of Significant Accounting Policies (CONT'D)

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Company places its cash and temporary investments in quality institutions.

Accounts and Loan Receivables and Allowance for Doubtful Accounts

A valuation allowance is provided on the Company's accounts and loan receivables, which in Management's judgment will not be collected. All accounts and loan receivables are reviewed on a case by case basis for collectability. Management determines collectability of accounts receivable based on payment history and, if necessary, store collateral. All loan receivables are secured by the franchisees' store assets and locations.

Depreciation and Amortization

Property, equipment, and intangible assets are being depreciated and amortized on the straight-line basis over the following estimated useful lives:

Furniture and Equipment	5 years
Leasehold Improvements	Lesser of asset life or 10 years

The Company capitalizes expenditures that materially increase asset lives and charges ordinary repairs and maintenance to operations as incurred. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts and any resulting gain or loss is included in other income in the accompanying statements of income.

For the fiscal year ending September 30, 2022 and 2021, the Company recorded \$2,723 and \$7,662 of depreciation expense, respectively.

Trademarks

During the fiscal year ending September 30, 2022, all trademarks were fully amortized. Trademarks were amortized on a straight-line basis over an estimated useful life of ten years.

Advertising Costs

Advertising costs are charged to expense as incurred. Advertising expense totaled \$5,860 and \$1,222 for the fiscal years ended September 30, 2022 and 2021, respectively.

FASTFRAME U.S.A., INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

Note 1 - Description of Business and Summary of Significant Accounting Policies (CONT'D)

Income Taxes

The Company accounts for income taxes in accordance with FASB ASC 740, *Income Taxes*. The application of income tax law is inherently complex. Laws and regulations in this area are voluminous and are often ambiguous. The Company is required to make subjective assumptions and judgments regarding its income tax exposure. Interpretations and guidance surrounding income tax laws and regulations change over time. As such, changes in the Company's subjective assumptions and judgments can materially affect amounts recognized in the combined balance sheet and combined statement of operations. The Company uses the asset and liability method of accounting for income taxes. Deferred income taxes are provided for financial reporting purposes. ASC 740 prescribes a recognition threshold of more likely-than-not, and a measurement attribute for all tax positions taken or expected to be taken on a tax return, in order for those tax positions to be recognized in the financial statements. Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that required adjustment to the financial statements to comply with the provisions of this guidance. As a result, there were no interest or penalties related to uncertain tax positions accrued. When necessary, the Company accounts for interest and penalties related to uncertain tax positions as part of its provision for federal and state income taxes. The Company does not expect that unrecognized tax benefits arising from tax positions will change significantly within the next twelve months.

Use of Estimates

The preparation of the 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FASTFRAME U.S.A., INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

Note 1 - Description of Business and Summary of Significant Accounting Policies (CONT'D)

Long-Lived Assets

The Company accounts for impairment and disposition of long-lived assets in accordance with FASB ASC 360-01, *Property, Plant, and Equipment*. FASB ASC 360-01 requires impairment losses to be recognized for long-lived assets used in operations when indicators of impairment are present and the undiscounted future cash flows are not sufficient to recover the asset's carrying amount. There was no impairment of the value of such assets for the years ended September 30, 2022 or 2021.

Fair Value of Financial Instruments

Cash, accounts receivable, accounts payable, and accrued expenses are reflected in the accompanying financial statements at fair value due to the short-term nature of those instruments. The carrying amount of the note payable to shareholder and notes receivable approximates fair value on the balance sheet date. The note payable is based on borrowing rates currently available to the Company for loans with similar terms and maturities.

Fair Value Measurement

The Company adopted ASC 820, *Fair Value Measurement and Disclosures* issued by the Financial Accounting Standards Board, which provides a framework for measuring fair value under generally accepted accounting principles. ASC 820 applies to all financial instruments that are being measured and reported on a fair basis.

FASTFRAME U.S.A., INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

Note 1 - Description of Business and Summary of Significant
Accounting Policies (CONT'D)

Fair Value Measurement (CONT'D)

As defined in ASC 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various methods including market, income and cost approaches. Based on these approaches, the Company often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Company utilizes valuation techniques that maximize the use of observable valuation techniques. The Company is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level I Valuation for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level I also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities. The Company currently classifies all of its assets and liabilities as Level I.
- Level II Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities. The Company currently does not have any assets or liabilities in this category.

FASTFRAME U.S.A., INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

Note 1 - Description of Business and Summary of Significant
Accounting Policies (CONT'D)

Fair Value Measurement (CONT'D)

Level III Valuations for assets and liabilities that are derived from other valuation methodologies, including options pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level III valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities. The Company currently does not have any assets or liabilities in this category.

In determining the appropriate levels, the Company performs a detailed analysis of the assets and liabilities that are subject to ASC 820. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level III.

Concentrations, Risks, and Uncertainties

The Company's revenue at September 30, 2022 and 2021 is comprised mostly of franchise fee and royalty revenues which make up approximately 98% of total revenues in each year. Any negative effect on franchise agreements or revenues could have a material effect on future operations of the Company.

The Company maintains cash balances at financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation. At September 30, 2022 and 2021, the Company did not have any cash balances over the insured limit.

Credit is extended for some customers and is based on financial condition, and generally, collateral is not required. Credit losses are provided for in the financial statements and consistently have been within Management's expectations.

FASTFRAME U.S.A., INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

Note 1 - Description of Business and Summary of Significant Accounting Policies (CONT'D)

New Pronouncements

Recent pronouncements have been determined by Management to have no material effect on the financial statements as presented.

Date of Management's Review

Management has evaluated subsequent events through December 12, 2022, the date on which the financial statements were available to be issued.

Note 2 - Income Taxes

Deferred income tax assets or liabilities are computed based on the temporary differences between the financial statement and income tax bases of assets and liabilities using the enacted income tax rate expected to apply to taxable income in the periods in which the deferred tax assets or liabilities are expected to be realized or settled. Deferred income tax expenses or credits are based on changes in the deferred income tax assets or liabilities from period to period. Deferred tax assets and liabilities are classified as either current or non-current.

The provision for income taxes for the years ended September 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Current Provision		
Federal	\$ 36,491	\$ 34,846
State	17,139	19,462
Deferred Provision		
Federal	<580>	<1,749>
State	<23>	33
	<u>\$ 53,027</u>	<u>\$ 52,592</u>

Deferred tax liabilities arise primarily from the differences between book and tax depreciation. As of September 30, 2022, deferred tax liabilities were \$300 federal and \$10 state due to depreciation differences.

FASTFRAME U.S.A., INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

Note 2 - Income Taxes (CONT'D)

Deferred tax assets are recognized for temporary differences that will result in deductible amounts in future periods and for net operating loss carry-forwards.

For the year ending September 30, 2022 and 2021, net operating losses were fully utilized, with no remaining deferred tax assets.

The utilization of the net operating losses is dependent upon the tax laws in effect at the time which determine whether such a loss can be utilized. Tax years 2019 through 2021 remain open for federal examination while tax years 2018 through 2021 remain open for state examination.

Note 3 - Commitments and Contingencies

The Company had no contractual commitments or contingencies as of September 30, 2022 that have not been recorded or disclosed in the financial statements.

Note 4 - Operating Leases

The Company leases various facilities and equipment under non-cancelable operating leases expiring in various years through 2032. Minimum future rental payments under these non-cancelable operating leases having remaining terms in excess of one year as of September 30, 2022, for each of the next five years in the aggregate, are as follows:

<u>Year</u>	<u>Facilities</u>	<u>Equipment</u>	<u>TOTAL</u>
2023	\$ -0-	\$ 2,100	\$ 2,100
2024	-0-	2,100	2,100
2025	-0-	175	175
2026	-0-	-0-	-0-
2027	-0-	-0-	-0-
Total	\$ <u>-0-</u>	\$ <u>4,375</u>	\$ <u>4,375</u>

Note 5 - Related Party Transactions

A corporation owned by one of the directors and shareholders of the Company has an agreement with the Company to provide management consulting services. During 2021, the Company expensed consulting fees to this corporation of \$45,432. During 2022, the Company expensed consulting fees to this corporation of \$73,475.

FASTFRAME U.S.A., INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

Note 6 - Retirement Plan

The Company sponsors a qualified defined contribution 401(k) plan covering substantially all employees. Once eligible, employees are permitted to make a tax-deferred contribution to the plan up to limits established by the Internal Revenue Service. The plan also allows for employer contributions at the discretion of the Company. The Company contributions totaled \$1,600 and \$2,461 for the years ended September 30, 2021 and 2022, respectively

Note 7 - Statement of Cash Flows

Cash paid in 2021 for interest and income taxes was \$0 and \$21,754, respectively. Cash paid in 2022 for interest and income taxes was \$0 and \$53,269, respectively.

Note 8 - Litigation

The Company experiences litigation in the normal course of conducting business. Management does not believe that any pending or threatened litigation will have a material adverse effect on its combined financial statements.

Note 9 - Long Term Debt

On May 15, 2020, the Company received loan proceeds in the amount of \$64,803 under the Paycheck Protection Program ("PPP"). The PPP, established as part the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") provides for loans to qualifying businesses for amounts up to 2.5 times of average monthly payroll expenses. The loans and accrued interest are forgivable after eight or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes. The Company met the conditions for forgiveness of the loan.

Note 10 - Covid-19 Uncertainty

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic and declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Company's financial performance will depend on certain developments, including the duration and spread of the outbreak, impacts on the Company and impacts on the financial markets, all of which are uncertain and cannot be predicted. While the Company expects the disruption to be temporary, the extent to which COVID-19 may impact its overall financial condition is uncertain. No provision for this uncertainty is provided for in these financial statements.

FASTFRAME U.S.A., INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

Note 11 - Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued. The Company recognizes in the financial statements the effect of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including estimates inherent in the process of preparing the financial statements. The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheets but arose after said date and before financial statements were available to be issued.

The Company has evaluated subsequent events through December 12, 2022, which is the date the financial statements were available to be issued. No significant reportable subsequent events have been deemed to require disclosure in or adjustment to the financial statements.

EXHIBIT O
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EXHIBIT P
Fastframe System Directory

System Directory

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Steven Tishkoff
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fastframe134@aol.com

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#112 2321 Wilshire Blvd.
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Ann & Wilson Kam
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Thousand Oaks

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Fax
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Valencia

#559 24204 Valencia Blvd.
Valencia, CA 91355
Montel & Rebecca McClellan
Phone (661) 291-1325
Fax (661) 291-1326
fastframe559@gmail.com

Walnut Creek

#233 1250 Newell Avenue, #E
Walnut Creek, CA 94596
Michael & Nancy Casey
Phone (925) 935-3305
Fax (925) 935-3308
fastframewalnutcreek@gmail.com

COLORADO

Boulder

#371 2327 30th Street
Boulder, CO 80301
Christie & Brandon Townsley

Phone (303) 448-1000
Fax
christie@fastframeboulder.com

FLORIDA

Palm Beach Gardens

#153 10949 N. Military Trail
Palm Beach Gardens, FL 33410
Mira Clanton

Phone (561) 627-5221
Fax (561) 627-8128
fastframepbg@gmail.com

Riverview

#328 6128 Winthrop Town Center Ave.
Riverview, FL 33578
Aki Weaver & David Escobar

Phone (813) 655-6400
Fax (813) 655-6616
fastframeswinthrop@gmail.com

GEORGIA

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#355 11585 Jones Bridge Rd., #450
Alpharetta, GA 30022
Jim & Colleen Siman

Phone (770) 663-4386
Fax (770) 663-6449
fastframe355@gmail.com

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Phone (404) 252-9250
Fax (404) 252-6842
fastframeatlanta@gmail.com

#141 2625 Piedmont Road NE, #57
Atlanta, GA 30324
Bryan Lurie

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Fax (404) 261-6416
framerop@bellsouth.net

ILLINOIS

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Chicago, IL 60654
Jerry Wilson

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Fax (312) 276-0164
jwilframe@sbcglobal.net

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#409 1120 Chicago Avenue
Oak Park, IL 60302
James Beckwith

Phone (708) 848-0686
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St. Charles, IL 60174
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Wellesley, MA 02482
James & Nahid Quinn

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Fax (781) 237-1095
fastframewellesley@yahoo.com

MINNESOTA

Minneapolis

#136 3248 West Lake Street
Minneapolis, MN 55416
Steve Schaben

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Fax (612) 924-9207
sschaben@gmail.com

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Charlotte, NC 28226
Barbara Shaper

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Fax (919) 402-9360
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 Mooresville, NC 28117
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NEW JERSEY

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John & Karen Stanulonis

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fastframe452@att.net

Gillette

#452 977 Valley Road
Gillette, NJ 07933
John & Karen Stanulonis

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Fax (908) 604-8093
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NEVADA

Carson City

#472 931 Jacks Valley Road E
Carson City, NV 89705
Joe Rousse

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Fax (775) 267-1351
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Phone (702) 456-3278

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Steve Gervase

Fax (702) 456-7768
spg2652@gmail.com

SOUTH CAROLINA

Greenville

#305 135 Mall Connector Road, Suite A Phone (864) 627-8164
Greenville, SC 29607 Fax (864) 627-7914
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Hilton Head Island

#326 95 Matthews Drive, Suite A-5 Phone (843) 342-7696
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TEXAS

Austin

#321 701 S. Capital of Texas Hwy, D460 Phone (512) 306-0999
Austin, TX 78746 Fax
Christina Hungria happyriverllc17@gmail.com

#403 9901 Capital of Texas Hwy N, #130 Phone (512) 241-1442
Austin, TX 78759 Fax (512) 241-1443
Dan & Dana Liberman dliberman@austinfastframe.com

#552 4301 W. William Cannon Drive S Phone (512) 288-8825
Austin, TX 78749 Fax (512) 288-8826
Dan & Dana Liberman dliberman@austinfastframe.com

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Carolyn Webber fastframe@att.net

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#495 4150 Legacy Drive, #412 Phone (972) 334-0223
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Divyesh Bhatt divyeshbhatt@gmail.com

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Houston, TX 77057 Fax (713) 463-7669
Tom & Nancy Hurley tom@fastframehouston.com

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#570 24200 IH 10 West, #115 Phone (210) 698-8111
San Antonio, TX 78257 Fax (210) 698-8112
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#506 182 Zan Road
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Connie Jensen & Vern Pond

Phone (434) 978-7874
Fax (434) 978-7874
verncoframes@gmail.com

WASHINGTON

Seattle

#461 2840 East Madison
Seattle, WA 98112
Jon & Molly Van Nostrand

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Fax (206) 568-1604
seattlefastframe@aol.com

2023 Closed Stores and Certain Former Franchisees

CALIFORNIA

Pamela Sunderland
5720 Owensmouth Avenue, #175
Woodland Hills, CA 91367
(661) 775-8688

Randy & Rose Marie Burzynski
27503 Wellington Court
Valencia, CA 91354
(661) 799-9813

Carlos Hernandez*
1710A Market Street
San Francisco, CA 94102
(415) 255-1595

FLORIDA

Alex Roche
3521 Osprey Cove Drive
Riverview, FL 33578
(321) 501-2849

* This franchisee's agreement was terminated after the end of the most recent fiscal year but prior to January 2, 2024.

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

EXHIBIT Q
State Administrators And Agents For Service Of Process

STATE ADMINISTRATORS

Commissioner of Department of Financial
Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7500
(866) 275-2677 Toll Free
Ask.DFPI@dfpi.ca.gov

Hawaii Commissioner of Securities
Department of Commerce & Consumer
Affairs
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2744

Chief
Franchise Bureau
Office of Attorney General
500 South Second Street
Springfield, Illinois 62701
(217) 782-1090

Franchise Section
Indiana Securities Division
302 West Washington Street
Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-6360

Franchise Administrator
Consumer Protection Division
Antitrust and Franchise Unit
Michigan Dept. of Attorney General
670 Law Building
525 W. Ottawa Street
Lansing, Michigan 48913
(517) 373-7117

Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 280
Saint Paul, Minnesota 55101
(651) 539-1600

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8222

Franchise Examiner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, Fifth Floor, Dept. 414
Bismarck, North Dakota 58505-0510
(701) 328-2929

Director of the Rhode Island
Department of Business Regulation
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9500

Registration Specialist, Securities
Regulation
Department of Labor and Regulation
Division of Insurance
124 S. Euclid Avenue 2nd Floor
Pierre, South Dakota 57501-3185
(605) 773-3563

State Corporation Commission
Division of Securities and Retail
Franchising
1300 E. Main Street, Ninth Floor
Richmond, Virginia 23219
(804) 371-9051

Administrator
Department of Financial Institutions
Securities Division
150 Israel Rd. SW
Tumwater, Washington 98501
(360) 902-8760

Franchise Administrator
Securities and Franchise Registration
Wisconsin Securities Commission
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 261-9555

AGENTS FOR SERVICE OF PROCESS

Commissioner of the Department of Financial Protection and Innovation
2102 Arena Blvd.
Sacramento, CA 95834

Hawaii Commissioner of Securities
Business Registration Division
335 Merchant Street, Room 205
Honolulu, Hawaii 96813

Illinois Attorney General Office
500 South Second Street
Springfield, Illinois 62701

Indiana Securities Division
302 West Washington Street
Room E-111
Indianapolis, Indiana 46204

Maryland Securities Commissioner
200 Saint Paul Place
Baltimore, Maryland 21202

Commissioner of Commerce
State of Minnesota
Department of Commerce
Registration Division
85 7th Place East Suite 280
Saint Paul, Minnesota 55101

Secretary of State
99 Washington Avenue
Albany, NY 12231

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, 5th Floor, Dept. 414
Bismarck, North Dakota 58505-0510

Director of Business Regulation
1511 Pontiac Avenue
Cranston, Rhode Island 02920

Director of the Division of Insurance
Securities Regulation
Department of Labor and Regulation
124 South Euclid Avenue, 2nd Floor
Pierre, South Dakota 57501

Clerk, State Corporation Commission
1300 East Main Street, First Floor
Richmond, Virginia 23219

Administrator of Securities
Department of Financial Institutions
150 Israel Rd. SW
Tumwater, WA 98501

Commissioner of Securities
Office of the Commissioner of Securities
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 261-9555

In all other states:

MICHAEL A ROGERS
433 West Allen Avenue, #114
San Dimas, CA 91773

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Not Registered
Illinois	See Separate FDD
Indiana	Pending
Maryland	Pending
Michigan	January 15, 2023
Minnesota	Pending
New York	See Separate FDD
North Dakota	Not Registered
Rhode Island	Pending
South Dakota	Not Registered
Virginia	Pending
Washington	See Separate FDD
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT "R"

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If FASTFRAME 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 or grant.

Some states, including New York and Rhode Island, require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before you sign the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Some states, including Michigan, require that we give you this disclosure document at least 10 business days before you sign any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If FASTFRAME does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit Q.

The franchisor is FASTFRAME, U.S.A., Inc., located at 433 West Allen Avenue, #114 San Dimas, California 91773. Its telephone number is (800) 631-4964.

Issuance Date: January 2, 2024. See state cover page for effective dates in registration states.

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

- Michael Rogers, 433 West Allen Avenue, #114 San Dimas, California 91773
- See attached list.

FASTFRAME's authorized the parties identified on Exhibit Q to receive service of process for it in the particular state.

I have received a disclosure document dated January 2, 2024, that included the following Exhibits:

- | | |
|--|---|
| A State Appendix | K LLC Operating Agreement |
| B Outlet Franchise Agreement | L-1 Confidentiality Agreement (Sale of Existing Fastframe Store) |
| B-1 SBA Addendum | L-2 Confidentiality Agreement (Conversion of Independent Framing Store) |
| C Satellite Addendum | M Fastperks Participation Agreement |
| D Conversion Addendum | N Financial Statements |
| E Deferred Fee Addendum | O Table Of Contents Of Operations Manuals |
| F Cooperative Advertising Campaign Pledge Form | P Fastframe System Directory |
| G Confidentiality And Non-Disclosure Agreement | Q State Administrators And Agents For Service Of Process |
| H Personal Guaranty And Subordination | R Receipt |
| I Secured Promissory Note | |
| J General Release | |

Date: _____

Prospective Franchisee:
 By: _____
 Name: _____
 Individually and on behalf of the following entity:
 Company Name: _____
 Title: _____

EXHIBIT "R"

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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If FASTFRAME does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit Q.

The franchisor is FASTFRAME, U.S.A., Inc., located at 433 West Allen Avenue, #114 San Dimas, California 91773. Its telephone number is (800) 631-4964.

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- | | |
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| B Outlet Franchise Agreement | L-1 Confidentiality Agreement (Sale of Existing Fastframe Store) |
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| C Satellite Addendum | M Fastperks Participation Agreement |
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| E Deferred Fee Addendum | O Table Of Contents Of Operations Manuals |
| F Cooperative Advertising Campaign Pledge Form | P Fastframe System Directory |
| G Confidentiality And Non-Disclosure Agreement | Q State Administrators And Agents For Service Of Process |
| H Personal Guaranty And Subordination | R Receipt |
| I Secured Promissory Note | |
| J General Release | |

Date: _____

Prospective Franchisee:
By: _____

Name: _____

Individually and on behalf of the following entity:

Company Name: _____

Title: _____