

## FRANCHISE DISCLOSURE DOCUMENT



Striper Industries, Inc.  
69 Deep Rock Road  
Rochester, NY 14624  
1-800-323-4700

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[Franchise@1800striper.com](mailto:Franchise@1800striper.com)

We franchise the right to operate a “1-800-STRIPER” business (each a “1-800-STRIPER Business”) that offers pavement marking and striping services such as: parking lot striping, new striping layout, re-striping existing parking lots, interior striping, line removal, and custom striping and stenciling.

The total investment necessary to begin operation of a 1-800-STRIPER franchise in one Territory is \$208,717 to \$329,508. This includes \$57,000 that must be paid to the franchisor or affiliate.

The total investment necessary to begin operation of a 1-800-STRIPER franchise in two Territories is \$249,792 to \$370,583. This includes \$96,500 that must be paid to the franchisor or affiliate.

The total investment necessary to begin operation of a 1-800-STRIPER franchise in three Territories is \$284,292 to \$405,083. This includes \$131,000 that must be paid to the franchisor or affiliate.

The total investment necessary to begin operation of a 1-800-STRIPER franchise in four Territories is \$318,792 to \$439,584. This includes \$165,500 that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our corporate office at 69 Deep Rock Road, Rochester, NY 14624, or via telephone at 1-(800) 323-4700.

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

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

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

Issuance Date: April 8, 2024.

## How to Use This Franchise Disclosure Document

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

<b>QUESTION</b>	<b>WHERE TO FIND INFORMATION</b>
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits F and G.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit C includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only 1-800-STRIPER business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchise have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a 1-800 Striper franchisee?</b>	Item 20 or Exhibits F and G list current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** At our option, the Franchise Agreement requires you to resolve disputes with us by mediation/litigation only in New York. Out-of-state mediation/litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate/litigate with us in New York than in your own State.
2. **Spousal Liability.** 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.
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statement (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
4. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.
5. **Limited Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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.

**(ADDITIONAL COVER PAGE DISCLOSURES FOR MICHIGAN RESIDENTS ONLY)**

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.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENFORCEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan  
Department of Attorney General  
6520 Mercantile Way  
Lansing, Michigan 48913  
Telephone Number: (517) 373-3800

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**EXHIBITS**

- Exhibit A -- List of State Administrators/Agents for Service of Process
- Exhibit B -- Table of Contents of Operations Manual
- Exhibit C -- Financial Statements
- Exhibit D -- Franchise Agreement
- Exhibit E -- Sample Termination and Release Agreement
- Exhibit F -- List of Franchisees



Exhibit G -- List of Franchisees Who Have Left the System  
Exhibit H -- State Specific Addenda  
Exhibit I – Franchisee Questionnaire  
Exhibit J – State Effective Dates  
Exhibit K - Receipt



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

The Franchisor

To simplify the language in this Franchise Disclosure Document, “1-800-STRIPER” “we” or “us” means Striper Industries, Inc., the franchisor of this business. “You” or “Franchisee” means the person who buys the franchise and includes your owners if you are a corporation or other business entity.

Striper Industries, Inc. is a New York corporation formed on January 9, 2019. Our principal business address is 69 Deep Rock Road, Rochester, NY 14624. We began offering 1-800-STRIPER franchises as of January 27, 2020. We do not do business under any name other than our corporate name and the name “1-800-STRIPER”. We have not offered franchises in any other line of business. Additionally, we do not engage in any other major business activities outside of the 1-800-STRIPER franchise system (the “System”). Our agents for service of process are listed in Exhibit A of this Disclosure Document. We have not and do not conduct a business of the type to be operated by you.

Parents, Predecessors and Affiliates

Our affiliate United Striping Co., Inc. is a New York corporation formed on September 30, 2005, with a principal business address of 69 Deep Rock Road, Rochester, NY 14624. United Striping Co., Inc. currently operates one 1-800-STRIPER business that is operated in a substantially similar manner to the franchise being offered in this Disclosure Document utilizing the Marks and System. United Striping Co., Inc. formerly did business under the name “United Stripes” from 1999-2005. United Striping Co., Inc. does not and has not offered franchises in this line of business or in any other line of business.

Our affiliate Striper Holdings, Inc. is a New York corporation formed on September 17, 2019, with a principal business address of 69 Deep Rock Road, Rochester, NY 14624. Striper Holdings, Inc. owns the intellectual property and the phone number associated with the 1-800-STRIPER System and licenses us the right to use and license others the right to use the intellectual property and phone number. Otherwise, Striper Holdings, Inc. does not and has not offered franchises in this line of business or in any other line of business.

Other than those described above, we have no other parents, predecessors, or affiliates.

The Franchised Business

We offer franchises for the establishment, development, and operation of a business that offers pavement marking and striping services such as: parking lot striping, new striping layout, re-striping existing parking lots, interior striping, line removal, and custom striping and stenciling. (the “Approved Services”). Each 1-800-STRIPER Business operates according to our unique System, which includes recognized color schemes, distinctive specifications for fixtures, equipment, display designs, uniform specifications of products and services, striping methods, sales techniques, merchandising, marketing, advertising, and procedures for the operation and management of a 1-800-STRIPER Business.

We expect that you will operate the 1-800-STRIPER Business from a home office/shop space and an Approved Vehicle (defined in Item 12) that meets our System standards and specifications, to the extent such standards/specifications have been reduced and provided to you in writing. Regardless of whether you

lease or purchase a premise, a typical 1-800-STRIPER facility occupies approximately 500-1,000 square feet of space. We offer a franchise to operate in up to four (4) contiguous Territories under a single Franchise Agreement. If you wish to operate in more than four (4) contiguous Territories, or in multiple non-contiguous Territories, we reserve the right to require you to sign additional Franchise Agreements. If you operate in multiple contiguous Territories under a Franchise Agreement, you will operate in all Territories once you open in your first Territory.

If you operate in two contiguous Territories, you are obligated to obtain your second Approved Vehicle within 13 months of the effective date of the Franchise Agreement. If you operate in three contiguous Territories, you are obligated to obtain your third Approved Vehicle within 25 months of the effective date of the Franchise Agreement. If you operate in four contiguous Territories, you are obligated to obtain your fourth Approved Vehicle within 37 months of the effective date of the Franchise Agreement. (Section 7.2 of the Franchise Agreement).

### Market and Competition

Your 1-800-STRIPER Business will compete primarily with other individually owned line striping and pavement marking businesses, as well as pavement marking businesses that are affiliated with other national franchise systems and general contractors that may offer services like the Approved Services. The pavement marking and parking lot line striping industry in general is a competitive industry. The services provided by the 1-800-STRIPER Business are seasonal in nature due to weather restrictions in the drying and adhesion process. Your competitive advantage will be based on your compliance with our System standards, your focus on customer service, and your managerial and entrepreneurial abilities.

### Industry Specific Regulations

The 1-800-STRIPER Business is subject to the laws and regulations in your county, state, or municipality regarding the operation of the 1-800-STRIPER Business. You are advised to examine these laws and regulations before purchasing a franchise from 1-800-STRIPER. You must comply with all laws and regulations pertaining to businesses generally and any laws pertaining to the regulation of the 1-800-STRIPER Businesses, including those regarding the pavement marking business generally, consumer protection, operations, and licenses (including, without limitation, all government regulations relating to occupational hazards and health-trade regulations, worker's compensation, and unemployment insurance).

You are also subject to employment laws such as the Fair Labor Standards Act and various state laws governing such matters as minimum wages, overtime and working conditions. You will also be subject to other laws or regulations that are not specific to the industry, but applicable to businesses generally, including labor laws, insurance requirements, business licensing laws and tax regulations, and the Americans with Disabilities Act. We have not investigated the laws or regulations applicable to your 1-800-STRIPER Businesses. You are solely responsible for investigating all applicable federal, state, and local laws and regulations, and your cost to comply with such laws and regulations, and you should do so before purchasing a franchise from us. We strongly suggest that you consult with an attorney, consultant and/or financial advisor regarding such regulations prior to purchasing a franchise from us. Applicable laws and regulations are subject to change.

**ITEM 2**  
**BUSINESS EXPERIENCE**

**President: Luke Menear:** Mr. Menear has served as our President and Owner since our inception in January 2019, and has served as the Vice President and Owner of our affiliate, United Striping Co., Inc., in Rochester, New York since its inception in September 2005.

**Vice President: Heather Menear:** Mrs. Menear has served as our Vice President and Owner since our inception in January 2019, and has served as the President and Owner our affiliate, United Striping Co., Inc., in Rochester, New York since its inception in September 2005.

**Director of Development: Luke Menear Jr.:** Mr. Menear has served our Director of Development since December 2023 in Rochester, New York. Prior to that time, Mr. Menear served as our Area Manager from January 2019 to December 2023, in Rochester, New York. Mr. Menear also serves as a crew leader of our affiliate United Striping Company and has held this position since May 2020 in Rochester, New York. Mr. Menear also previously served as a Laborer of K.A. Construction in Rochester, New York, and held this position from March 2021 to April 2021.

**Director of Franchise Operations: Tina Lamphier:** Ms. Lamphier has served as our Director of Franchise Operations since December 2023 in Rochester, New York. From June 2023 to December 2023, Ms. Lamphier served as our Franchise Support Specialist from June 2023 to December 2023. From July 2007 to October 2023, Ms. Lamphier served as a Project Manager for CMI AV. From March 2020 to July 2021, Ms. Lamphier served as a Front-End Manager for Walmart.

**ITEM 3**  
**LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4**  
**BANKRUPTCY**

No bankruptcies are required to be disclosed in this Item.

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

**Franchise Agreement**

*Initial Franchise Fee*

The amount of your Initial Franchise Fee is based on the number of contiguous Territories that you acquire. You must pay an initial franchise fee of: (i) \$49,500 for the right to operate in one Territory; (ii) \$89,000 for the right to operate in two contiguous Territories; (iii) \$123,500 for the right to operate in three contiguous Territories; and (iv) \$158,000 for the right to operate in four contiguous Territories (the “Initial Franchise Fee”). Each Territory will have (i) up to three hundred thousand (300,000) people, or (ii) up to 12,500 businesses.

You will pay the Initial Franchise Fee in full at the time you sign your Franchise Agreement. The Initial Franchise Fee is paid in consideration of the costs incurred by us in connection with the execution of your Franchise Agreement, as well as our lost or deferred opportunity to enter into a Franchise Agreement with other prospects. The Initial Fee is non-refundable upon payment.

*Veteran Discount*

We offer a veteran discount of \$4,500 off of the Initial Franchise Fee for qualified veterans for their first franchise territory.

*Initial Training Fee*

Prior to attending the Initial Training Program, you must pay us an initial training fee equal to \$7,500 (the “Initial Training Fee”) to defray some of our costs in providing the Initial Training Program to you and up to two (2) additional representatives.

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

<b>TYPE OF FEE</b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Royalty Fee	The greater of (i) Seven percent (7.0%) of your monthly Gross Revenue, or (ii) the Minimum Royalty Fee (the “Royalty Fee”).	Paid to us on the 10 <sup>th</sup> day of each month (or the following day if the 10 <sup>th</sup> is not a business day) for the preceding month via EFT	See Notes 1 and 2 below.
Minimum Royalty Fee	<p>The Minimum Royalty Fee is calculated as follows: (i) \$500 per month starting in year one; (ii) \$750 per month starting in year two; (iii) \$1,000 per month starting in year 3; and (iv) \$1,250 per month starting in year four and each year thereafter (the “Minimum Royalty Fee”).</p> <p>The Minimum Monthly Royalty Fee will start four months from the Effective Date of your Franchise Agreement and will increase on the one-year anniversary of your start date each year until the Minimum Royalty Fee is \$1,250 per month.</p> <p>The Minimum Monthly Royalty Fee is calculated on a per-agreement basis and not on a per-territory basis.</p>	Paid to us on the 10 <sup>th</sup> day of each month (or the following day if the 10 <sup>th</sup> is not a business day) for the preceding month via EFT	See Notes 1 and 2 below.
Brand Fund Contribution	Two percent (2%) of your monthly Gross Revenue, which we may increase up to three percent (3%) of your monthly Gross Revenue (the “Fund”).	When established, at the same time and in the same manner as the Royalty Fee	See Note 3 below
Initial Training Fee	\$7,500 (for the first three attendees).	Before Initial Training Program.	See Note 4 below
Training Launch Fee	\$1,000 per each additional attendee (after the initial three attendees) of the Initial Training Program	Before Initial Training Program.	See Note 4 below
On-Site Training	Our then-current on-site training fee (the “On-Site Training Fee”), which is currently \$500 per trainer, per day, plus expenses. This fee will not	Before on-site training.	See Note 5 below

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
	increase by more than 20% in a calendar year.		
Training, Assistance or Refresher Training	Our then-current training tuition fee (the "Tuition Fee"), which is currently \$500 per trainer, per day, plus expenses. This fee is currently not charged; however, we reserve the right to collect this fee. This fee will not increase by more than 20% in a calendar year.	Before training, assistance or refresher training begins.	See Note 6 below
Transfer Fee	\$10,000 per Territory	Upon signing new franchise agreement.	See Note 7 below
Renewal Fee	\$5,000 per Territory	Upon signing new franchise agreement.	See Note 8 below
Relocation Expenses	You may incur certain expenses when relocating the 1-800-Striper Business, but you are not required to pay us any fees.	As incurred	See Note 9 below
Attorney Fees and Costs	Reimbursement of our actual fees and costs.	As incurred.	See Note 10 below
Audit Costs	Actual cost of audit	Upon receipt of bill.	See Note 11 below
Indemnification	Actual costs of indemnification.	When incurred.	See Note 12 below
Local Marketing and Advertising Requirement	The greater of (i) \$500 per month, or (ii) three percent (3%) of your Gross Revenue.  Paid to local providers of marketing materials and/or media expenses to promote the business.	As incurred.	See Note 13 below
Co-op Advertising	If established, two percent (2%) of your monthly Gross Revenue, which	When the co-op is established	See Note 14 below



TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
	<p>we may increase up to three percent (3%) at our discretion.</p> <p>However, this amount is currently \$0.</p>		
Annual Conference	\$1,000 per attendee, plus travel expenses	A minimum of 30 days prior to conference date.	See Note 15 below.
Product or Supplier Evaluation	Our actual costs in evaluating the supplier, which we expect to be \$1,000 or less.	As incurred	Only if you request our approval of a new product or supplier.
Software Fee	Our then-current software fee (the "Software Fee"), which is currently \$525 per franchisee per month, which we reserve the right to increase from time to time. This fee will not increase by more than 20% in a year.	Paid to us on the 5 <sup>th</sup> day of each month for the preceding month ending via EFT transfer	See Note 16 below
Insufficient Funds and Late Payment	\$250 per incident plus one and a half percent (1.5%) interest per month, or maximum allowed by law.	When payment is past due.	See Note 17 below
GPS Tracking Fee	The then-current fee, which is currently \$29 per Approved Vehicle per month	Monthly	Paid to franchisor or an affiliate
Insurance	Cost to obtain and maintain required insurance under the Franchise Agreement, plus a service fee (if we are forced to obtain the required insurance for you on your behalf, which should not be more than \$500).	As incurred.	See Note 19 below
Call Center Fee	<p>Our then-current call center fee (the "Call Center Fee"), which is currently \$50 per hour.</p> <p>This is an outbound call center service that we provide.</p>	As incurred.	See Note 19 below
Answering Service	<p>Our then-current fee, however, this service is currently provided at no cost to you.</p> <p>This fee is capped at \$500 per month</p>	As incurred	See Note 20 below

## Explanatory Notes

1. General. The table above provides recurring or isolated fees or payments that you must pay to us or our affiliates or that we or our affiliates impose or collect in whole or in part on behalf of a third party or that you are required to spend by the Franchise Agreement. All fees and expenses described in this Item 6 are nonrefundable. Except as otherwise indicated in the chart above, we uniformly impose all fees and expenses listed and they are payable to us and our approved vendors and are fully earned upon receipt.
2. Royalty.
  - a. *Gross Revenue.* “Gross Revenue” includes all income of any type or nature and from any source that you derive or receive directly or indirectly from, through, by or on account of the operation of the 1-800-STRIPER Business at any time after the signing of your Franchise Agreement, in whatever form and from whatever source, as well as business interruption insurance proceeds, all without deduction for expenses including marketing expenses. However, the definition of Gross Revenue does not include sales tax that is collected from customers and transmitted to the appropriate taxing authorities.
  - b. *Royalty Fee.* For purposes of calculating and paying the Royalty Fee, once you complete and otherwise invoice a job, the amount of the invoice shall be considered “Gross Revenue” for calculating the Royalty Fee. You will have the right to petition for a Gross Revenue reduction for an unpaid invoice under the following circumstances: (i) the unpaid invoice is at least 180 days old; (ii) the unpaid invoice is \$5,000.00 or more; (iii) the unpaid invoice must be authenticated by your billing records as well as your balance sheet and list of doubtful accounts; (iv) the unpaid invoice has been taken as a loss per GAAP accounting rules; and (v) you have demonstrated to us that you have undertaken all efforts to collect the debt from an unpaid invoice. If you comply with the steps above and petition for a Gross Revenue reduction, then we will have the option to (i) refund you the amount you paid in Royalty Fees for the applicable unpaid invoice, or (ii) provide you with a Royalty Fee credit for the next accounting period.
  - c. *Minimum Monthly Royalty Fee.* The Minimum Monthly Royalty Fee starts four months from the Effective Date of your Franchise Agreement and will increase on the one-year anniversary each year thereafter until the Minimum Royalty Fee is \$1,250 per month as set forth below:

<u>Year</u>	<u>Minimum Monthly Royalty Fee</u>
1	\$500
2	\$750
3	\$1,000
4+	\$1,250

- d. You must also send us a signed Gross Revenue Report (“Gross Revenue Report”) by the fifth (5<sup>th</sup>) day of each month for the preceding month ending in the manner and form we specify. Each Gross Revenue Report must set forth: (i) your Gross Revenues generated during the period; (ii) your calculation of the Royalty Fee, and if applicable, Brand Fund

Contribution (as defined below); and (iii) any other information we may require. We may change the form and content of the Gross Revenue Reports from time to time and/or require you to submit Gross Revenue Reports on a different schedule upon notice to you.

- e. *Manner of Payment.* Except for the Initial Franchise Fee, you must pay all fees and other amounts owed to us and/or our affiliates through an electronic funds transfer program (the “EFT Program”), under which we automatically deduct all payments owed to us and/or our affiliates, from the bank account you provide to us for use in connection with EFT Program (the “EFT Account”). You must immediately deposit all revenues from the operation of your Business into this bank account within two days upon receipt, including cash, checks, and credit card receipts. At least 10 days prior to opening the 1-800-STRIPER Business, you must provide us with: (i) your bank’s name, address, and account number; and (ii) a voided check from the bank account (if required by us). You must immediately notify us of any change in your banking relationship, including any change to the EFT Account. We reserve the right to require you to pay any fees due under by other means as we may specify from time to time. If any Gross Revenue Report has not been received within the required time period, then we may process an electronic funds transfer for the subject month based on the most recent Gross Revenue Report you submitted, provided, that if a Gross Revenue Report for the subject month is subsequently received and reflects: (i) that the actual amount of the fee due was more than the amount of the electronic funds transfer, then we may withdraw additional funds through an electronic funds transfer from your designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the electronic funds transfer, then we will credit the excess amount to the payment of your future obligations.
3. Brand Fund Contribution. You must pay us a “Brand Fund Contribution” to our national brand fund (the “Fund”) equal to two percent (2%) of your total Gross Revenue each month in the same manner as you are required to pay your Royalty Fee. Please see Item 11 of this disclosure document for additional information regarding the Fund and your other advertising/marketing obligations. We have the right to increase your required spending to up to three percent (3%) of your total Gross Revenue each month.
  4. Initial Training Fee; Training Launch Fee. We will provide our initial training program (the “Initial Training Program”) to you and up to two additional representatives you designate for \$7,500. Any additional personnel, or replacement personnel, you wish to attend Initial Training Program must pay our then-current Training Launch Fee, which is currently One Thousand Dollars (\$1,000), prior to attending our Initial Training Program (subject to class availability and the schedule/availability of our personnel). You are also responsible for the travel and lodging expenses for all attendees of the Initial Training Program. If you operate in multiple contiguous Territories, you are only required to pay the Initial Training Fee once.
  5. On-Site Training. The franchisor will send at least one representative to assist with onsite training for two days during the first 120-day period that the franchise is open for business. This will be at no cost to the franchisee. Any additional requested training days will be billed at \$500 a day per trainer plus expenses.
  6. Training, Assistance or Refresher Training. We may also establish additional and/or refresher training, as we deem necessary from time to time, and make your attendance at this training

mandatory or discretionary. In the event you wish (or are required) to attend any additional or refresher training, we may charge you our then-current Tuition Fee to attend this training (that is above and beyond our typical training and/or remedial training if you are unable to comply with our brand standards. We reserve the right to charge a Tuition Fee, which is currently \$500 per trainer. You are responsible for all out-of-pocket expenses (including travel costs and payroll, if any) incurred in connection with your and any of your personnel's attendance at any training we conduct. We may also charge our Tuition Fee in connection with any on-site or other assistance we provide to you in connection with the establishment and/or operation of your 1-800-STRIPER Business, and you will be responsible for all out-of-pocket expenses (including travel costs, if any) we incur in providing any on-site assistance at your 1-800-STRIPER Business.

7. Transfer Fee. You must pay us a transfer fee equal to \$10,000 for each Territory that is being transferred to transferee. In the event you transfer multiple Protected Territories at once, we reserve the right, but not the obligation, in our sole discretion, to reduce the transfer fee for any of the Protected Territories being transferred, and by any amount. If a third-party broker locates the transferee, you will also be solely responsible for any broker fees associated with the transfer. There are other conditions for transfer and all conditions must be met before the transfer is approved by us. Provided certain conditions are met, we will not charge you a transfer fee if you are an individual and transfer ownership to a corporation or limited liability company that you control. See Item 17 in this disclosure document for additional information regarding transfer.
8. Renewal Fee. Before we approve the renewal of your Franchise Agreement, you must pay us a renewal fee equal to \$5,000. We have several additional conditions that you must meet to renew your Franchise Agreement. See Item 17 in this disclosure document for additional information regarding renewal.
9. Relocation Expenses. You are allowed to change the location of their 1-800-STRIPER franchise without prior written approval from the franchisor if the new location is within the franchisee's protected territory. Any new location must be submitted for acceptance if the new location is outside of the franchisee's protected territory.
10. Attorneys' Fees and Costs. If we prevail in any action or other legal/administrative proceeding brought against you arising out of the Franchise Agreement or any other agreement with us, you must reimburse us for our reasonable attorneys' fees and other costs paid that we incurred in such proceedings in the event we prevail. If you bring any legal action to interpret or enforce the terms of the Franchise Agreement or any other agreement with us, and your claim in such action is denied or the action is dismissed, then we are entitled to recover our reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending the matter, and to have such an amount awarded as part of the judgment in the proceeding.
11. Audit Costs. You must maintain accurate business records, reports, accounts, books, and data relating to the operation of your 1-800-STRIPER Business. We and our designees retain the right to inspect and/or audit your business records, which includes your call logs related to your 1-800-STRIPER Business, at any time during normal business hours, without notice, to determine whether you are current with suppliers and/or otherwise are operating in compliance with the terms of the Franchise Agreement and Operations Manual. In the event any such audit discloses an understatement of amounts reported or paid to us, you agree to pay to us the amount due, plus interest (at the rate and on the terms provided for herein) from the date originally due until the date

of payment. Furthermore, you must reimburse us for our costs and expenses associated with conducting the audit in the event: (i) such audit is made necessary by your failure to timely furnish reports, supporting records, other information or financial statements required under the Franchise Agreement; or (ii) if that audit reveals an understatement of greater than two percent (2%). These costs and expenses include, without limitation, our legal and accounting fees, travel, lodging and meal expenses and applicable per diem charges for our employees. The foregoing remedies are in addition to our other remedies and rights under the Franchise Agreement and/or applicable law. In the event any audit reveals that your information has been inaccurately reported, we reserve the right to audit other entities owned, controlled by, or affiliated with you.

12. Indemnification. You are solely responsible for and must indemnify and hold us harmless for all loss, damage, claims or demands arising out of, or related to, the operation of your 1-800-STRIPER Business. Your indemnification obligations are described more fully in the Franchise Agreement.
13. Local Marketing and Advertising Requirement. These sums are expended promoting your business to local businesses, community-based fundraisers, Chambers of Commerce, print, cable and radio media, coupon advertisements and other direct marketing activity within your Territory.
14. Co-Op Advertising. If we establish a Co-Op Advertising program all franchisees in the Co-Op market area will be required to contribute, two percent (2%) of their monthly Gross Revenue, which we may increase up to three percent (3%) in our discretion. The minimum amount you might be required to pay to the Cooperative is zero dollars and the maximum monthly contribution will be your Local Marketing and Advertising Requirement. If there is an Affiliate-Owned Business in your Cooperative, then our Affiliate will be able to vote on all matters that you and the other Cooperative members have the right to vote on. We will have final say on any Cooperative initiatives.
15. Annual Conference. We may, in our discretion, hold an Annual Conference and require your attendance, for which you must pay our then-current registration fee, which is currently \$1,000. Even if you don't attend the Annual Conference, you must still pay the then-current registration fee.
16. Software Fee. You are required to pay us our then-current monthly fee for the use of our designated software that we provide to you. This software must be used in connection with your 1-800-STRIPER Business. You will be required to use our then-current software, which currently includes QuickBooks Online, Microsoft Office 365, Qvinci and our then-current CRM System, all of which we will have access to at any time. The Software Fee will also be used to support our internal operations department. This fee is subject to change upon our written notice to you. If you operate in multiple contiguous Territories, you will only need to pay this fee once.
17. Insufficient Funds and Late Payment. If the funds in your bank account are insufficient to cover any amounts due under the Franchise Agreement on the date such funds are due or, if you fail to timely pay your Royalty Fee or other fee owed to us (under the Franchise Agreement or otherwise), then you are subject to a late fee of \$250 per incident plus one and one-half percent (1.5%) interest per month of the unpaid balance, or the maximum permitted by law, whichever is higher.

18. Insurance. Cost to obtain and maintain required insurance under the Franchise Agreement, plus a service fee (if we are forced to obtain the required insurance for you on your behalf).
19. Call Center Fee. We have established and maintain a centralized call center for the purpose of making outbound telephone calls to potential customers. The Call Center is currently optional. If you use our Call Center that is either operated by us or our affiliate, then you will be required to pay the Call Center Fee. All Call Center services are provided “as-is” and we do not guarantee any certain number of jobs or leads from the Call Center.
20. Answering Service. We provide answering services in connection with the 1-800-STRIPER telephone number. Calls from prospective customers to this telephone number will be received by the answering service. If this prospective customer is in your Territory, their information will be sent to you. We do not currently charge any Answering Service Fee; however, we reserve the right to collect this fee in the future.

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

**A. Franchise Agreement (Single Territory)**

**YOUR ESTIMATED INITIAL INVESTMENT UNDER THE FRANCHISE AGREEMENT<sup>1</sup>**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is To Be Made</b>
Initial Franchise Fee <sup>2</sup>	\$49,500	Lump sum	When you sign the Franchise Agreement	Us
Vehicle <sup>3</sup>	\$8,206 to \$98,616	As arranged	Prior to Opening Franchised Business	Supplier
Initial Training Fee <sup>4</sup>	\$7,500	Lump sum	When you sign the Franchise Agreement	Us
Travel and Living Expenses While Training <sup>5</sup>	\$2,050 to \$3,300	As incurred	During training	Airlines, hotels, and restaurants
Equipment and Tool Package <sup>6</sup>	\$89,802 to \$99,150	As arranged	Prior to Opening Franchised Business	Approved Suppliers
Office Supplies and Software <sup>7</sup>	\$1,773 to \$4,406	Lump sum or as arranged by suppliers	As arranged by suppliers	Suppliers
Product Supplies/Inventory (3 months) <sup>8</sup>	\$7,551 to \$7,981	As incurred	Prior to Opening Franchised Business	Approved Suppliers
Signage and Vehicle Graphics Signage <sup>9</sup>	\$4,000 to \$5,500	As arranged	Prior to Opening Franchised Business	Approved Suppliers
Rent and Utility Deposits <sup>10</sup>	\$0 to \$6,900	As incurred	As incurred	Landlord and vendors

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Insurance – 3 Months <sup>11</sup>	\$2,100 to \$3,230	As arranged	Prior to Opening Franchised Business	Insurance Companies
Professional Fees <sup>12</sup>	\$2,810 to \$5,000	As arranged	As arranged	Attorney, Bookkeeper, Accountant
Initial Launch Marketing <sup>13</sup>	\$15,000	As arranged	Within first three months of operation	Suppliers
Additional Funds (3 Months) <sup>14</sup>	\$20,000 - \$25,000	As incurred	As arranged	Employees, suppliers, Us, and vendors
<b>TOTAL</b>	<b>\$210,292 - \$331,083</b>			

### Notes

Note 1. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. The chart above estimates your initial investment to begin operating a 1-800-STRIPER Business. Actual costs will vary for each franchise location depending on several factors including market conditions and the geographic location of your 1-800-STRIPER Business. Us or an affiliate will not finance any portion of the initial investment described above.

Note 2. The Initial Franchise Fee is \$49,500 for a 1-800-STRIPER Business. You must pay the Initial Franchise Fee in full upon signing the Franchise Agreement.

Note 3. You are required to purchase or lease, during the term of your Franchise Agreement, a 16’ box truck with a rear roll up door, a regular step bumper, but no lift gate. The truck should be medium duty. We require a cab over style, regular or crew cab. Gross vehicle weight must be a minimum of 14,500 pounds. Ideal mileage is from 0 – 60,000 miles. Some examples of trucks that meet our requirements include but are not limited to Chevy LCF 4500HD or 4500 XD and Isuzu NPR HD or XD. Your minimum door opening height must be 83” with a width of 86”. (the “Approved Vehicle”).

The estimate shown represents the range of prices which depends on whether you lease, purchase with cash, or purchase the vehicle through financing. Because of several variables, the costs projected in the chart for the vehicle are an estimate only, and your cost may be higher or lower. Be sure to investigate all vehicle costs thoroughly before purchasing a vehicle.

Note 4. If you purchase multiple Territories, you are only obligated to pay the Initial Training Fee once.



Note 5. You are responsible for all expenses associated with attending our initial training, including your and your employees' transportation to and from the training site, lodging, and meals. These amounts do not include (a) employee wages, or (b) any fees or expenses that we may charge to train additional personnel. Your costs may vary depending on your selection of lodging and dining facilities and mode and distance of transportation. Our Initial Training Program lasts for approximately eleven (11) days, six (6) of which are in New York and five (5) of which are virtual training at your location.

Note 6. You are required to purchase the equipment package from Designated or Approved Suppliers and us, as required by the operations manual, that includes stencil kits and striping machines. We will require you to purchase an equipment and tool package that has been specifically designed for our franchisees to ensure they have the proper tools they will need to start their franchised business.

Note 7. You must buy or lease an all-in-one color copier, scanner, printer, and computer with high-speed internet access and compatible with the online QuickBooks software specified in Item 11 and the operations manual. In some cases, you may already own the required office equipment. The costs to buy these items will vary according to the local market and it is impossible to predict such costs with any degree of precision or accuracy.

Note 8. You must purchase certain product supplies and inventory from our approved suppliers in accordance with the Operations Manual. The range represents the approximate cost for product supplies and inventory over a three-month period.

Note 9. The costs for office signs and truck signage vary tremendously depending on size and type. In addition, variations in local sign ordinances make it impossible to predict such costs with any degree of precision or accuracy. You must purchase branded vinyl reflective signage to be installed on each vehicle from which you operate the 1-800-STRIPER Business. The estimate shown represents the price range for signage for one vehicle.

Note 10. The low end of this range assumes that you will operate the Franchised Business from a home office. The high end of this estimate presumes that you will be leasing the premises and only represents rent for three months. We are unable to estimate the total cost of purchasing suitable premises for your office or the amount of any down payment that would be required. Rent will vary depending upon the size, the premises, the site condition, its location, demand for the site, build-out requirements and construction or other allowances from the landlord, and the requirements of individual landlords. These figures are based upon our experience in Rochester, New York. These figures may vary considerably in other parts of the United States. Regardless of whether you lease or purchase a premise, a typical 1-800-STRIPER facility occupies approximately 500 - 1,000 square feet of space. This estimated range is designed to cover the amounts you will expend on (a) the security deposit under your lease, (b) the first three months' rent under your lease, and (c) any deposits paid to third-party utility companies for electricity, gas, water, and other standard utilities. The range assumes a lease security deposit equal to one month of rent.

Note 11. These figures are estimates of the cost of the quarterly premiums for the insurance you must obtain and maintain for your 1-800-STRIPER Business, as described in Item 8. Insurance premiums may be payable monthly, quarterly, semi-annually, or annually, based on the insurance company's practices and your creditworthiness.

Note 12. We strongly recommend that you engage an accountant and a franchise attorney to advise you in your evaluation of the franchise we are offering. We also require that you obtain a bookkeeper for your first

two years of operation.

Note 13. 10% of the initial launch marketing fund may be required to be spent on pay-per-click marketing using a vendor designated by us. We will work with you to help design the most effective initial launch marketing campaign for your local market. The initial marketing funds will be used for promoting the brand in the marketplace and for establishing the 1-800-STRIPER business with customers in your market. All local marketing must be approved by us in advance. You must conduct the Initial Launch Marketing campaign beginning upon your completion of the Initial Training Program and lasting for a period of five (5) months. If you purchase the right to operate in multiple contiguous Territories, you are only required to spend the Initial Launch Marketing amount of \$15,000 once.

Note 14. We relied upon our experience in operating a similar 1-800-STRIPER location in the Rochester, New York market area when preparing these figures as well as estimates provided to us from various suppliers. These amounts do not include any estimates for debt service. This Item sets forth your estimated initial investment under the Franchise Agreement to open a 1-800-STRIPER Business and the amounts you will spend to open and during the initial 3 months of operation. Our estimate does not include any sales revenue you may generate. Included in this estimate are expenses such as employee salaries, credit card fees, royalty fees, software fees, marketing fees, and other miscellaneous costs incurred before you open and during the initial 3-month period of operations, such as payroll, and advertising and marketing fees. We estimate that the amounts in this Item 7 given will be sufficient to cover ongoing expenses for the start-up phase of the business, which we calculate to be three months.

**B. Franchise Agreement (Multiple Territories)**

**YOUR ESTIMATED INITIAL INVESTMENT<sup>1</sup>**

<b>Type of Expenditure</b>	<b>Offering</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is to be Made</b>
Initial Franchise Fee <sup>2</sup>	2 Territories	\$89,000	Lump Sum	Upon execution of Franchise Agreement	Franchisor
	3 Territories	\$123,500			
	4 Territories	\$158,000			
Initial Investment to Open Initial 1-800-STRIPER Business in One Territory <sup>3</sup>		\$160,792 to \$281,583	See Chart A of this Item 7A.		
<b>TOTALS</b>	<b>2 Territories</b>	<b>\$249,792 to \$370,583</b>	This is the total estimated initial investment to enter into a Franchise Agreement for the right to operate a 1-800-STRIPER Business in two, three, or four Territories, as well as the costs to open and commence operating the 1-800-STRIPER Business in the first Territory for the first three (3) months (as described more fully in Chart A of this Item 7).		
	<b>3 Territories</b>	<b>\$284,292 to \$405,083</b>			
	<b>4 Territories</b>	<b>\$318,792 to \$439,583</b>			

## Notes:

Note 1: General Note. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. This Chart details the estimated initial investment associated with executing a Franchise Agreement for the right to own and operate a 1-800-STRIPER Business in two, three, or four Territories, as well as the cost to open and commence operating the 1-800-STRIPER Business in the first Territory for the first three months.

Note 2: Initial Franchise Fee. The Franchise Fee is described in greater detail in Item 5 of this Disclosure Document. The Initial Franchise Fee to operate a 1-800-STRIPER Business in: (i) two Territories is \$89,000; (iii) three Territories is \$123,500; and (iv) four Territories is \$158,000.

Note 3: Initial Investment to 1-800-STRIPER Business. This figure represents the total estimated initial investment required to open the 1-800-STRIPER Business you agreed to open and operate under the Franchise Agreement in the first Territory for the first three months. The range includes all the items outlined in Chart 7.A. of this Item, except for the Initial Franchise Fee.

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

You must operate your 1-800-STRIPER Business in strict conformance with our methods, standards, and specifications which we prescribe in our confidential operations and training manual and various other confidential manuals and writings prepared by us for use by you in operating a 1-800-STRIPER Business (collectively the “Operations Manual”), and which we may change and modify in our sole discretion. The Operations Manual shall remain confidential and is our exclusive property. You shall not disclose, duplicate, or make any unauthorized use of any portion of the Operations Manual. You shall ensure that your copy of the Operations Manual is current and up to date. If there is a dispute relating to the contents of the Operations Manual, the master copy, which we maintain at our corporate headquarters, will control.

### Approved Services and Approved Suppliers

You may only offer Approved Services from your 1-800-STRIPER Business. We will provide you with a list of the Approved Services. All Approved Services must meet our standards and specifications. We have the right to require you to purchase certain items, including but not limited to, the vehicle from which you operate the 1-800-STRIPER Business, accounting software, paint, signage, and other equipment/inventory from suppliers or distributors approved or designated by us to: (i) better assure the quality of the Approved Services; (ii) assure the supply of the Approved Services; and/or (iii) enable us, in our sole discretion to take advantage of marketplace efficiencies. Currently, we or our affiliates serve as an Approved Supplier (but not the only supplier) for paint shakers, chalk liners, merchandise, stencils, leads, and Approved Vehicle buildouts. Either us or our affiliates are suppliers of the Call Center (currently optional) and Answering Service. You will not receive any material benefit from purchasing from approved or designated suppliers. Neither we nor our affiliates are currently an approved supplier of any products or services other than the call center and answering service.

You must offer services in the manner we prescribe, and otherwise operate the 1-800-STRIPER Business in such a manner which will serve to emulate and enhance the image intended by us for the System.

We formulate and modify our standards and specifications for products and services based upon the

collective experience of us and our franchisees. Our standards and specifications are described in the Franchise Agreement, the Operations Manual, and other written documents. We have the right, under the Franchise Agreement, to change the standards and specifications applicable to the operation of the 1-800-STRIPER Business, including standards and specifications for services, products, signs, furnishings, supplies, fixtures, and equipment by written notice to you or through changes in the Operations Manual. You may incur an increased cost to comply with these changes, which you must pay at your own expense; however, no change will materially alter your fundamental rights under the Franchise Agreement.

During our last fiscal year ending December 31, 2023, neither we nor our affiliates derived any revenue from required franchisee purchases or leases, however, we reserve the right to derive revenue from your required purchases in the future. We currently negotiate purchase arrangements with suppliers for the benefit of franchisees for paint and other supplies.

There are currently no purchasing or distribution cooperatives in existence for the System.

Except for ownership interest in us or our affiliates disclosed in Item 1, neither we nor our officers presently have an ownership interest in any approved supplier for any category of goods or services you are required to purchase.

We estimate that your required purchases and leases will account for approximately 60% of all purchases and leases necessary to open your 1-800-STRIPER Business, and approximately 50% of all purchases and leases necessary to operate your 1-800-STRIPER Business.

#### Supplier Testing and Approval

In the event you wish to purchase any unapproved item, including equipment and inventory, and/or acquire approved items from an unapproved supplier, you must provide us with the name, address and telephone number of the proposed supplier, a description of the item you wish to purchase, and the purchase price of the item, if known. At our request, you must provide us, for testing purposes, with a sample of the item you wish to purchase. We will attempt to notify you of our approval or disapproval within 30 days of receiving all necessary information concerning the proposed item or supplier. We will provide our criteria for approving suppliers to you upon reasonable request. If we incur any costs in connection with testing a particular product or evaluating an unapproved supplier at your request, you or the supplier must reimburse us for our reasonable testing costs, regardless of whether we subsequently approve the item or supplier. We are not required to approve any supplier. We may base our approval of any proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation we deem necessary or desirable in the System as a whole. We are not required to approve an unreasonable number of suppliers for a given item, which approval might, in our reasonable judgment, result in higher costs or prevent the effective or economical supervision of approved suppliers. We may revoke our approval of products, services, or suppliers when we determine, in our sole discretion, that such products, services, or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease purchasing products from such supplier. You must use products purchased from approved suppliers solely in connection with the operation of your 1-800-STRIPER Business and not for any competitive business purpose.

#### Advertising

We must approve all advertising before first publication or use.

## Insurance

You must obtain and maintain insurance covering the operation and location of the 1-800-STRIPER Business as we may designate from time to time. Our present insurance requirements are as follows:

1. **Liability:** Comprehensive general liability insurance, \$2,000,000 general aggregate; and \$2,000,000 products/completed operations aggregate, \$5,000 medical expenses; \$1,000,000 personal and advertising injury;
2. **Worker's Compensation Insurance:** The limits required by state law shall be carried on all of your employees, as well as such other insurance as may be required by statute or rule of the state in which the franchised business is located and operated;
3. **Automobile:** Coverage for all owned, leased, non-owned, and hired vehicles used for the 1-800-STRIPER Business in an amount of not less than \$1,000,000. Such insurance shall include underinsured and uninsured motorist coverage as required by state law; and
4. Any other insurance coverage or amounts as required by law or other agreement related to the 1-800-STRIPER Business (for example, unemployment, disability, general contractor professional liability insurance).

You must maintain these insurance levels throughout the term of your Franchise Agreement.

You must provide us with proof of coverage on demand. You will agree to carry this insurance as may be required in connection with the Approved Vehicle or by any lender or equipment lessor you select. You must obtain these insurance policies from insurance carriers that are rated "A" or better by Alfred M. Best & Company, Inc. and that are licensed and admitted in the state in which you operate your 1-800-STRIPER Business. All insurance policies must: (i) name us (and our officers, directors, development agents, subsidiaries, and affiliates) as additional insureds; and (ii) contain a waiver by the insurance carrier of all subrogation rights against us. Furthermore, you shall be required to provide 10 days prior written notice of the termination, expiration, cancellation, or modification of any insurance policy.

You must annually submit a certification of insurance which demonstrates compliance with our insurance requirements. If you fail to comply with the minimum insurance requirements, we have the right to obtain such insurance and keep it in force and effect, and you shall pay us, on demand, the premium cost and administrative costs of 18% in connection with our obtaining the insurance. We have the right to increase or otherwise modify the minimum insurance requirements upon written notice to you, and you shall comply with any such modification within the time specified in the notice.

## Computer Hardware and Software

You must purchase hardware and software from our designated suppliers. Our present computer hardware and software requirements are discussed further in Item 11 of this Disclosure Document and are also discussed in detail in our Operations Manual.

## Approved Vehicle

You are required to purchase or lease, during the term of your Franchise Agreement, an Approved Vehicle that is a 16' box truck with a rear roll up door, a regular step bumper, but no lift gate. The truck should be medium duty. We prefer a cab over style, regular or crew cab. Gross vehicle weight must be a minimum of 14,500 pounds. Ideal mileage is from 0 – 60,000 miles. Some examples of trucks that meet our requirements include but are not limited to Chevy LCF 4500HD or 4500 XD and Isuzu NPR HD or XD. Your interior dimensions require a height of 90.5” and a width of 91”.

The Approved Vehicle must be equipped, decorated, and supplied in compliance with our specifications which will be made available to you. We must approve all plans before you begin any modifications including installation of our specified vehicle signage. We must approve all subsequent, material changes to the plans and drawings before such changes may be implemented.

You must agree to repair, refinish, repaint, replace, and/or otherwise maintain the Approved Vehicle and the contents thereof, including its signs, striping equipment, fixtures, and any other tangible part or property associated with the 1-800-STRIPER Business, at your sole expense and at such times as we may reasonably direct. You must also agree that we have the right to direct you to repair, refinish, repaint, replace, and/or otherwise maintain the Approved Vehicle in the manner necessary to bring it into conformance with other 1-800-STRIPER Businesses that are opening at the time of such direction.

If you operate in two contiguous Territories, you must obtain your second Approved Vehicle within 13 months of executing your Franchise Agreement. If you operate in three contiguous Territories, you must obtain your third Approved Vehicle within 25 months of executing your Franchise Agreement. If you operate in four contiguous Territories, you must obtain your fourth Approved Vehicle within 37 months of executing your Franchise Agreement.

## **ITEM 9** **FRANCHISEE’S OBLIGATIONS**

**The table on the following pages lists your principal obligations under the Franchise Agreement. It will help you find more detailed information about your obligations in this agreement and in other items of this disclosure document.**

<b>Obligation</b>	<b>Section in Franchise Agreement</b>	<b>Disclosure Document Item</b>
a. Site selection and acquisition/lease	1.2 and 7.1	Items 7, 11 and 12
b. Pre-opening purchases/ leases	7.1, 7.2, 7.5, 7.6	Items 7 and 8
c. Site development and other pre-opening requirements	6.3, 7.3 and 7.4	Items 6, 7, 8 and 11
d. Initial and ongoing training	7.3 and 8	Item 11
e. Opening	7.4	Item 11

<b>Obligation</b>	<b>Section in Franchise Agreement</b>	<b>Disclosure Document Item</b>
f. Fees	3, 6.5, 6.7, 8.1, 12.3, 12.4, 12.6 and 22.8	Items 5 and 6
g. Compliance with standards and policies/ operations manual	6.1, 7.5.1, 7.5.2, 7.5.4, 7.6, 7.7, 7.8, 7.9, 7.10, 7.11, 7.17, 7.19, 7.20 and 7.21	Items 8 and 11
h. Trademarks and proprietary information	4 and 5	Items 13 and 14
i. Restrictions on products/services offered	6.1, 7.5, 7.6 and 7.7.8	Items 8, 12 and 16
j. Warranty and customer service requirements	7.7.1, 7.7.3, 7.7.4, 7.7.7, 7.11, 7.12 and 7.17	Item 15
k. Territorial development and sales quotas	1.3 and 7.22	Items 12 and 17
l. Ongoing product/ service purchases	6.1, 7.5, 7.6, 7.7.7, 7.9 and 7.10	Items 8 and 11
m. Maintenance, appearance, and remodeling requirements	2.2.3, 6.2, 7.2 and 7.19	Items 6, 8 and 11
n. Insurance	9	Items 6 and 8
o. Advertising	12	Items 6 and 11
p. Indemnification	13.2	Item 6
q. Owners' participation/ management/staffing	7.7.3, 7.7.4, 7.7.5 and 7.12	Items 11 and 15
r. Records and reports	10 and 11	Item 6
s. Inspections and audits	7.8, 11 and 16.1.9	Items 6 and 11
t. Transfer	14	Item 17
u. Renewal	2.2	Item 17
v. Post-term obligations	16 and 17.2	Item 17
w. Noncompetition covenants	17	Item 17

Obligation	Section in Franchise Agreement	Disclosure Document Item
x. Dispute resolution	18	Item 17
y. <del>Other:</del> Guarantee of Franchisee Obligations	20 and Exhibit A	Item 15

**ITEM 10**  
**FINANCING**

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

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

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

**A. Pre-Opening Obligations**

Before you open your 1-800-STRIPER Business, we will do the following:

1. We will provide you with access to our Operations Manual, which we will amend periodically. (Section 6.1 of the Franchise Agreement). The Table of Contents of the Operations Manual is included as Exhibit B to this document. The Operations Manual is currently 267 pages, excluding appendices.
2. We will designate the Territory (based on our then-current standards for defining a Territory) for the Franchised Business prior to your execution of the Franchise Agreement. We will define the Territory’s boundaries on the Data Sheet attached as an Exhibit to the Franchise Agreement. (Section 1.3 of the Franchise Agreement).
3. We will provide our Initial Training Program for up to three (3) people, including you. (Section 8.1 of the Franchise Agreement). More information about our Initial Training Program is provided below.
4. We will approve your proposed truck for your 1-800-STRIPER Business. (Section 7.2 of the Franchise Agreement).
5. We will, to the extent we deem necessary, provide specifications for, and designate suppliers from whom you must purchase equipment, inventory, goods and supplies necessary for the start-up of the 1-800-STRIPER Business. (Section 6.2 of the Franchise Agreement). You must purchase any proprietary products and services we may in the future designate directly from us or our approved and designated vendors. We may, at our sole discretion, provide you with assistance in establishing prices.
6. We will approve your initial launch marketing campaign. We reserve the right to require



that you pay the Initial Launch Marketing Requirement directly to us, and in such an instance, we shall spend the Initial Launch Marketing Requirement to implement a marketing program on your behalf. We are not required to spend any amount on advertising in your Territory. (Section 6.3 of the Franchise Agreement).

7. We provide assistance with providing equipment, signs, fixtures, opening inventory and supplies by providing names of approved suppliers and written specifications for these items. (Section 6.2 of the Franchise Agreement). We do not install these items, nor do we deliver these items.

## **B. Site Selection**

You will operate your 1-800-STRIPER Business from a home or leased office space. You are solely responsible for selecting a site for your office. You must maintain your office at a location within your Territory. If you operate in multiple contiguous Territories, you are only required to obtain one space. Your failure to obtain an appropriate office location (whether at home or leased office space) as required under the Franchise Agreement and the Operations Manual is considered a breach of the Franchise Agreement and may give rise to termination of the Franchise Agreement by us. You do not need our approval prior to obtaining an office site. We do not typically own a premises which is then leased to you. (Section 7.1 of the Franchise Agreement). In operating the 1-800-STRIPER Business, you will use an Approved Vehicle agreed upon by you and us. (Section 7.2 of the Franchise Agreement).

## **C. Time to Open**

### *Single Unit*

We estimate that it will take approximately three (3) months from the signing of the Franchise Agreement to commence operations of your 1-800-STRIPER Business. The actual length of this period will depend upon factors such as your ability to obtain an Approved Vehicle and complete the Initial Training Program. Under the Franchise Agreement, you must open your 1-800-STRIPER Business no later than three (3) months after we sign the Franchise Agreement. If the 1-800-STRIPER Business has not been opened within three (3) months, we may, at our sole discretion, elect to terminate your Franchise Agreement, though we reserve the right to grant you an extension upon your reasonable request. (Sections 7.4 and 15.3.4 of the Franchise Agreement).

If you operate in two contiguous Territories, you are obligated to obtain your second Approved Vehicle within 13 months of the effective date of the Franchise Agreement. If you operate in three contiguous Territories, you are obligated to obtain your third Approved Vehicle within 25 months of the effective date of the Franchise Agreement. If you operate in four contiguous Territories, you are obligated to obtain your fourth Approved Vehicle within 37 months of the effective date of the Franchise Agreement. (Section 7.2 of the Franchise Agreement).

**D. Initial Training Program**

**TRAINING PROGRAM**

<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING (VIRTUAL)</b>	<b>HOURS OF ON-THE-JOB TRAINING</b>	<b>LOCATION</b>
<b>History/Philosophy of 1-800-STRIPER &amp; Industry Analysis</b>	1	0	Our headquarters in Rochester, NY, and your location (or virtual training)
<b>Pre-Opening Procedures</b>	5	0	Our headquarters in Rochester, NY, and your location (or virtual training)
<b>People Development</b>	3	1	Our headquarters in Rochester, NY, and your location (or virtual training)
<b>Marketing &amp; Advertising</b>	3	0	Our headquarters in Rochester, NY, and your location (or virtual training)
<b>Sales Procedures</b>	5	2	Our headquarters in Rochester, NY, and your location (or virtual training)
<b>Daily Operating Procedures</b>	9	8	Our headquarters in Rochester, NY, and your location (or virtual training)
<b>Striping Procedures</b>	4	33	Our headquarters in Rochester, NY, and your location (or virtual training)
<b>TOTAL</b>	<b>30</b>	<b>44</b>	

We will provide the Initial Training Program at a cost of \$7,500 for up to three (3) people, including you. If you operate in multiple contiguous territories, you are only required to pay the Initial Training Fee of \$7,500 once. You must attend (if you are a partnership, corporation or limited liability company, your general partner, principal shareholder, or member/manager, as appropriate, must attend) and complete to

our satisfaction, our Initial Training Program. We will hold the Initial Training Program 8-12 times per year. Instructional materials that will be utilizing during the Initial Training Program include our Operations Manual, on-the-job demonstrations, pamphlets, and other materials. If you have an Operations Manager/Key Employee, (as defined in Item 15 and as described in Section 7.7.5 of the Franchise Agreement), then he/she/they must also attend the Initial Training Program. If you and the additional people you select to attend do not attend at the same time, we reserve the right to charge our then-current Training Launch Fee for the trainee that does not attend the first training session, which is currently \$1,000. You are permitted to bring additional personnel to the Initial Training Program, subject to our team's availability, if you pay our then-current Training Launch Fee. The Initial Training Program lasts approximately eleven (11) days, five (5) of which will involve virtual training at your location, with the remaining six (6) days of training occurring at our headquarters in Rochester, New York. We will send at least one representative to your Franchised Business during the 120-day period after the Franchised Business opens for a total of two days. We reserve the right to offer any portion or all of the Initial Training Program virtually or via remote learning. All training-related expenses, including your and your personnel's transportation to and from the training site, as well as their lodging, meals, and wages during training, are your sole responsibility. You must attend and complete our Initial Training Program to our satisfaction no later than thirty (30) days prior to commencing operations of the 1-800-STRIPER Business.

Should you (and, if you have one, your Operations Manager/Key Employee) fail to complete the Initial Training Program to our satisfaction, at our option, the respective person may repeat the course, or in the case of an Operations Manager/Key Employee, you may designate a replacement Operations Manager/Key Employee and send such individual to the next available Initial Training Program. We may charge our then-current Training Launch Fee for a replacement Operations Manager/Key Employee to attend an Initial Training Program. Failure by you to complete the Initial Training Program to our satisfaction triggers our right to terminate the Franchise Agreement.

The Initial Training Program is conducted under the direction of Luke Menear, Heather Menear, Luke Menear, Jr., and/or Dan Duset. Luke and Heather each have 24 years of experience in the industry and have been with us and our affiliates since the inception of both companies. Dan has 3 years of experience in the industry and has been with us for 2 years. Luke Menear Jr. will assist with the Initial Training Program and has 4 years of experience in the industry and 4 years of experience with us or our affiliates. We reserve the right to add or remove training from the Initial Training Program.

We may, in our sole discretion, hold refresher and ongoing training courses, training courses upon a significant change to the System, or to assist you in the operation of your Franchised Business. Such additional training may be provided online, or in any other manner as we determine in our sole discretion. Up to five (5) days per year, we may require you, your Operations Manager/Key Employee, and/or your personnel to attend or participate in such training at our then-current Tuition Fee, which is currently \$500 per trainer, per day, plus expenses. All expenses you and your personnel incur receiving training under this section is your sole responsibility. (Section 6.5 of the Franchise Agreement).

Your other employees may be trained by you, or at your request, and subject to the availability of our training staff, we will train your additional personnel for our then-current Training Launch Fee. You are responsible for all expenses, including transportation to and from the training site, as well as lodging, meals, and wages during training, incurred in training your additional personnel. All training materials provided to you by us shall always remain our property and confidential information, and you must agree not to challenge our or our affiliates' title or rights in or to the training materials. You may not make any disclosure, duplication, or other unauthorized use of any portion of the training materials. (Section 8.2 of

the Franchise Agreement).

**E. Obligations After Opening**

1. We will provide you with continuing consultation and advice, to the extent we deem necessary and appropriate in our sole discretion, regarding the management and operation of the 1-800-STRIPER Business. We will provide this assistance, at our discretion, by telephone, email, intranet communication and on-site visits. If you require and request additional on-site assistance from us, subject to the availability of our personnel, we will provide you with this assistance at our then-current On-Site Training Fee, plus expenses, including our travel and lodging expenses. (Section 6.4 of the Franchise Agreement).

2. To the extent we deem necessary, we will provide specifications for and designate sources of supply from which you agree to purchase equipment, inventory, goods and supplies necessary for the ongoing operations of your 1-800-STRIPER Business. (Section 6.2 of the Franchise Agreement).

3. We have established and will continue to maintain an answering service with a toll-free telephone number for the purpose of improving customer service and conducting customer follow-up and satisfaction surveys. Calls from prospective customers to this telephone number will be received by the answering service. If this prospective customer is in your Territory, their information will be sent to you. You must comply with our procedures for implementing the nationwide service as we specify in the Operations Manual or otherwise in writing, and you may be required to pay a fee related to the operation and maintenance of the toll-free telephone number. (Sections 3.9 and 6.6 of the Franchise Agreement).

4. We may, in our discretion, hold the Annual Conference at a location to be selected by us. We will determine the topics and agenda for this conference to serve the purpose, among other things, of updating franchisees on new developments affecting franchisees, exchanging information between franchisees and our personnel regarding 1-800-STRIPER Business operations and programs, and recognizing franchisees for their achievements. We may require you to attend the Annual Conference and pay our then-current registration fee, which is currently \$1,000 per attendee. All expenses, including your and your employees' transportation to and from the Annual Conference, and lodging, meals, and salaries during the Annual Conference, are your sole responsibility. We may use expenditures from the National Brand Fund for purposes related to the Annual Conference, including costs related to production, programs, and materials. (Section 6.7 of the Franchise Agreement).

5. We will continue to develop and modify our System and designate additional products and services to be offered by you in operating your 1-800-STRIPER Business. You must sell all proprietary products and services we designate for use in connection with the System at your 1-800-STRIPER Business. (Section 7.5.1 of the Franchise Agreement).

6. We may, in our sole discretion, hold refresher and ongoing training courses, training courses upon a significant change to the System, or training courses to assist you in the operation of your 1-800-STRIPER Business. Up to five (5) days per year, we may require you and your Operations Manager/Key Employee and/or employees to attend such training at our then-current Tuition Fee for providing such training. All expenses, including your and your Operations Manager/Key Employee, and/or employee(s)' transportation, meal, and lodging expenses to attend such training will be your sole responsibility. (Section 6.5 of the Franchise Agreement).

## Advertising

### *National Brand Fund*

You are required to participate in and contribute monthly to the National Brand Fund which is used for marketing, advertising, and other purposes. (the “Fund”). You will contribute two percent (2%) of your monthly Gross Revenue to the Fund. We may increase your contribution to the Fund to three percent (3%) of monthly Gross Revenue upon written notice to you.

We may use contributions to the Fund, in our sole discretion, to develop, produce, and distribute national, regional and/or local advertising and promotions and to create advertising materials and public relations materials which promote, in our sole judgment, the Services offered by the System. (Section 12.4.1 of the Franchise Agreement).

We may use contributions to the Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, social media, public relations, including the cost of preparing and producing television, radio, magazine and newspaper advertising campaigns, the cost of direct mail and outdoor billboard advertising; the cost of public relations activities, social media activities and advertising agencies; the cost of developing and maintaining an Internet website and social media pages; and personnel and other departmental costs for advertising that we internally administer or prepare. Not all System franchisees will benefit directly or on a pro rata basis from the Fund’s expenditures. (Section 12.4.1 of the Franchise Agreement).

While we do not anticipate that any part of the Fund will be used for advertising or public relations that are principally a solicitation for the sale of additional franchises, we reserve the right to include a notation in any advertisement indicating “Franchises Available.” (Section 12.4.1 of the Franchise Agreement).

Advertising materials will be prepared by us and by outside sources. There is no requirement that the Fund be audited. We will prepare on an annual basis and will have available to you within 120 days of the end of the fiscal year, a statement of contributions and expenditures for the Fund, which will be provided to you upon your written request. (Section 12.4.4 of Franchise Agreement).

During our fiscal year ending December 31, 2023, we spent the Brand Fund Contributions as follows: 100% on social media marketing. We did not spend any Brand Fund Contributions principally for the solicitation of franchise sales.

We have the right to require that an advertising cooperative (a “Cooperative”) and/or franchisee advisory council be formed, changed, dissolved, or merged. (Section 12.5 of the Franchise Agreement).

### *Local Advertising and Promotions Requirement*

You must spend the greater of (i) \$500, or (ii) three percent (3%) of Gross Revenue each month on local advertising and promotions as we prescribe in the Operations Manual or otherwise in writing, which may include, without limitation, requirements for placing a certain number and/or type(s) of media advertisements (“Local Advertising and Promotions Requirement”).

You acknowledge and agree that your Local Advertising and Promotions Requirement must be expended regardless of the amount(s) spent by other System franchisees on local advertising and promotions. (Section

12.6 of the Franchise Agreement).

You must submit to us, at least 15 days prior to publication or use, samples of all sales, promotional, and advertising materials you desire to use and which we have not previously approved, including, but not limited to, online ads (not including social media posts), print ads, signage, supplies, and packaging. Our failure to approve or disapprove the materials within fifteen (15) days of receipt shall be deemed a rejection. (Section 12.1 of the Franchise Agreement).

#### *Initial Launch Marketing Requirement*

During the time period beginning upon your completion of the Initial Training Program and lasting for a period of five (5) months, you must spend at least \$15,000 (the “Initial Launch Marketing Requirement”) in order to implement a grand opening advertising and promotional campaign, subject to our approval of your Initial Launch Marketing program.

If you purchase the right to operate in multiple contiguous Territories, then you are only required to spend this amount once. (Section 6.3 of the Franchise Agreement).

#### *Regional Advertising Cooperative*

There are currently no regional Cooperatives in existence for the System. We have the right to designate any geographical area for purposes of establishing a regional advertising and promotional Cooperative, and to determine whether a Cooperative is applicable to the 1-800-STRIPER Business. If a Cooperative has been established applicable to the 1-800-STRIPER Business at the time you begin operating under the Franchise Agreement, you must immediately become a member of this Cooperative. If a Cooperative applicable to the 1-800-STRIPER Business is established at any later time during the term of the Franchise Agreement, you must become a member of this Cooperative no later than 30 days after the date on which the Cooperative begins operation. If your 1-800-STRIPER Business is within the territory of more than one Cooperative, you must be a member of only one of these Cooperatives. (Section 12.5 of the Franchise Agreement).

Each Cooperative will be organized and governed in a form and manner, and will commence operation on a date, approved in advance by us. (Section 12.5.1 of the Franchise Agreement). Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and standardizing advertising materials for use by the members in local advertising and promotions. (Section 12.5.2 of the Franchise Agreement). No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without our prior approval. All plans and materials must be submitted to us in accordance with the procedure set forth in Section 12.1 of the Franchise Agreement. (Section 12.5.3 of the Franchise Agreement). All activities and contributions to the Cooperative shall be determined by a majority vote of the member franchisees in the Cooperative, subject to our approval, which we will not unreasonably withhold. Such contributions may exceed the Local Advertising and Promotions Requirement; provided, however, that you will receive credit for Cooperative contributions against the Local Advertising and Promotions Requirement. (Sections 12.5.4 and 12.5.6 of the Franchise Agreement).

Each member franchisee must submit to the Cooperative, no later than the 15<sup>th</sup> of each month, for the preceding month, its respective contribution as provided in the Franchise Agreement together with other statements or reports as we may require or as may be required by the Cooperative with our approval. (Section 12.5.5 of the Franchise Agreement). No other annual or periodic financial statements need to be

provided by the Cooperative other than those submitted by its member franchisees.

We may grant to any franchisee, in our sole discretion, an exemption for any length of time from the requirement of membership in a Cooperative, upon written request of the franchisee stating reasons supporting this exemption. Our decision concerning this request for exemption will be final. (Section 12.5.7 of the Franchise Agreement).

### Computer System

We currently require you to obtain and use a computer system, a printer, and related hardware and software in connection with the operation of your 1-800-STRIPER Business. Except for a manufacturer's warranty, neither any third party nor we have a contractual right or obligation to provide on-going maintenance, repairs, upgrades, or updates to your computer system. You will be required to update and upgrade the computer system during the term of your franchise agreement. There are no contractual limits on the frequency and cost to maintain, upgrade and update the computer system in accordance with our directives.

We estimate that the cost of obtaining the required computer system will be roughly between \$150 and \$2,894 and we estimate that the annual costs of any optional or required maintenance, updating, or support contracts will be approximately \$200.

You and your Operations Manager/Key Employee must maintain 1-800-STRIPER email accounts, which will be provided to you, and you must give us electronic access to information on your company computer and hosted by software providers. No contractual limitation exists on our right to access the information. We may require you to upgrade or update your computer hardware, software, and other office equipment. No contractual limitation exists on the frequency or cost of this obligation. We will have independent access to any data which you collect electronically.

### Internet

You must have and maintain adequate hardware and software to access the Internet at the bit speed we require from time to time. We have established an Internet website that provides information about the System and the products and services offered by the 1-800-STRIPER. We have sole discretion and control over the website (including timing, design, contents, and continuation). We may, but are not obligated to, create interior pages on our website(s) that contain information about your 1-800-STRIPER Business and other 1-800-STRIPER locations. If we do create these pages, we may require you to prepare all or a portion of the page for your 1-800-STRIPER Business, at your expense, using a template that we provide. All such information will be subject to our approval prior to posting. (Sections 12.2.1 and 12.2.2 of the Franchise Agreement).

You must not establish or maintain a separate website, splash page, social media profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the 1-800-STRIPER brand, System, or 1-800-STRIPER Business without our permission. All websites for 1-800-STRIPER Businesses will be centrally managed from the corporate website to maintain consistency, consolidate views/likes/etc., and reduce the expense and time required by you to create and manage individual websites. All social media pages will be managed by us and a third-party advertising agency and you will have the ability to add posts to such social media page(s). (Section 12.2.3 of the Franchise Agreement).

We have the right to modify our policies regarding both our and your use of Internet websites as we deem necessary or appropriate for the best interests of the System. (Franchise Agreement, Section 12.2.4). You acknowledge that we and/or our affiliates are the lawful, rightful and sole owner of the Internet domain name www.1800striper.com as well as any other Internet domain names registered by us, and you unconditionally disclaim any ownership interest in such domain names and any similar Internet domain name(s). You agree not to register any Internet domain name in any class or category that contains words used in or like any brand name owned by us or our affiliates or any abbreviation, acronym, phonetic variation, or visual variation of those words (Franchise Agreement, Section 12.2.5).

### Telephone

You must obtain a new mobile telephone number and telephone listing at your expense, to be listed under the “1-800-STRIPER” name and not under your corporate, partnership, or individual name, and to be used exclusively in connection with the operation of your 1-800-STRIPER Business. You must execute the Conditional Assignment of Franchisee’s Telephone Numbers, Facsimile Numbers (as applicable) and Domain Names attached to the Franchise Agreement as Exhibit B, which provides that, upon the expiration, transfer or termination of this Agreement for any reason, you shall immediately cease use of such telephone number and listing, as well as any other facsimile numbers (as applicable) and listings and domain names and Internet listings and assign same to us or our designee. You must answer the telephone in the manner we specify (Franchise Agreement, Section 7.13).

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

Prior to the execution of your Franchise Agreement, we will define your Territory which will be set forth in the Data Sheet attached to your Franchise Agreement. Your Territory will be decided based on target population, street traffic, demographics, competitors, and other market conditions. Your Territory will consist of a minimum population of three hundred thousand (300,000) people or 12,500 businesses. You may relocate the 1-800-STRIPER Business within the Territory with our prior written consent. We currently use the GbBIS software to obtain information regarding population and number of businesses in your Territory.

You may market and advertise solely within your Territory. If you wish to market, advertise, or provide any Services outside of your Territory you must obtain our prior written consent prior to doing so. You do not have the right to use other channels of distribution (Internet, catalog sales, telemarketing, or other direct marketing) to solicit sales outside of your Territory without our prior written consent, which may be withheld for any reason or no reason at all. Additionally, you may accept customers who voluntarily contact your 1-800-STRIPER Business to request service even though they do not reside or work within your Territory only if (a) the customer is not located in another franchisee’s territory, and (b) and you receive our prior written consent.

Except as otherwise provided in the Franchise Agreement and this Disclosure Document, for so long as you comply with the terms and conditions hereof, we will not establish and operate, nor license any party other than you to establish and operate, any 1-800-STRIPER Business under the System and the Proprietary Marks within the Territory.

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



The Franchise Agreement does not grant you any franchisee options, rights of first refusal, or similar rights to acquire additional franchises.

#### Reservation of Rights under the Franchise Agreement

The rights granted under the Franchise Agreement does not include any right to: (i) offer any product or service via e-commerce; (ii) establish an independent website or to establish a URL incorporating the Proprietary Marks or any variation of the Proprietary Marks; (iii) sell merchandise via wholesale; or (iv) otherwise distribute, market, or implement our products and services in any channel of distribution not specifically identified in the Franchise Agreement.

Under the Franchise Agreement, we and our affiliates have the right, in our sole discretion, to: (i) own and operate 1-800-STRIPER Businesses at any location(s) outside of your Territory under the same or different marks, or to license others the right to own and operate 1-800-STRIPER Businesses at any location(s) outside your Territory under the same or different marks; (ii) use the Proprietary Marks and System in connection with services and products, promotional and marketing efforts or related items, or in alternative channels of distribution (including the internet), without regard to location; (iii) own and operate 1-800-STRIPER Businesses or other businesses, or market similar products and services, at any location(s) inside your Territory under different marks, or to license others the right to own and operate 1-800-STRIPER Businesses or businesses, or market products and services at any location(s) inside your Territory under different marks; (iv) engage and license others to engage in any other activities not expressly prohibited in the Franchise Agreement; and (v) engage and assign the right to service a National Account in your Territory.

Certain of our or our affiliate's products or services, whether now existing or developed in the future, may be distributed in your Territory by us, our affiliates, or our franchisees, licensees, or designees, in such manner and through such alternate channels of distribution as we, in our sole discretion, shall determine. Such alternate channels of distribution will include, but are not limited to, sales of any products under the Proprietary Marks at or through the Internet or stores.

The Franchise Agreement grants you no rights to: (i) distribute such products in alternate channels of distribution; or (ii) share in any of the proceeds received by any such party. We are not required to pay you any compensation for soliciting or accepting orders inside the Territory.

#### National Accounts

We have the exclusive right to negotiate and enter into agreements or approve forms of agreements to provide services to any entity that owns or otherwise has responsibility for a business whose business is not confined to one particular franchisee's territory, regardless of the contract amount of the services to be performed (a "National Account"). All National Accounts must be brought to Franchisor. We or any party we may designate shall have the right to perform the services for the National Account within your Territory. Any dispute as to whether a particular customer or account is a National Account will be determined by us, and our determination will be final and binding. You are not entitled to any right to compensation or consideration for work performed by others in your Territory for National Accounts. If you cause any disrepute to us or the System, we may withhold your ability to service a National Account. You must meet the qualifications for each National Account to service the National Account.

**ITEM 13**  
**TRADEMARKS**

We grant you the right to operate the 1-800-STRIPER Business under the word mark “1-800-STRIPER”, as described more fully in the table below. You may also use our other current or future trademarks to operate your 1-800-STRIPER Business. The term “trademark” includes service marks, trade names, slogans, insignia, logos, labels, and trade dress.

We currently have no marks registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”), but our affiliate, Striper Holdings, Inc., owns the following marks registered with the USPTO:

<b>MARK</b>	<b>REGISTRATION NUMBER</b>	<b>REGISTRATION DATE</b>	<b>REGISTER</b>
1-800-STRIPER	5,079,860	November 8, 2016	Supplemental
ALL LINES MATTER	5,750,605	May 14, 2019	Principal
GOODBYE FADED LINES!	6,712,462	April 26, 2022	Principal

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

Our affiliate, Striper Holdings, Inc., has filed all applications, renewals, and other maintenance filings for the Proprietary Marks listed above. We and our principals derived the right to use certain Proprietary Marks, including the marks listed above, from an exclusive licensing agreement entered into with Striper Holdings, Inc. on November 15, 2019 (the “License Agreement”). Under the License Agreement, we have the exclusive, royalty-free, worldwide right to use the Proprietary Marks and System to operate company-owned 1-800-STRIPER Businesses and license others the right to use the Proprietary Marks and System to operate 1-800-STRIPER Businesses. The term of the License Agreement is indefinite and otherwise cannot be unilaterally terminated by Striper Holdings, Inc.

There are currently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court; no pending interference, opposition, or cancellation proceedings; nor any pending material litigation involving the Proprietary Marks.

You must promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Proprietary Marks. We have the sole right, though not the obligation, to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including the right to settle the proceedings or litigation, and to affirmatively prosecute actions against third parties for infringement or threatened infringement of the Proprietary Marks.

We also have the right, though not the obligation, to defend you against any third-party claim, suit, or demand arising solely out of your use of the Proprietary Marks in a manner expressly authorized by us. If we, in our sole discretion, determine that you have used the Proprietary Marks in accordance with the Franchise Agreement and the Operations Manual, we will pay the cost of defending the action, including the cost of any judgment or settlement. If we, in our sole discretion, determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement and the Operations Manual, you will be required to pay for the defense or to reimburse us for costs we incurred in providing the defense, including the cost of any judgment or settlement. In the event of any litigation relating to your use of the Proprietary Marks, you are required to sign all documents and assist us, as we deem necessary, to carry out the defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Proprietary Marks in a manner not in accordance with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs in performing such acts.

We are not aware of any superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in any state.

You may use only the Proprietary Marks which we designate and may use them only in the manner we authorize and permit. Any goodwill associated with Proprietary Marks, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to our benefit. You may use the Proprietary Marks only for the operation of the 1-800-STRIPER Business and only at the 1-800-STRIPER Business or in advertising for the 1-800-STRIPER Business. You must use all Proprietary Marks without prefix or suffix and in conjunction with the symbols “SM,” “TM,” “S” or “R,” as applicable. You may not use the Proprietary Marks in connection with the offer or sale of any services or products, which we have not authorized for use in connection with the System. You may not use the Proprietary Marks as part of your corporate or other legal name. We must approve your corporate name and all fictitious names under which you propose to do business in writing before use. You must use your corporate or limited liability company name either alone or followed by the initials “D/B/A” and the business name “1-800-STRIPER.” You must promptly register at the office of the county in which your 1-800-STRIPER Business is located, or such other public office as provided for by the laws of the state in which your 1-800-STRIPER Business is located, as doing business under your assumed business name.

All your advertising must prominently display the Proprietary Marks and must comply with our standards for using the Proprietary Marks. You may use the Proprietary Marks including, without limitation, trade dress, color combinations, designs, symbols, and slogans, only in the manner and to the extent specifically permitted by the Franchise Agreement or by our prior written consent. You must submit to us, and we must approve all advertising, publicity, signs, stationery, business cards, forms, decorations, furnishings, equipment or other materials employing the Proprietary Marks, or related marks, before first publication or use. We will not unreasonably withhold our approval. You must identify yourself as the owner of the 1-800-STRIPER Business (in the manner we prescribe) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations as we may designate in writing in or on the Approved Vehicle.

We reserve the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. You must discontinue using all Proprietary Marks which we have notified you, in writing, have been modified or discontinued within ten (10) days of receiving written notice and must promptly begin using such additional, modified or substituted Proprietary Marks at your expense.

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

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

There are no current determinations, proceedings or litigation involving any of our copyrighted materials. Should you become aware that any unauthorized third party is using any of our copyrighted materials, we request that you notify us of this unauthorized use. We may revise any of our copyrighted materials and may require that you cease using any outdated copyrighted material. You will be responsible for printing any revised or new advertising, marketing, or other business materials.

During the term of the Franchise Agreement, you will receive information which we consider to be our trade secrets and confidential information, including but not limited to methods of striping; information regarding the setup of a 1-800-STRIPER Business; information about proprietary merchandise; any proprietary software we may now or in the future create; our Operations Manual; trade secrets; price marketing mixes related to the sale of goods or services offered or authorized for sale by System franchisees; standards and specifications for striping equipment, truck design, equipment layout, and lighting; systems and training manuals; training systems; compensation systems; marketing strategies; online marketing systems; merchandise sales systems; sales training; location identification and acquisition; general operations; our copyrighted materials; and methods and other techniques and know-how concerning the of operation of the 1-800-STRIPER Business which may be communicated to you or of which you may be apprised by virtue of your operation of a 1-800-STRIPER Business (collectively, the “Confidential Information”). You shall not, during the term of the Franchise Agreement or after, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information except to your employees that must have access to it to operate the 1-800-STRIPER Business. Certain additional information, including (i) current customer and prospective customer names and addresses, (ii) information about credit extensions to customers, (iii) customer service purchasing histories, (iv) rates charged to customers, and (v) sources of suppliers and purchasing arrangements with suppliers, also constitute our trade secrets and Confidential Information. All information, knowledge, know-how, techniques, and other data which we designate as confidential will be deemed Confidential Information for the purposes of the Franchise Agreement. We have expended considerable time, effort, and money to develop the System, and the Confidential Information is not well known outside of the System. The Confidential Information is of great value to us, and we are implementing this non-disclosure policy to protect our trade secrets and Confidential Information.

If you, your employees, or principals develop any new concept, process or improvement in the operation or promotion of the 1-800-STRIPER Business, you must promptly notify us and provide us with all necessary related information, without compensation. Any such concept, process or improvement will become our sole property and we will be the sole owner of all patents, patent applications, trademarks, copyrights, and other related intellectual property rights. You and your principals will assign to us any rights you may have or acquire, including the right to modify the concept, process, or improvement, and otherwise must waive and/or release all rights of restraint and moral rights. You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process, or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing these rights. You and your principals will irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any documentation and to do all other

lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any concept, process, or improvement. In the event that these provisions are found to be invalid or otherwise unenforceable, you and your principals will grant to us a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process or improvement if this use or sublicense would otherwise directly or indirectly infringe your rights.

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

You (or at least one of your principals if you are a corporation or partnership) must personally supervise the day-to-day operations of the 1-800-STRIPER Business. You must devote your personal full-time attention and best efforts to the management and operation of the 1-800-STRIPER Business. You may, however, delegate the day-to-day management of your 1-800-STRIPER Business to a manager (the “Operations Manager/Key Employee”). We must approve your Operations Manager/Key Employee and your Operations Manager/Key Employee must successfully complete our Initial Training Program before assuming any managerial responsibility. The Operations Manager/Key Employee is not required to own an equity interest in the 1-800-STRIPER Business. Your 1-800-STRIPER Business must be staffed by you (or one of your principals that has completed our Initial Training Program) and/or your Operations Manager/Key Employee at all times. If you operate more than one Territory, you must have one (1) or more properly trained Operations Manager(s)/Key Employee(s) who have been approved by us at each location. You shall keep us informed at all times of the identity of any employee acting as an Operations Manager/Key Employee of a 1-800-STRIPER Business. The Operations Manager/Key Employee shall devote their full time and best efforts to the day-to-day operation and management of the 1-800-STRIPER Business and shall not engage in any other business activity without our prior written consent. The “Franchisee”, and if applicable, its owners, partners, and any spouses of the forgoing must execute the form of Personal Guaranty attached to the Franchise Agreement as Exhibit A.

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

You and/or your Operations Manager/Key Employee, as applicable, may only offer and provide the Approved Services and Products that we expressly authorize through your Franchised Business, and may only offer these services and products within your Protected Territory and in the manner prescribed in your Franchise Agreement and our Manuals. We may supplement, revise, and/or modify our Approved Products and Services as we deem appropriate from time to time, as well as our System standards and specifications associated with the provisions of these products/services. These changes will be outlined in our Manuals or otherwise in writing, and there are no contractual limitations to make these types of changes.

If we discontinue any Approved Product or Service offered by the Franchised Business, then you (and, if applicable, your Operators) must cease offering or selling such product/service within a reasonable time, unless such product/service represents a health or safety hazard (in which case you must immediately comply upon receipt of notice from us).

If you wish to sell additional services or products, you must follow the approval process outlined in Item 8 of this Disclosure Document.

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

**THE FRANCHISE RELATIONSHIP**

**A. Franchise Agreement**

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

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a.	Term of franchise	2.1	Term of ten (10) years, beginning on the date we sign your Franchise Agreement.
b.	Renewal or extension of the term	2.2	You have the right to renew for two (2), successive five (5) year terms, subject to meeting certain conditions.
c.	Requirements for you to renew or extend	2.2	In order to renew, you must: (a) notify us of your intent to renew at least 90 days but no more than 180 days, prior to expiration of the current term; (b) demonstrate that you have the right to operate the 1-800-STRIPER Business for the duration of the renewal term; (c) complete all required renovations; (d) not be in breach of any agreements with us, our affiliates, or our major suppliers and vendors; (e) satisfy all monetary obligations to us, our affiliates, and our major suppliers and vendors; (f) sign our then-current form of franchise agreement, which may contain materially different terms than your Franchise Agreement; (g) satisfy our then-current training requirements for renewal franchisees; (h) sign a general release; and (i) pay us a renewal fee of \$5,000.
d.	Termination by you	No Provision	Not Applicable (except as permitted by state law)
e.	Termination by us without cause	No Provision	Not Applicable
f.	Termination by us with cause	15	We may terminate your Franchise Agreement with cause.
g.	Cause defined - default which can be cured	15.3	We may terminate your Franchise Agreement following a 15-day cure period if you: (a) fail to pay sums owed to us, our affiliates, or our major vendors and suppliers; (b) under-report Royalty or any advertising payments by more than 2% or fail to submit timely reports or payments for any two (2) reporting periods in a 12-month period; (c) fail to immediately endorse and deliver to us any payments due to us from a third party that are erroneously remitted to you; (d) fail to maintain sufficient levels of inventory; (e) fail to open your 1-800-STRIPER

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
		15.4	<p>Business within three (3) months of the date we sign your Franchise Agreement; (f) fail to maintain the required days and hours of operation at your 1-800-STRIPER Business; (g) fail to personally or have an Operations Manager/Key Employee supervise the day-to-day operation of the 1-800-STRIPER Business; (h) fail to maintain the strict quality controls reasonably required by your Franchise Agreement and/or the Operations Manual; (i) conduct yourself in a manner that reflects adversely on the System, the Proprietary Marks, or the services or products offered through the System; (j) fail to procure or maintain any licenses, certifications, or permits necessary for the operation of your 1-800-STRIPER Business; and (k) fail to secure an Approved Vehicle.</p> <p>We may terminate your agreement following a 30-day cure period if you fail to perform or comply with any one or more of the terms or conditions of your Franchise Agreement or any ancillary agreements between you and us or our affiliates.</p>
h.	Cause defined - default which cannot be cured	<p>15.1</p> <p>15.2</p>	<p>Your Franchise Agreement will automatically terminate if: (a) you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or the 1-800-STRIPER Business; (b) proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law, and the proceedings are not dismissed within 60 days, or a trustee or receiver is appointed for you or the 1-800-STRIPER Business without your consent, and the appointment is not vacated within 60 days; or (c) you attempt to make an unauthorized sale or transfer of you or any interest in the 1-800-STRIPER Business.</p> <p>We may terminate your Franchise Agreement upon notice but without providing you with an opportunity to cure if: (a) you or your principals are convicted of or plead guilty or no contest to a felony or take part in any criminal misconduct relevant to the operation of your 1-800-STRIPER Business; (b) you or your principals commit any fraud or misrepresentation in the operation of your 1-800-STRIPER Business; (c) you or your principals make any misrepresentation or omission in connection with your franchise application; (d) you fail to successfully complete initial training; (e) we send you two (2) or more written notices to cure pursuant to Sections 15.3 or 15.4 of your Franchise Agreement in any 12-month period; (f) you or your principals materially breach any</p>

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
			other agreement with us or any of our affiliates, or threaten any material breach of any agreement, and fail to cure the breach within any permitted period for cure; (g) you or your principals materially violate any provision of the Franchise Agreement relating to Proprietary Marks or Confidential Information or misuse the Proprietary Marks or Confidential Information; (h) you violate any health, safety or sanitation law, ordinance or regulation, including those regulating striping businesses, or operate the 1-800-STRIPER Business in a manner that presents a health or safety hazard to customers, or the general public; (i) you violate the in-term restrictive covenant in your Franchise Agreement; (j) a levy of writ of attachment or execution or any other lien is placed against you or your principals or any of their assets which is not released or bonded against within 30 days; (k) you or your principals become insolvent; (l) you abandon the 1-800-STRIPER Business; (m) you offer any unauthorized and unapproved products or services at or from the 1-800-STRIPER Business; (n) you order or purchase supplies, signs, furnishings, fixtures, equipment or inventory from any currently unapproved supplier or any supplier which we have not approved; (o) you misuse or make unauthorized use of our Proprietary Software; (p) you fail to maintain insurance or otherwise adhere to our insurance requirements; (q) you fail, within 15 days after notification of non-compliance by federal, state or local government authorities to comply with any law or regulation applicable to the 1-800-STRIPER Business; (r) any government action is taken against you that results in any obligation upon us which in our sole judgment is uneconomical, not in our best interests, or would result in us having an unintended relationship or obligation; (s) you fail to comply with the anti-terrorist provision of your Franchise Agreement; (t) you take for your own personal use any assets or property of the 1-800-STRIPER Business, including employee taxes, FICA, insurance or benefits; or (u) there are insufficient funds in your bank account to cover a check or EFT payment to us three (3) or more times within any 12-month period.
i.	Your obligations on termination/ non-renewal	16.1	Upon termination, non-renewal, or transfer, you must, at your own cost and expense: (a) cease immediately all operations under the Franchise Agreement; (b) pay us immediately all unpaid fees and pay us, our affiliates, and our major suppliers and vendors, all other monies owed; (c) discontinue immediately the use of the Proprietary Marks; (d) immediately return the Operations Manual, along with all other manuals and Confidential Information we loaned to you, and immediately and permanently cease use of the Confidential Information; (e) immediately cease using all telephone numbers and listings used in connection with the operation of the 1-800-STRIPER Business and direct the telephone



	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
		16.2	<p>company to transfer all such numbers and listings to us or our designee or, if we direct, disconnect the numbers; (f) promptly surrender all stationery, printed matter, signs, advertising materials and other items containing the Proprietary Marks, and all items which are a part of the trade dress of the System, as we direct; (g) cease to hold yourself out as our franchisee; (h) take the necessary actions required to amend or cancel any assumed name, business name or equivalent registration which contains any trade name or other Proprietary Mark we licensed to you, and provide us with evidence of this within 30 days after the termination, expiration or transfer of your Franchise Agreement; (i) permit us to make final inspection of your financial records, books, and other accounting records within six (6) months of the effective date of termination, expiration, or transfer; (j) comply with the post-termination covenants set forth in Section 17 of your Franchise Agreement; (k) cease to use in advertising or in any other manner, any methods, procedures or techniques associated with us or the System; (l) transfer all rights and access to any proprietary software program used in connection with the 1-800-STRIPER Business; and (m) sign from time to time any necessary papers, documents, and assurances to effectuate any of the obligations listed in Section 16 of the Franchise Agreement.</p> <p>You appoint us as your attorney-in-fact to execute in your name and on your behalf, all documents necessary to discontinue your use of the Proprietary Marks and the Confidential Information.</p>
j.	Assignment of contract by us	14.5	We have the right to sell, transfer, assign and/or encumber all or any part of our assets and our interest in, and rights and obligations under, the Franchise Agreement in our sole discretion.
k.	“Transfer” by you - definition	14.3	A “transfer” occurs: (a) if you are a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of your voting stock or any increase in the number of outstanding shares of your voting stock which results in a change of ownership; (b) if you are a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (c) if you are a limited liability company, upon the assignment, sale, pledge or transfer of any interest in the limited liability company.
l.	Our approval of transfer by franchisee	14.1	You shall not sell, transfer, assign or encumber your interest in the 1-800-STRIPER Business without our prior written consent. Any sale, transfer, assignment, or encumbrance made without our prior written consent will be voidable at our option and will subject your Franchise Agreement to termination.

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
m.	Conditions for our approval of transfer	14.3.2	<p>We may condition our approval of a transfer on the following occurrences: (a) all of your monetary obligations to us, our affiliates, and our major suppliers and vendors are satisfied; (b) you have cured all existing defaults under the Franchise Agreement or any other agreement with us, our affiliates, and our major suppliers and vendors; (c) you and your principals, and the transferee, have executed a general release; (d) you or the transferee have provided us with the executed purchase agreement relating to the proposed transfer, along with all supporting documents and schedules; (e) the transferee has demonstrated that he/she meets our educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; has adequate financial resources and capital to meet the performance obligations under the Franchise Agreement; and is not in the same business as us; (f) the transferee executes our then-current form of franchise agreement for the unexpired term of your Franchise Agreement; (g) you or the transferee pays us a transfer fee equal to \$10,000; (h) the transferee satisfactorily completes our Initial Training Program; (i) you, your principals, and your family members comply will the post-termination provisions of your Franchise Agreement; (j) the transferee obtains all permits and licenses required for the operation of the 1-800-STRIPER Business; (k) to the extent required, the lessors or other parties must have consented to the proposed transfer; (l) the transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises; (m) the purchase price and terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation of the 1-800-STRIPER Business and the transferee’s performance under its franchise agreement; (n) you must request that we provide the prospective transferee with our current form of franchise disclosure document; (o) our approval of the transfer shall not constitute a waiver of any claims we may have against you; (p) we may disclose to any prospective transferee such revenue reports and other financial information concerning you and your 1-800-STRIPER Business; (q) in any event, we may withhold or condition our consent to any transfer as we deem appropriate based on the circumstances of the transfer or otherwise; and (r) you are responsible for the payment of all commissions or other monies due from the sale of the 1-800-STRIPER Business if, (i) you listed the 1-800-STRIPER Business with a broker, or (ii) the transferee is referred to us by a broker lead referral network or otherwise.</p>

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
n.	Our right of first refusal to acquire your business	14.3.1	If you propose to transfer either the Franchise Agreement or all, or substantially all, of the assets used in connection with the 1-800-STRIPER Business or any interest in your lease to any third party, you shall first offer to sell the interest to us on the same terms and conditions as offered by such third party. You shall obtain a letter of intent containing the terms of the offer that is signed by you and the third party, (“Letter of Intent”). If we decline the offer within a 30-day period, you will have a period of up to 60 days to complete the transfer described in the Letter of Intent subject to our transfer conditions. Any material change in the terms of the offer shall be deemed a new proposal subject to our right of first refusal. So long as you have obtained our prior written consent, a transfer to an existing partner or shareholder, or a transfer because of the death, disability or incapacitation of a shareholder or partner, is not subject to our first right of refusal.
o.	Our option to purchase your business	16.3	Upon termination or expiration of your Franchise Agreement, we have the option, but not the obligation, to purchase any personal property used in connection with operation of your 1-800-STRIPER Business by providing you written notice within 60 days after such termination or expiration and paying you the book value for such personal property within 60 days of the notice. We may exclude from the personal property purchased any cash or its equivalent and any equipment, signs, inventory, materials, and supplies that are not reasonably necessary (in function or quality) to the 1-800-STRIPER Business’s operation or that we have not approved as meeting our standards for the 1-800-STRIPER Business. This Section is subject to state law.
p.	Your death or disability	14.2	In the event of your or your Operations Manager(s)/Key Employee(s)’ death, disability, or incapacitation, your or your Operations Manager(s)/Key Employee(s)’ legal representative must transfer your interest in the Franchise Agreement, or the Operations Manager(s)/Key Employee(s)’ ownership interest in you, if any, to a third party (which may be your or the Operations Manager(s)/Key Employee(s)’ heirs, beneficiaries, or devisees) that we must approve, in our sole discretion. That transfer must be completed within a reasonable time, not to exceed six (6) months from the date of death or disability and is subject to all of the terms and conditions in Section 14 of the Franchise Agreement. If a certified Operations Manager/Key Employee is not managing the 1-800-STRIPER Business, your or the Operations Manager(s)/Key Employee(s)’ legal representative must appoint a manager no later than 15 days from the date of death or disability. The manager must complete our standard Initial Training Program at your expense. A new Operations Manager/Key Employee acceptable to us also must be appointed within

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
			30 days. If we determine that the 1-800-STRIPER Business is not being managed properly any time after your or the Operations Manager(s)/Key Employee(s)' death or disability, we may, but have no obligation to, assume the 1-800-STRIPER Business's management (or appoint a third party to assume its management). We may charge you (in addition to the Royalty, Brand Fund Contributions, and other amounts due under the Franchise Agreement) a reasonable amount of compensation, plus our (or the third party's) direct out-of-pocket costs and expenses if we (or a third party) assume the 1-800-STRIPER Business's management.
q.	Non-competition covenants during the term of the franchise	17.1	You may not: (a) own, maintain, engage in, be employed by, lend money to, extend credit to or have any interest in any business that offers pavement marking and striping services such as: parking lot striping, new striping layout, re-striping existing parking lots, line removal, and custom striping and stenciling, or any other business offering products and services offered or authorized for sale by System franchisees (a "Competing Business"), other than any other 1-800-STRIPER Business; or (b) divert or attempt to divert any business or customer or prospect of the 1-800-STRIPER Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System. Non-competition provisions are subject to state law.
r.	Non-competition covenants after the franchise is terminated or expires	17.2.1	For a period of two (2) years after the expiration and nonrenewal, transfer or termination of your Franchise Agreement, you may not enter into any business competing in whole or in part with us in granting franchises or licenses to operate a Competing Business at the time your Franchise Agreement is terminated or otherwise expires and is not renewed. Non-competition provisions are subject to state law.
		17.2.2	For a period of two (2) years after the expiration and nonrenewal, transfer or termination of your Franchise Agreement, regardless of the cause, you may not: (a) own, maintain, engage in, be employed by, or have any interest in any Competing Business at the time of termination or expiration and nonrenewal, (1) within your Territory, or (2) within a radius of 15 miles of the perimeter of (i) your Territory, or (ii) any other Territory licensed by us as of the date of expiration or termination of your Franchise Agreement; or (b) interfere with our business relationships or with anyone or any entity with which we have a business relationship. Non-competition provisions are subject to state law.

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
s.	Modification of the Franchise Agreement	22.1	The Franchise Agreement may not be modified except by a written document signed by both parties.
t.	Integration/merger clauses	22.1	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits, and amendments.
u.	Dispute resolution by arbitration or mediation	18.2-18.3	You must bring all disputes before our President and/or Chief Executive Officer prior to bringing a claim before a third party. After exhausting this internal dispute resolution procedure, at our option, all claims or disputes between you and us must be submitted first to non-binding mediation in Rochester, New York in accordance with the American Arbitration Association's Commercial Mediation Rules then in effect (subject to state law).
v.	Choice of forum	18.4	All claims not subject to mediation must be brought before a court of general jurisdiction in Monroe County, New York, or the United States District Court for the Western District of New York. You consent to the personal jurisdiction and venue of any court of general jurisdiction in Monroe County, New York, and the United States District Court for the Western District of New York (subject to state law).
w.	Choice of law	18.1	The Franchise Agreement is governed by the laws of the State of New York (subject to state law).

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

We do not currently use any public figure to promote our franchise, but we reserve the right to do so in the future.

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**ITEM 19**  
**FINANCIAL PERFORMANCE REPRESENTATION**

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

This Item sets forth certain historical data submitted by our one (1) affiliate-owned 1-800-STRIPER Business in the Rochester, New York area (“Disclosed Business”). The Disclosed Business operates in two contiguous Territories. We have not audited this information. We excluded data in connection with five franchisees that operate in a total of 8 Territories since all of those franchisees opened in 2023 and were not open for a full calendar year.

Part I of this Item discloses the historical Gross Revenue generated, as well as certain COGS, Rent, Estimated Royalty Fees, Estimated Local Advertising and Marketing expenditures, Estimated Brand Fund contributions, Estimated Software Fees, and Labor incurred by the Disclosed Business over the 2020, 2021, 2022, and 2023 calendar years (each, a “Measurement Period”).

Part II of this Item discloses the historical Gross Revenue, Average Gross Revenue, High Gross Revenue, Low Gross Revenue, and Median Gross Revenue per customer type (contractors, end users, property management, and competition) during the 2023 Measurement Period.

Part III of this Item discloses the historical average and median job ticket based on the type of job (existing pavement, new pavement, new sealer, and indoor) split into four quartiles during the 2023 Measurement Period.

Part IV of this Item discloses the percentage of customers that were recurring customers during the 2021, 2022, and 2023 Measurement Periods.

Written substantiation of the data used in preparing this information is available upon reasonable request.

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**PART I: TOTAL GROSS REVENUE AS WELL AS CERTAIN COSTS, OPERATING EXPENSES, AND ESTIMATED FEES OCCURRED BY THE DISCLOSED BUSINESS OVER THE 2020, 2021, 2022, AND 2023 MEASUREMENT PERIODS**

**2020**

<b>Expense/Category</b>	<b>Total</b>	<b>% of Gross Revenue</b>
Gross Revenue <sup>1</sup>	\$402,332.92	100.00%
Cost of Goods Sold <sup>2</sup>	\$46,341.89	11.52%
Rent <sup>3</sup>	\$18,000.00	4.47%
Estimated Royalty Fees <sup>4</sup>	\$28,163.30	7.00%
Estimated Local Advertising and Marketing Requirement <sup>5</sup>	\$12,069.99	3.00%
Estimated Brand Fund Contribution <sup>6</sup>	\$8,046.66	2.00%
Estimated Software Fee <sup>7</sup>	\$6,300.00	1.57%
Labor <sup>8</sup>	\$94,878.38	23.58%
Total COGS, Rent, Royalty, LAMR, Brand Fund and Software Expenses	\$213,00.22	53.14%
<b>Gross Revenue less Total COGS, Rent, Royalty, LAMR, Brand Fund and Software Expenses</b>	<b>\$188,532.70</b>	<b>46.86%</b>

**2021**

<b>Expense/Category</b>	<b>Total</b>	<b>% of Gross Revenue</b>
Gross Revenue <sup>1</sup>	\$889,859.63	100%
Cost of Goods Sold <sup>2</sup>	\$81,805.41	9.19%
Rent <sup>3</sup>	\$18,000.00	2.02%
Estimated Royalty Fees <sup>4</sup>	\$62,290.17	7.00%
Estimated Local Advertising and Marketing Requirement <sup>5</sup>	\$26,695.79	3.00%
Estimated Brand Fund Contribution <sup>6</sup>	\$17,797.19	2.00%
Estimated Software Fee <sup>7</sup>	\$6,300.00	0.71%
Labor <sup>8</sup>	\$190,556.95	21.41%
Total COGS, Rent, Royalty, LAMR, Brand Fund and Software Expenses	\$403,445.52	45.34%
<b>Gross Revenue less Total COGS, Rent, Royalty, LAMR, Brand Fund and Software Expenses</b>	<b>\$486,414.11</b>	<b>54.66%</b>

**2022**

<b>Expense/Category</b>	<b>Total</b>	<b>% of Gross Revenue</b>
Gross Revenue <sup>1</sup>	\$1,031,513.55	100.00%
Cost of Goods Sold <sup>2</sup>	\$111,601.36	10.82%
Rent <sup>3</sup>	\$18,000.00	1.75%
Estimated Royalty Fees <sup>4</sup>	\$72,205.95	7.00%
Estimated Local Advertising and Marketing Requirement <sup>5</sup>	\$30,945.41	3.00%
Estimated Brand Fund Contribution <sup>6</sup>	\$20,630.27	2.00%
Estimated Software Fee <sup>7</sup>	\$6,300.00	0.61%
Labor <sup>8</sup>	\$258,506.90	25.06%
Total COGS, Rent, Royalty, LAMR, Brand Fund and Software Expenses	\$518,189.89	50.24%
<b>Gross Revenue less Total COGS, Rent, Royalty, LAMR, Brand Fund and Software Expenses</b>	<b>\$513,323.66</b>	<b>49.76%</b>

**2023**

<b>Expense/Category</b>	<b>Total</b>	<b>% of Gross Revenue</b>
Gross Revenue <sup>1</sup>	\$1,189,221.29	100.00%
Cost of Goods Sold <sup>2</sup>	\$146,263.88	12.30%
Rent <sup>3</sup>	\$18,000.00	1.51%
Estimated Royalty Fees <sup>4</sup>	\$83,245.49	7.00%
Estimated Local Advertising and Marketing Requirement <sup>5</sup>	\$35,676.64	3.00%
Estimated Brand Fund Contribution <sup>6</sup>	\$23,874.43	2.00%
Estimated Software Fee <sup>7</sup>	\$6,300.00	0.53%
Labor <sup>8</sup>	\$400,667.03	33.69%
Total COGS, Rent, Royalty, LAMR, Brand Fund and Software Expenses	\$714,027.47	60.04%
<b>Gross Revenue less Total COGS, Rent, Royalty, LAMR, Brand Fund and Software Expenses</b>	<b>\$475,193.82</b>	<b>39.96%</b>

**Explanatory Notes to Part I:**

1. **Gross Revenue.** “Gross Revenue” includes all income of any type or nature and from any source that was derived from the operation of the Disclosed Business. Gross Revenue does not include



sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities.

2. **Cost of Goods Sold.** “Cost of Goods Sold” means the total amount that the Disclosed Business paid for paint.
3. **Rent.** “Rent” means the total amount that the Disclosed Business incurred in connection with rent over each Measurement Period.
4. **Estimated Royalty Fees.** “Estimated Royalty Fees” means the Royalty Fee that the Disclosed Business would have had to pay us over the Measurement Period if that Business were owned by a System franchisee and governed by our current form of Franchise Agreement. We calculated Royalty Fees by multiplying the Gross Revenues generated by the Disclosed Business by .07 to account for the Royalty Fee of 7% set forth and required under our current form of Franchise Agreement.
5. **Estimated Local Marketing and Advertising Requirement.** The term “Estimated Local Marketing and Advertising Requirement” means the total Local Marketing and Advertising expenditures that the Disclosed Business would have had to expend over each Measurement Period if the Disclosed Business were owned by a System franchisee and governed by our current form of Franchise Agreement. We calculated the Estimated Local Marketing and Advertising Requirement by multiplying the Gross Revenues generated by the Disclosed Business by .03 to account for the Local Marketing and Advertising Requirement of 3% set forth and required under our current form of Franchise Agreement.
6. **Estimated Brand Fund Contribution.** “Estimated Brand Fund Contribution” means the Brand Fund Contribution that the Disclosed Business would have had to contribute over each Measurement Period if that Disclosed Business were owned by a System franchisee and governed by our current form of Franchise Agreement. We calculated the Estimated Brand Fund Contribution by multiplying the Gross Revenues generated by the Disclosed Business by .02 to account for the Brand Fund Contribution of 2% set forth and required under our current form of Franchise Agreement.
7. **Estimated Software Fee.** “Estimated Software Fee” means the Software Fee that the Disclosed Business would have had to pay over each Measurement Period if that Disclosed Business were owned by a System franchisee and governed by our current form of Franchise Agreement. We calculated the Estimated Software Fee by multiplying the current monthly Software Fee of \$525 by 12 to account for the Software Fee required under our current form of Franchise Agreement.
8. **Labor.** “Labor” means the total cost and compensation paid in connection with the engagement of labor, payroll taxes, payroll accounting and subcontractors.

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**PART II:****GROSS REVENUE, AVERAGE GROSS REVENUE, HIGH, LOW AND MEDIAN GROSS REVENUE PER CUSTOMER TYPE GENERATED DURING THE 2023 MEASUREMENT PERIOD**

<b>Customer Type<sup>1</sup></b>	<b>Gross Revenue<sup>2</sup></b>	<b>Average Revenue per Customer<sup>3</sup></b>	<b>Median Revenue per Customer<sup>4</sup></b>	<b>Highest Amount Paid</b>	<b>Lowest Amount Paid</b>	<b># and Percent Exceeding Average</b>	<b>Number of Customers</b>	<b>Percent of Total Revenue</b>
Contractors	\$392,017.82	\$8,522.13	\$2,383.75	\$127,973.87	\$425.00	10 (22%)	46	30.69%
End Users	\$711,587.58	\$9,747.78	\$1,531.72	\$262,564.26	\$393.52	12 (16%)	73	55.66%
Property Management	\$174,527.06	\$15,866.10	\$6,289.41	\$61,518.85	\$806.70	3 (27%)	11	13.65%

**Explanatory Notes to Part II:**

1. **Customer Type.** “Customer Type” means the type of customer that the services were provided to.
2. **Gross Revenue.** “Gross Revenue” includes all income of any type or nature and from any source that was derived from the operation of the Disclosed Business. Gross Revenue does not include sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities.
3. **Average Revenue Per Customer.** “Average Revenue Per Customer” is calculated by taking the total Gross Revenue for a Customer Type and dividing it by the Number of Customers.
4. **Median Revenue per Customer.** “Median Revenue Per Customer” is calculated by examining all of the data points for a customer type and taking the data point that is in the center.

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**PART III: AVERAGE, MEDIAN, HIGH, AND LOW JOB TICKET BY QUARTILE  
BASED ON JOB TYPE DURING THE 2023 MEASUREMENT PERIOD**

<b>Job Type</b>	<b>Data Point</b>	<b>Bottom Quartile</b>	<b>Lower Middle Quartile</b>	<b>Upper Middle Quartile</b>	<b>Upper Quartile</b>	<b>Total</b>
<u>Restripe</u>						
	Average Job Ticket <sup>1</sup>	\$426.24	\$751.37	\$1946.75	\$9,094.30	\$3,066.67
	Median Job Ticket <sup>2</sup>	\$425.00	\$703.69	\$1,823.81	\$6,871.75	\$1,164.03
	High Job Ticket	\$495.00	\$1,163.08	\$3,369.35	\$33,672.81	\$33,672.81
	Low Job Ticket	\$196.64	\$495.00	\$1,164.03	\$3,404.66	\$196.64
	Number That Met or Exceeded Average	15 (28%)	26 (47%)	23 (42%)	19 (35%)	83 (38%)
	Number of Tickets	54	55	55	55	219
	<b>Total Revenue</b>	<b>\$23,017.05</b>	<b>\$41,325.14</b>	<b>\$107,071.00</b>	<b>\$500,186.57</b>	<b>\$671,599.76</b>
<b>Job Type</b>	<b>Data Point</b>	<b>Bottom Quartile</b>	<b>Lower Middle Quartile</b>	<b>Upper Middle Quartile</b>	<b>Upper Quartile</b>	<b>Total</b>
<u>Relayout</u>						
	Average Job Ticket	\$439.56	\$714.85	\$1,412.42	\$4,153.55	\$1,697.60
	Median Job Ticket	\$425.00	\$675.20	\$1,353.27	\$2,932.78	\$1,018.56
	High Job Ticket	\$520.02	\$987.42	\$1,962.46	\$20,046.20	\$20,046.20
	Low Job Ticket	\$425.00	\$542.54	\$1,016.22	\$2,174.24	\$425.00
	Number That Met or Exceeded Average	9 (29%)	13 (42%)	15 (47%)	8 (25%)	39 (31%)
	Number of Tickets	31	31	32	32	126
	<b>Total Revenue</b>	<b>\$13,626.30</b>	<b>\$22,160.32</b>	<b>\$45,197.45</b>	<b>\$132,913.75</b>	<b>\$213,897.82</b>
<b>Job Type</b>	<b>Data Point</b>	<b>Bottom Quartile</b>	<b>Lower Middle Quartile</b>	<b>Upper Middle Quartile</b>	<b>Upper Quartile</b>	<b>Total</b>
<u>New Layout</u>						
	Average Job Ticket	\$416.37	\$647.18	\$1,250.92	\$4,906.88	\$1,820.18
	Median Job Ticket	\$425.00	\$611.90	\$1,202.24	\$3,305.84	\$887.50

	High Job Ticket	\$465.36	\$886.08	\$1,800.00	\$20,546.64	\$20,546.64
	Low Job Ticket	\$116.53	\$467.86	\$887.50	\$1,893.64	\$116.53
	Number that Met or Exceeded Average	5 10%	21 40%	24 46%	15 28%	53 (25%)
	Number of Tickets	52	52	52	53	209
	<b>Total Revenue</b>	<b>\$21,651.12</b>	<b>\$33,653.18</b>	<b>\$65,047.98</b>	<b>\$260,064.89</b>	<b>\$380,417.17</b>
<b>Job Type</b>	<b>Data Point</b>	<b>Bottom Quartile</b>	<b>Lower Middle Quartile</b>	<b>Upper Middle Quartile</b>	<b>Upper Quartile</b>	<b>Total</b>
<u>Indoor</u>						
	Average Job Ticket	\$1,714.56	\$3525.25	\$4,945.00	\$6,243.11	\$4,344.33
	Median Job Ticket	\$1,714.56	\$3525.25	\$4,945.00	\$6,337.58	\$4,898.00
	High Job Ticket	\$2,229.12	\$4,785.50	\$4,992.00	\$6,891.75	\$6,891.75
	Low Job Ticket	\$1,200.00	\$2,265.00	\$4,898.00	\$5,500.00	\$1,200.00
	Number that Met or Exceeded Average	1 (50%)	1 (50%)	1 (50%)	2 (67%)	5 (56%)
	Number of Tickets	2	2	2	3	9
	<b>Total Revenue</b>	<b>\$3,429.12</b>	<b>\$7,050.50</b>	<b>\$9,890.00</b>	<b>\$18,729.33</b>	<b>\$39,098.95</b>

**Explanatory Notes to Part III:**

1. **Average Job Ticket.** “Average Job Ticket” is calculated by taking the amount of Gross Revenue that the Disclosed Location generated for each job and dividing it by the total number of jobs.
2. **Median Job Ticket.** “Median Job Ticket” is calculated by examining all of the job tickets for a job type and taking the data point that is in the center.

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**PART IV: PERCENT OF RECURRING CUSTOMERS DURING THE 2021, 2022, AND 2023 MEASUREMENT PERIODS**

<b>Calendar Year</b>	<b>Percent of Recurring Customers</b>
2021	47%
2022	34%
2023	40%

**General Notes to Item 19:**

1. This analysis does not contain complete information concerning the operating costs and expenses that you will incur in operating your Business. This analysis also does not account for your Initial Franchise Fee, as well as owner compensation/salaries, late fees, training fees, and other fees and expenses that you may incur as a System franchisee. Operating costs and expenses may vary from business to business. Additionally, the above figures exclude finance charges, interest expense, interest income, depreciation, amortization and other income or expenses will vary substantially from business to business, depending on the amount and kind of financing you obtain to establish your business.
2. Our financial performance representations were measured from a single affiliate-owned location that operates within, but not the whole, Rochester metropolitan area. The area is approximately the size of two contiguous Territories, as described in Item 12. Similar to the Franchised Business that you will operate, the Disclosed Business may service a customer outside of its Territories if (i) the Disclosed Business obtains our prior written consent, and (ii) as long as the customer is not located in the Territory of a franchisee. The Territories that the Disclosed Business operates in have a total population of approximately 721,000 (consisting of approximately 23,500 total businesses).
3. The Disclosed Business has been in business at least seventeen (17) years before its sales data was collected. At this time, there is no financial data available for a franchisee operated location in its first year.
4. Copies of our financial statements that form the basis for our financial performance representation are available to you upon reasonable request.
5. **Some outlets have sold this amount. Your individual results may differ. There is no assurance you will sell as much.**

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing 1-800-STRIPER Business, however, we may provide you with the actual records of that 1-800-STRIPER Business. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting our Vice President, Heather Menear, at Striper Industries, Inc., 69 Deep Rock Road, Rochester, NY 14624 or 1-(800) 323-4700.

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

**Table No. 1**  
**System-wide Outlet Summary**  
**For fiscal years ending December 31, 2021, 2022 and 2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	8	+8
Company-Owned or Affiliate-Owned	2021	2	2	0
	2022	2	2	0
	2023	2	2	0
<b>Total Outlets</b>	<b>2021</b>	<b>2</b>	<b>2</b>	<b>0</b>
	<b>2022</b>	<b>2</b>	<b>2</b>	<b>0</b>
	<b>2023</b>	<b>2</b>	<b>10</b>	<b>+8</b>

\*For purposes of this Item 20, each “Outlet” represents a single territory.

**Table No. 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For fiscal years ending December 31, 2021, 2022 and 2023**

State	Year	Number of Transfers
<b>Total</b>	<b>2021</b>	<b>0</b>
	<b>2022</b>	<b>0</b>
	<b>2023</b>	<b>0</b>

**Table No. 3**  
**Status of Franchised Outlets**  
**For fiscal years ending December 31, 2021, 2022, and 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of the Year
<b>FL</b>	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
<b>NY</b>	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
<b>OH</b>	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

	2023	0	1	0	0	0	0	1
<b>PA</b>	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
<b>UT</b>	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
<b>Total</b>	<b>2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8</b>

**Table No. 4**  
**Status of Company-Owned and Affiliate-Owned Outlets**  
**For fiscal years ending December 31, 2021, 2022, and 2023**

<b>State</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets Opened</b>	<b>Outlets Reacquired from Franchisees</b>	<b>Outlets Closed</b>	<b>Outlets Sold to Franchisees</b>	<b>Outlets at End of the Year</b>
New York	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
<b>Total</b>	<b>2021</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
	<b>2022</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
	<b>2023</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>

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

<b>State</b>	<b>Franchise Agreements Signed But Outlet Not Opened</b>	<b>Projected New Franchised Outlets In the Next Fiscal Year</b>	<b>Projected New Company-Owned Outlets in the Next Fiscal Year</b>
<b>AL</b>	1 (3 Territories)	3	0
<b>CO</b>	1 (4 Territories)	4	0
<b>CT</b>	1 (1 Territory)	1	0
<b>MA</b>	1 (1 Territory)	1	0
<b>MO</b>	1 (3 Territories)	3	0
<b>NC</b>	3 (10 Territories)	10	0
<b>SC</b>	1	3	0

	(3 Territories)		
<b>TN</b>	1 (2 Territories)	2	0
<b>TX</b>	5 (13 Territories)	13	0
<b>Total</b>	<b>15</b> <b>(40 Territories)</b>	<b>40 Territories</b>	<b>0</b>

A list of our franchisees as of the date of this Franchise Disclosure Document is attached as Exhibit F to this Disclosure Document. Additionally, a list of franchisees who have left the System or who have not communicated with us within the 10-week period immediately preceding the effective date of this Franchise Disclosure Document will be attached as Exhibit G to this Disclosure Document as and when these situations occur.

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

There is presently no trademark specific franchisee organization associated with the System. No franchisees have signed provisions during our last three (3) fiscal years restricting their ability to speak openly about their experience with us.

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

Attached as Exhibit C are our audited financial statements as of December 31, 2021, December 31, 2022, and December 31, 2023. Our fiscal year-end is December 31<sup>st</sup>.

**ITEM 22**  
**CONTRACTS**

The following contracts, agreements and other relevant documents are attached as Exhibits to this Disclosure Document:

- Exhibit D - Franchise Agreement
  - Exhibit A -- Personal Guaranty
  - Exhibit B -- Conditional Assignment of Franchisee’s Telephone Numbers, Facsimile Numbers, and Domain Names
  - Exhibit C -- Confidentiality and Restrictive Covenant Agreement
  - Exhibit D -- Electronic Funds Withdrawal Authorization
- Exhibit E - Sample Termination and Release Agreement
- Exhibit I – Franchisee Questionnaire

**ITEM 23**  
**RECEIPTS**

Exhibit K of this Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Disclosure Document by a prospective franchisee. You should sign both



copies of the Receipts. You should retain one signed copy for your records and return the other signed copy to: Striper Industries, Inc., 69 Deep Rock Road, Rochester, NY 14624, Attn: Heather Menear.

**EXHIBIT A**  
**TO THE STRIPER INDUSTRIES, INC.**  
**FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

## LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process. We may not yet be registered to sell franchises in any or all of these states.

<b><u>CALIFORNIA</u></b>	<b><u>CONNECTICUT</u></b>
<p>(state administrators) Department of Financial Protection and Innovation: 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7500 Toll Free (866) 275-2677</p> <p>1515 K Street, Suite 200 Sacramento, CA 95814 (916) 445-7205</p> <p>1350 Front Street San Diego, CA 92101 (619) 525-4233</p> <p>One Sansome St., #600 San Francisco, California 94104 (415) 972-8559</p> <p>(agents for service of process) California Commissioner of the Department of Business Oversight 320 West 4<sup>th</sup> Street, Suite 750 Los Angeles, CA 90013-2344</p> <p>Commissioner of Department of Business Oversight One Sansome Street #600 San Francisco, California 94104</p> <p>Commissioner of Department of Financial Protection and Innovation 1515 K Street., Suite 200 Sacramento, CA 95814</p>	<p>(state administrator) State of Connecticut Department of Banking Securities &amp; Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230</p> <p>(agent for service of process) Banking Commissioner</p>

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<p><b><u>OREGON</u></b></p> <p>Department of Insurance and Finance  Corporate Securities Section  Labor and Industries Building  Salem, Oregon 97310  (503) 378-4387</p>	<p><b><u>RHODE ISLAND</u></b></p> <p>Securities Division  Department of Business Regulation,  Bldg. 69, First Floor  John O. Pastore Center  1511 Pontiac Avenue  Cranston, Rhode Island 02920  (401) 462-9582</p>
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Department of Financial Institutions  
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Madison, Wisconsin 53703

**EXHIBIT B**  
**TO THE STRIPER INDUSTRIES, INC.**  
**FRANCHISE DISCLOSURE DOCUMENT**

**TABLE OF CONTENTS OF OPERATIONS MANUAL**  
**(267 Pages – Excluding Appendices)**

# 1-800-Striper Franchise Operations Manual

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**EXHIBIT C  
TO THE STRIPER INDUSTRIES, INC.  
FRANCHISE DISCLOSURE DOCUMENT**

**FINANCIAL STATEMENTS**

**STRIPER INDUSTRIES, INC.**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**STRIPER INDUSTRIES, INC.**  
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# MUHAMMAD ZUBAIRY, CPA PC

Certified Public Accountant

646.327.7013

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders' of  
Striper Industries, Inc.

### **Opinion**

We have audited the financial statements of Striper Industries, Inc. which comprises the balance sheet as of December 31, 2023, and 2022, and the related statement of operations, and changes in shareholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Striper Industries, Inc. as of December 31, 2023, and 2022, and the results of its operations and its cash flows for the for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

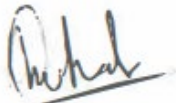
Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Striper Industries, 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 Striper Industries, 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.



Muhammad Zubairy, CPA PC  
Westbury, NY  
April 4, 2024



**STRIPER INDUSTRIES, INC.  
BALANCE SHEET**

	<u>ASSETS</u>	
	YEARS ENDED DECEMBER 31	
	<u>2023</u>	<u>2022</u>
<b>Current Assets</b>		
Cash	\$ 308,207	\$ 125,488
Accounts Receivables	20,552	—
Inventories	57,940	—
Contract asset	150,500	—
<b>Total Current Assets</b>	<b>537,199</b>	<b>125,488</b>
Contract asset, net of current	1,316,501	—
<b>Total Assets</b>	<b>\$ 1,853,700</b>	<b>\$ 125,488</b>
	<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 47,737	\$ 5,829
Due to Related Party	48,335	28,052
Contract liabilities	709,100	—
<b>Total Current Liabilities</b>	<b>805,172</b>	<b>33,881</b>
Contract liabilities, net of current	1,087,027	—
Shareholders' Equity	(38,499)	91,607
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 1,853,700</b>	<b>\$ 125,488</b>

See notes to financial statements

**STRIPER INDUSTRIES, INC.**  
**STATEMENTS OF OPERATIONS AND SHAREHOLDERS' EQUITY**

	<b>YEARS ENDED DECEMBER 31</b>	
	<b>2023</b>	<b>2022</b>
<b>Revenues</b>		
Franchise fees	\$ 149,873	\$ —
Royalties	6,216	—
Marketing income	1,776	—
Training fees	93,124	—
Sales	171,724	—
Other Income	27,766	173
Total Revenue	<u>450,479</u>	<u>173</u>
Cost of goods sold	<u>121,976</u>	<u>—</u>
Operating Income	328,503	173
Operating Expenses	<u>511,368</u>	<u>283,341</u>
Net (Loss)	(182,865)	(283,341)
Shareholders' Equity (Deficit)- Beginning	91,607	73,728
Shareholders' Contributions (distributions)	52,759	301,220
Shareholders' Equity (Deficit)- Ending	<u>\$ (38,499)</u>	<u>\$ 91,607</u>

See notes to financial statements

**STRIPER INDUSTRIES, INC.**  
**STATEMENTS OF CASH FLOWS**

	<b>YEARS ENDED DECEMBER 31</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities:</b>		
<b>Net (Loss)</b>	<b>\$ (182,865)</b>	<b>\$ (283,341)</b>
<b>Adjustments to reconcile net (loss) to cash</b>		
<b>(used) by operating activities:</b>		
<b>Changes in operating assets and liabilities;</b>		
Accounts receivable	(20,552)	—
Inventories	(57,940)	—
Contract assets	(1,467,001)	—
Accounts payable and accrued expenses	41,908	3,494
Due to related party	20,283	28,052
Contract liabilities	1,796,127	—
<b>Net cash provided by operating activities</b>	<b>129,960</b>	<b>(251,795)</b>
<b>Cash Flows Provided By Investing Activities:</b>		
Shareholders' Contributions	52,759	301,220
<b>Net cash used by financing activities</b>	<b>52,759</b>	<b>301,220</b>
<b>Net Increase in Cash</b>	<b>182,719</b>	<b>49,425</b>
<b>Cash - Beginning of Year</b>	<b>125,488</b>	<b>76,063</b>
<b>Cash - End of Year</b>	<b>\$ 308,207</b>	<b>\$ 125,488</b>

See notes to financial statements

**STRIPER INDUSTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**1. THE COMPANY**

Striper Industries, Inc. is a New York corporation that was formed in January 2018 to offer franchisees the opportunity to own and operate a pavement marking and striping services for parking lots, line removal custom striping and stenciling franchise, utilizing the system created by Striper Industries, Inc.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to disbursement of cash.

**Franchise Arrangements**-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate a Striper Industries, Inc. for a specified number of years.

**Concentration of Credit Risk**-Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents and franchisee accounts receivable. The balances in the Company's cash accounts exceeded the Federal Deposit Insurance Company's (FDIC) insurance limit of \$ 250,000 by \$58,207. The Company maintains its cash and cash equivalents with accredited financial institutions.

**Use of Estimates**-The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

**Income Taxes**-The Company has elected to be taxed as an "S" corporation for income tax purposes. Income for the Company passes through directly to the sole shareholder and is reported on the shareholder's individual income tax returns. Therefore, no provision or liability for federal or state income tax has been included in the financial statements.

**3. REVENUE RECOGNITION**

In May 2014, the FASB issued a new accounting standard ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)", that attempts to establish a uniform basis for recording revenue to virtually all industries' financial statements. The revenue standard's core principle is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. Additionally, the new guidance requires enhanced disclosure to help financial statement users better understand the nature, amount, timing and uncertainty of the revenue recorded. The Company adopted the standard commencing as of January 1, 2019 using the retrospective transition method.

**STRIPER INDUSTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**3. REVENUE RECOGNITION (cont'd)**

The new standard changed how the Company records initial franchise fees from franchisees, and brand development fees. Under Legacy GAAP, franchise fees, which are non-refundable were recognized as

income when substantially all services to be performed by the Company and conditions relating to the sale of the franchise were performed or satisfied, which generally occurred when the franchisee commenced operations.

The Financial Accounting Standards Board (FASB) has issued Accounting Standard Update ASU 2021-02, (*Subtopic 952-606*): *Practical Expedient* to address concerns about the complexity of applying Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* to private company franchisors, specifically relating to the amount and timing of revenue recognition for initial franchise fees.

The ASU creates a practical expedient for private company franchisors applying ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The practical expedient simplifies the identification of certain performance obligations in franchise license agreements, allowing franchisors to account for pre-opening services, as distinct from the franchise license and recognize these services as a single performance obligation.

Subtopic 952-606 provides that private company franchisors may account for the following pre-opening services as distinct from the franchise license:

- Assistance in the selection of a site.
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation.
- Training of the franchisee's personnel or the franchisee.
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping.
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes or about regulations affecting the franchisee's business; and
- Inspection, testing, and other quality control programs.

The transaction price attributable to performance obligations are recognized as the performance obligations are satisfied.

Commissions paid are recognized as an expense in the same ratio as franchise fees are recognized as a percentage of the total fee paid. Any unrecognized fees paid are classified as deferred franchise fee expense on the balance sheet.

**4. LICENSE AGREEMENT**

Striper Holdings, Inc., an affiliate of the Company owns the intellectual property, phone number associated with the 1-800 STRIPER System. It licenses the right to use to license to others the intellectual property and phone number to the Company. United Striping Co, Inc., an affiliate of the Company, operates a business using the 1-800 Striper system.

**STRIPER INDUSTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**5. CONTRACT LIABILITY**

In compliance with the Financial Accounting Standards Board (“FASB”) for revenue recognition (“Topic 606”), the Company records its non-refundable franchise fees, net of amounts earned based on allowable direct services, as deferred revenues, to be recognized over the life of the franchise agreement. The non-refundable franchise fees received but not yet earned as of December 31, 2023, and 2022 were \$1,796,127 and \$0 respectively.

**6. CONTRACT ASSETS**

In compliance with the Financial Accounting Standards Board (“FASB”) for revenue recognition (“Topic 606”), the Company records its commissions paid as prepaid to be recognized over the life of the franchise agreement. The prepaid commissions as of December 31, 2023, and 2022 were \$1,467,001 and \$0, respectively.

**7. DUE TO RELATED PARTY**

The Company from time to time receives advances from members or related entities. As of December 31, 2023, and 2022, the balance due to the members or related parties was \$48,335 and \$28,052, respectively. All members or related entity balances are due upon demand and bear no interest.

**6. SUBSEQUENT EVENTS**

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements through April 4, 2024, the date the financial statements were available to be issued.

**STRIPER INDUSTRIES, INC.**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**STRIPER INDUSTRIES, INC.**  
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<b>Statement of Cash Flows</b>	<b>Page 5</b>
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MONIS J. SIDDIQUI, CPA P.C.

Certified Public Accountant

917.309.5670

## **INDEPENDENT AUDITOR'S REPORT**

**To the Shareholders' of  
Striper Industries, Inc.**

### **Opinion**

We have audited the financial statements of Striper Industries, Inc. which comprises the balance sheet as of December 31, 2022, and 2021, and the related statement of operations, and changes in shareholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

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

### **Basis for Opinion**

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Striper Industries, 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 Striper Industries, 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.

*Monis Siddiqui, CPA P.C.*

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

**STRIPER INDUSTRIES, INC.  
BALANCE SHEET  
FOR THE YEARS ENDED DECEMBER 31**

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**ASSETS**

	<b>2022</b>	<b>2021</b>
<b>Current Assets</b>		
Cash	\$ 125,488	\$ 76,063
Total Current Assets	125,488	76,063
Total Assets	\$ 125,488	\$ 76,063

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 5,829	\$ 2,335
Due to Related Party	28,052	-
Total Current Assets	33,881	2,335
Shareholders' Equity	91,607	73,728
Total Liabilities and Shareholders' Equity	\$ 125,488	\$ 76,063

See notes to financial statements

**STRIPER INDUSTRIES, INC.**  
**STATEMENTS OF OPERATIONS AND SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31**

	<u>2022</u>	<u>2021</u>
<b>Revenues</b>		
<b>Other Income</b>	<b>\$ 173</b>	<b>\$ -</b>
<b>Total Revenue</b>	<b>173</b>	<b>-</b>
<b>Operating Expenses</b>	<b>283,341</b>	<b>47,102</b>
<b>Net (Loss)</b>	<b>(283,341)</b>	<b>(47,102)</b>
<b>Shareholders' Equity - Beginning</b>	<b>73,728</b>	<b>69,611</b>
<b>Shareholders' Contributions</b>	<b>301,220</b>	<b>51,219</b>
<b>Shareholders' Equity - Ending</b>	<b>\$ 91,607</b>	<b>\$ 73,728</b>

See notes to financial statements

**STRIPER INDUSTRIES, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31**

	<u>2022</u>	<u>2021</u>
<b>Cash Flows from Operating Activities:</b>		
<b>Net (Loss)</b>	<b>\$ (283,341)</b>	<b>\$ (47,102)</b>
<b>Adjustments to reconcile net (loss) to cash</b>		
<b>(used) by operating activities:</b>		
<b>Changes in operating assets and liabilities;</b>		
<b>Accounts payable and accrued expenses</b>	<b>3,494</b>	<b>(1,263)</b>
<b>Due to related party</b>	<b>28,052</b>	<b>-</b>
<b>Net cash provided by operating activities</b>	<b>(251,795)</b>	<b>(48,365)</b>
 <b>Cash Flows Provided By Investing Activities:</b>		
<b>Shareholders' Contributions</b>	<b>301,220</b>	<b>51,219</b>
<b>Net cash used by financing activities</b>	<b>301,220</b>	<b>51,219</b>
 <b>Net Increase in Cash</b>	<b>49,425</b>	<b>2,854</b>
 <b>Cash - Beginning of Year</b>	<b>76,063</b>	<b>73,209</b>
 <b>Cash - End of Year</b>	<b>\$ 125,488</b>	<b>\$ 76,063</b>

See notes to financial statements

**STRIPER INDUSTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**1. THE COMPANY**

Striper Industries, Inc. is a New York corporation that was formed in January 2018 to offer franchisees the opportunity to own and operate a pavement marking and striping services for parking lots, line removal custom striping and stenciling franchise, utilizing the system created by Striper Industries, Inc.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to disbursement of cash.

**Franchise Arrangements**-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate a Striper Industries, Inc. for a specified number of years. As of December 31, 2022 there were zero operating franchises.

**Concentration of Credit Risk**-Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents and franchisee accounts receivable. The balances in the Company's cash accounts did not exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of \$ 250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

**Use of Estimates**-The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

**Income Taxes**-The Company has elected to be taxed as an "S" corporation for income tax purposes. Income for the Company passes through directly to the sole shareholder and is reported on the shareholder's individual income tax returns. Therefore, no provision or liability for federal or state income tax has been included in the financial statements.

**3. REVENUE RECOGNITION**

In May 2014, the FASB issued a new accounting standard ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)", that attempts to establish a uniform basis for recording revenue to virtually all industries' financial statements. The revenue standard's core principle is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. Additionally, the new guidance requires enhanced disclosure to help financial statement users better understand the nature, amount, timing and uncertainty of the revenue recorded. The Company adopted the standard commencing as of January 1, 2019 using the retrospective transition method.

**STRIPER INDUSTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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The new standard changed how the Company records initial franchise fees from franchisees, and brand development fees. Under Legacy GAAP, franchise fees, which are non-refundable were recognized as

income when substantially all services to be performed by the Company and conditions relating to the sale of the franchise were performed or satisfied, which generally occurred when the franchisee commenced operations.

The Financial Accounting Standards Board (FASB) has issued Accounting Standard Update ASU 2021-02, (*Subtopic 952-606*): *Practical Expedient* to address concerns about the complexity of applying Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* to private company franchisors, specifically relating to the amount and timing of revenue recognition for initial franchise fees.

The ASU creates a practical expedient for private company franchisors applying ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The practical expedient simplifies the identification of certain performance obligations in franchise license agreements, allowing franchisors to account for pre-opening services, as distinct from the franchise license and recognize these services as a single performance obligation.

Subtopic 952-606 provides that private company franchisors may account for the following pre-opening services as distinct from the franchise license:

- Assistance in the selection of a site.
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation.
- Training of the franchisee's personnel or the franchisee.
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping.
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes or about regulations affecting the franchisee's business; and
- Inspection, testing, and other quality control programs.

The transaction price attributable to performance obligations are recognized as the performance obligations are satisfied. The Company has no franchisees thru December 31, 2021, and therefore has collected no franchise fees.

Commissions paid are recognized as an expense in the same ratio as franchise fees are recognized as a percentage of the total fee paid. Any unrecognized fees paid are classified as deferred franchise fee expense on the balance sheet.

#### **4. LICENSE AGREEMENT**

Striper Holdings, Inc., an affiliate of the Company owns the intellectual property, phone number associated with the 1-800 STRIPER System. It licenses the right to use to license to others the intellectual property and phone number to the Company. United Striping Co, Inc., an affiliate of the Company, operates a business using the 1-800 Striper system.

**STRIPER INDUSTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**5. DUE TO RELATED PARTY**

The Company from time to time receives advances from members or related entities. As of December 31, 2022, and 2021, the balance due to the members or related parties was \$28,052 and \$0, respectively. All members or related entity balances are due upon demand and bear no interest.

**6. SUBSEQUENT EVENTS**

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements through February 28, 2023, the date the financial statements were available to be issued.



**EXHIBIT D  
TO THE STRIPER INDUSTRIES, INC.  
FRANCHISE DISCLOSURE DOCUMENT**

**FRANCHISE AGREEMENT**

**STRIPER INDUSTRIES, INC.  
FRANCHISE AGREEMENT**

**DATA SHEET**

Franchisee: \_\_\_\_\_

Owners: \_\_\_\_\_  
Name \_\_\_\_\_ %

\_\_\_\_\_ Name \_\_\_\_\_ %

\_\_\_\_\_ Name \_\_\_\_\_ %

Guarantors: \_\_\_\_\_

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

Territory 1: \_\_\_\_\_

Territory 2 (as applicable): \_\_\_\_\_

Territory 3 (as applicable): \_\_\_\_\_

Territory 4 (as applicable): \_\_\_\_\_

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

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

Initial Franchise Fee: \_\_\_\_\_

**The terms of this Data Sheet are incorporated into the attached Franchise Agreement.**

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**Exhibits:**

Exhibit A – Personal Guaranty

Exhibit B – Conditional Assignment of Franchisee’s Telephone Numbers, Facsimile Numbers and Domain Names

Exhibit C – Confidentiality and Restrictive Covenant Agreement

Exhibit D – Electronic Funds Withdrawal Authorization

**STRIPER INDUSTRIES, INC.**  
**FRANCHISE AGREEMENT**

THIS AGREEMENT (the “Agreement” or “Franchise Agreement”) is entered into and made effective on \_\_\_\_\_ (the “Effective Date”), by and between Striper Industries, Inc., a New York corporation, with its principal business address at 69 Deep Rock Road, Rochester, NY 14624 (“Franchisor”), and the franchisee identified in the attached Data Sheet (“Franchisee”).

**BACKGROUND**

A. Franchisor and/or its principal or affiliate has developed a system for the establishment and operation of 1-800-STRIPER businesses focused on providing array of striping services including parking lot striping, new striping layout, interior striping, re-striping existing parking lots, line removal, and custom striping and stenciling (each an “1-800-STRIPER Business”);

B. Franchisor is engaged in the business of granting franchises to operate 1-800-STRIPER Businesses;

C. Franchisee desires to enter into an agreement with Franchisor to obtain the rights to operate a 1-800-STRIPER Business using the system developed by Franchisor, which includes recognized color schemes, distinctive specifications for furniture, fixtures, equipment, and display designs; uniform specifications of products and services; striping methods; merchandising, marketing, advertising, and management systems; and procedures for operation and management of a 1-800-STRIPER Business in the manner set forth in this Agreement and in the operations manual provided by Franchisor and modified from time to time (the “System”);

D. Franchisor and its franchisees use various trade names, trademarks and service marks including, without limitation, the registered service mark “1-800-STRIPER®”, in connection with the System (the “Proprietary Marks”). The rights to all such Proprietary Marks as are now, or shall hereafter be, designated as part of the System shall be owned exclusively by Franchisor and be used for the benefit of Franchisor and Franchisor’s franchisees to identify to the public the source of the products and services marketed thereunder;

E. Franchisee has applied to Franchisor for a franchise to operate a 1-800-STRIPER Business and such application has been approved in reliance upon all of the representations made therein; and

F. Franchisee hereby acknowledges that adherence to the terms of this Agreement and the standards and specifications of Franchisor are essential to the operation of its 1-800-STRIPER Business and to the operations of the System.

## AGREEMENT

**NOW, THEREFORE**, in consideration of the foregoing recitals and the mutual promises, commitments and understandings contained herein, Franchisor and Franchisee hereby agree as follows:

### **1. GRANT OF FRANCHISE**

1.1 **Grant and Acceptance.** Franchisor hereby grants to Franchisee, upon the express terms and conditions contained in this Agreement, and Franchisee hereby accepts, a franchise for the right to establish and operate one (1) 1-800-STRIPER Business, under the System and Proprietary Marks identified herein, and the right to use the System and Proprietary Marks in the operation of the 1-800-STRIPER Business. Franchisor has the right to supplement, improve or otherwise modify the System from time to time in Franchisor's discretion, and Franchisee agrees to comply with all changes which may include, without limitation, the offer and sale of new or different products or services as Franchisor may specify.

1.1.1 **Reservation of Rights.** Except as otherwise provided for in this Agreement, the foregoing grant to Franchisee does not include any right to: (i) establish an independent website or to establish a URL incorporating the Proprietary Marks or any variation thereof; (ii) sell products or services at wholesale prices from the 1-800-STRIPER Business; or (iii) distribute, market, or implement Franchisor's products or services in any channel of distribution not specifically identified in this Agreement. Franchisee expressly understands and agrees that Franchisor and Franchisor's affiliates shall have the right, in Franchisor's sole discretion, to: (i) own and operate 1-800-STRIPER Businesses at any location(s) outside of Franchisee's Territory(ies) (as defined in Section 1.3) under the same or different marks, or to license others the right to own and operate 1-800-STRIPER Businesses at any location(s) outside Franchisee's Territory(ies) under the same or different marks; (ii) use the Proprietary Marks and System in connection with services and products, promotional and marketing efforts or related items, or in alternative channels of distribution, without regard to location; (iii) own and operate 1-800-STRIPER Businesses or other businesses, or market similar products and services, at any location(s) inside Franchisee's Territory(ies) under different marks, or to license others the right to own and operate 1-800-STRIPER Businesses or other businesses, or market products and services at any location(s) inside Franchisee's Territory(ies) under different marks; (iv) exclusively operate and license others the right to own and operate 1-800-STRIPER Businesses under the Proprietary Marks and System in non-traditional sites; (v) engage and license others to engage in any other activities not expressly prohibited in this Agreement; and (vi) engage and service or assign the right to service a National Account (as that term is defined herein) in Franchisee's Territory(ies).

1.2 **Approved Vehicles.** In operating the 1-800-STRIPER Business, Franchisee must obtain and maintain one or more approved vehicles, purchased in accordance with Franchisor's specifications (each, an "Approved Vehicle").

1.3 **Territory(ies).** Except as otherwise provided in this Agreement, for so long as Franchisee complies with the terms and conditions hereof, Franchisor shall not establish and operate, nor license to any party other than Franchisee the right to establish and operate, any 1-800-STRIPER Business under the System and the Proprietary Marks during the term hereof within the protected area or areas identified in the Data Sheet, the terms of which are incorporated herein by reference (each, a "Territory" and collectively, "Territories"). Each Territory will have (i) up to 300,000 people, or (ii)

12,500 businesses. Franchisor shall designate the Territory or Territories prior to execution of the Franchise Agreement. Franchisee may not market or perform any of the Services to a customer that is located outside of the Territory or Territories without Franchisor's prior written consent, which may be withheld for any reason or no reason at all. Franchisor and its affiliates retain all other rights, including without limitation, the right to distribute products and services as described in Sections 1.1.1 and 1.4 hereof within Franchisee's Territory, as applicable.

1.4 **Other Channels of Distribution.** Franchisee expressly acknowledges and agrees that certain of Franchisor's or its affiliate's products or services, whether now existing or developed in the future, may be distributed in Franchisee's Territory(ies) by Franchisor, Franchisor's affiliates, or Franchisor's franchisees, licensees or designees, in such manner and through such alternate channels of distribution as Franchisor, in its sole discretion, shall determine. Such alternate channels of distribution shall include, but are not limited to, sales of any products under the Proprietary Marks at or through the internet. Franchisee understands that this Agreement grants Franchisee no rights: (i) to distribute such products as described in this Section 1.4; or (ii) to share in any of the proceeds received by any such party therefrom.

1.5 **National Account.** Franchisor will have the right, on behalf of itself, its affiliate(s), Franchisee, and/or other franchisees utilizing the Proprietary Marks, to negotiate and enter into agreements or approve forms of agreement to provide services to "National Accounts." Including National Accounts that Franchisee has solicited or serviced. Franchisee may not solicit any National Account outside of the Territory(ies) or solicit any National Accounts within or outside of the Territory(ies) who are already under contract with Franchisor.

1.5.1 The term "National Account" means any business or businesses under common control, ownership, or branding which operate locations in or deliver products and services beyond one territory, regardless of the volume of products and/or services to be purchased by the customer. Any dispute as to whether a particular customer is a National Account will be determined by Franchisor in its sole discretion and Franchisor's determination will be final and binding.

1.5.2 Franchisee acknowledges and agrees that Franchisor shall have the right, exercisable in its sole discretion, to (i) provide, directly or through any other licensee or franchisee using the Proprietary Marks, such services to the National Account customer location(s) within the Territory(ies), and/or (ii) contract with another party to provide such services to the National Account customer location(s) within the Territory(ies), on the terms and conditions contained in the National Account bid or contract between Franchisor and the National Account customer.

1.5.3 Franchisee agrees that neither the direct provision by Franchisor, its affiliate, or a franchisee, licensee, or designee of Franchisor of services to the National Account customers, nor Franchisor's contract with another party to provide such services shall constitute a violation of the grant of license contained in this Agreement or any other provision of this Agreement, even if such services are delivered from a location within the Territory(ies). Franchisee disclaims any right to compensation or consideration for work performed by others in the Territory(ies) pursuant to this Section 1.5.

## 2. TERM AND RENEWAL

2.1 **Term.** The initial term of this Agreement is for a period of ten (10) years which will begin on the date that Franchisor signs this Agreement.

2.2 **Renewal.** Franchisee has the right to renew this Agreement for two (2), successive five (5) year period, provided Franchisee has met the following conditions:

2.2.1 Franchisee has notified Franchisor of Franchisee's intention to renew this Agreement in writing at least ninety (90) days, but no more than one hundred eighty (180) days, prior to expiration of the current term;

2.2.2 Franchisee has demonstrated to Franchisor's satisfaction that Franchisee has the right to operate the Approved Vehicle for the duration of the renewal term; or, if Franchisee is unable to operate an Approved Vehicle, Franchisee has secured a substitute vehicle;

2.2.3 Franchisee has completed, to Franchisor's satisfaction, prior to the end of the then-current term, all maintenance and updating of the 1-800-STRIPER Business Approved Vehicle required to bring the 1-800-STRIPER Business and all equipment into full compliance with Franchisor's then-current System standards and specifications;

2.2.4 Franchisee is not in breach of any provision of this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, or Franchisor's designated suppliers and vendors, and Franchisee has substantially complied with all such agreements during their respective terms;

2.2.5 Franchisee has satisfied all monetary obligations Franchisee owes Franchisor, Franchisor's affiliates, and Franchisor's designated suppliers and vendors;

2.2.6 Franchisee executes Franchisor's then-current form of franchise agreement, the terms of which may vary materially from the terms of this Agreement and may include, without limitation, increased royalty fees and advertising obligations;

2.2.7 Franchisee satisfies Franchisor's then-current training requirements for renewing franchisees, if any, at Franchisee's expense, as of the date of such renewal;

2.2.8 Franchisee signs a general release, in the form Franchisor prescribes, provided that said release shall not be inconsistent with any applicable state statute regulating franchises; and

2.2.9 Franchisee pays Franchisor a renewal fee of \$5,000 ("Renewal Fee").

## 3. FEES

3.1 **Initial Franchise Fee.** In consideration of the franchise granted to Franchisee by Franchisor, Franchisee must pay Franchisor an initial franchise fee equal to \_\_\_\_\_ (\$\_\_\_\_\_) for the right to operate in \_\_\_\_\_ Territory(ies), in full, when Franchisee signs this Agreement. Franchisor will offer a veteran discount of \$4,500 off of the initial franchisee fee for qualified veterans for their first franchise Territory. The initial franchise fee is non-refundable and is



deemed fully earned upon payment in consideration of administrative and other expenses Franchisor incurs in granting the franchise and for Franchisor’s lost or deferred opportunity to franchise others.

3.2 **Royalty Fee.** Franchisee must pay Franchisor a monthly royalty fee equal to the greater of (i) seven percent (7%) of the 1-800-STRIPER Business’s “Gross Revenue” per month, or (ii) the Minimum Monthly Royalty Fee (as defined below) (collectively, the “Royalty” or “Royalty Fee”).

3.2.1 *Minimum Monthly Royalty Fee.* The minimum royalty fee (“Minimum Royalty Fee”) starts four months from the Effective Date of this Agreement and will increase on the one-year anniversary of the Effective Date each year thereafter until the Minimum Royalty Fee is \$1,250 per month as set forth below:

<u>Year</u>	<u>Minimum Monthly Royalty Fee</u>
1	\$500
2	\$750
3	\$1,000
4	\$1,250

3.2.2 *Gross Revenue.* “Gross Revenue” includes all income of any type or nature and from any source that Franchisee derives or receives directly or indirectly from, through, by or on account of the operation of the 1-800-STRIPER Business at any time after the signing of the Franchise Agreement, in whatever form and from whatever source, as well as business interruption insurance proceeds, all without deduction for expenses including marketing expenses. However, the definition of Gross Revenue does not include sales tax that is collected from customers and transmitted to the appropriate taxing authorities. For purposes of calculating and paying the Royalty Fee, once Franchisee completes and otherwise invoices a job, the amount of the invoice shall be considered “Gross Revenue” for calculating Franchisee’s Royalty Fee. Franchisee shall have the right to petition for a Gross Revenue reduction for an unpaid invoice under the following circumstances: (i) the unpaid invoice is at least 180 days old; (ii) the unpaid invoice is \$5,000.00 or more; (iii) the unpaid invoice must be authenticated by Franchisee’s billing records as well as Franchisee’s balance sheet and list of doubtful accounts; (iv) the unpaid invoice has been taken as a loss per GAAP accounting rules; and (v) Franchisee has demonstrated to Franchisor that Franchisee has undertaken all efforts to collect the debt from the unpaid invoice. If Franchisee complies with the steps set forth herein and petitions Franchisor for a Gross Revenue reduction, Franchisor will have the option to (i) refund Franchisee the amount Franchisee paid in Royalty Fees for the applicable unpaid invoice, or (ii) provide Franchisee with a Royalty Fee credit for the next accounting period.

3.3 **Gross Revenue Reports.** Franchisee must send Franchisor a signed Gross Revenue Report (“Gross Revenue Report”) on the tenth day of each month for the preceding month ending in the manner and form Franchisor specifies. Each Gross Revenue Report must set forth: (i) the Gross Revenues generated during the period; (ii) a calculation of the Royalty Fee, and if applicable, Brand Fund Contribution; and (iii) any other information Franchisor may require. Franchisor may change the form and content of the Gross Revenue Reports from time to time and/or require Franchisee to submit Gross Revenue Reports on a different schedule upon notice to you.

3.4 **Manner of Payment.** Payment of Royalties or any other fee that is paid to Franchisor or an Affiliate shall be made on a monthly basis, by the tenth (10<sup>th</sup>) day of each month for proceeding

month (unless the tenth (10<sup>th</sup>) day of the month is not a business day, then on the following day), and shall be made by an electronic funds transfer program (the “EFT Program”) under which Franchisor automatically deducts any and all payments owed to Franchisor under this Agreement, or any other agreement between Franchisee and Franchisor, from Franchisee’s bank account. Franchisee shall deposit all revenues from operation of Franchisee’s 1-800-STRIPER Business into Franchisee’s bank account within two (2) days of receipt, including all cash, checks, and credit card receipts. Before opening Franchisee’s 1-800-STRIPER Business, Franchisee shall provide Franchisor with Franchisee’s bank name, address and account number, and shall sign and give to Franchisor and Franchisee’s bank, all documents, including Exhibit D to this Agreement, necessary to effectuate the EFT Program and Franchisor’s ability to withdraw funds from such bank account via electronic funds transfer (“EFT”). Franchisee shall immediately notify Franchisor of any change in Franchisee’s banking relationship, including changes in account numbers. Franchisor reserves the right to require Franchisee to pay any fees due under this Agreement by such other means as Franchisor may specify from time to time. If any Gross Revenue Report has not been received within the time period required by this Agreement, then Franchisor may process an EFT for the subject month based on the most recent Gross Revenue Report provided by Franchisee to Franchisor, provided, that if a Gross Revenue Report for the subject month is subsequently received and reflects: (i) that the actual amount of the fee due was more than the amount of the EFT, then Franchisor shall be entitled to withdraw additional funds through EFT from Franchisee’s designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the EFT, then Franchisor shall credit the excess amount to the payment of Franchisee’s future obligations.

**3.5 Insufficient Funds and Late Payments.** As part of Franchisee’s participation in the EFT Program, if the funds in Franchisee’s bank account are insufficient to cover any amounts due under this Agreement on the date such funds are due, or if Franchisee makes any late payment or underpayment of the Royalty or any other fee due under this Agreement or any other agreement between Franchisee and Franchisor, or any other charges or fees Franchisee owes Franchisor or Franchisor’s affiliates, in addition to the overdue amount, Franchisor has the right to charge Franchisee interest on such amount from the date it was due until all past due amounts are paid, at a rate of the higher of one and a half percent (1.5%) interest per month of the unpaid balance, or the maximum permitted by law plus a penalty fee of two hundred fifty dollars (\$250) per occurrence. Should any EFT not be honored by Franchisee’s bank for any reason, Franchisee agrees that Franchisee shall be responsible for that payment and any service charge. Nothing contained in this Section shall prevent Franchisor from exercising, in Franchisor’s sole judgment, any other rights or remedies available to Franchisor under this Agreement.

**3.6 Taxes on Payments.** In the event any taxing authority, wherever located, imposes any future tax, levy or assessment on any payment Franchisee makes to Franchisor, Franchisee must, in addition to all payments due to Franchisor, pay such tax, levy or assessment. This Section does not obligate Franchisee to pay any of Franchisor’s income taxes.

**3.7 Computer Hardware and Software Fee.** Franchisee shall pay Franchisor’s monthly fee associated with obtaining required computer hardware and software, and such payment shall be made in the manner designated by Franchisor or Franchisor’s designated software provider, if applicable. Franchisor reserves the right to change the amount of this fee and the manner of payment of this fee as changes are made to the System’s hardware and software requirements, which are described more fully in Section 7.9 of this Agreement. If Franchisee operate in multiple contiguous Territories, Franchisee is only obligated to pay the Software Fee once.

3.8 **Call Center Fee.** Franchisee shall pay Franchisor's current fee associated with maintaining Franchisor's call center. The call center is an outbound service that Franchisor or its affiliate provides (the "Call Center"). This service is currently optional; however, Franchisor reserves the right to require it in the future.

3.9 **Answering Service.** Franchisee shall pay Franchisor's then-current fee associated with providing an answering service in connection with Franchisor's toll-free number. Franchisor does not currently provide a fee for this service, however, Franchisor reserves the right to implement one in the future which will be capped at \$500 per month.

3.10 **GPS Tracking Fee.** Franchisee shall pay Franchisor or its affiliate the then-current GPS tracking fee (the "GPS Tracking Fee"), which is currently \$29 per Approved Vehicle per month.

#### **4. PROPRIETARY MARKS**

##### **4.1 Franchisee's Use of the Proprietary Marks.**

4.1.1 Franchisee shall use only the Proprietary Marks which Franchisor designates, and only in the manner Franchisor authorizes and permits.

4.1.2 Franchisee shall use the Proprietary Marks only in connection with the 1-800-STRIPER Business in advertising for the 1-800-STRIPER Business.

4.1.3 Franchisee shall use all Proprietary Marks without prefix or suffix and in conjunction with the symbols "TM", "SM", "S" or "®", as applicable. Franchisee may not use the Proprietary Marks in connection with the offer or sale of any products or services which Franchisor has not authorized for use in connection with the System. Franchisee may not use the Proprietary Marks as part of Franchisee's corporate or other legal name. Franchisee's corporate name and all fictitious names under which Franchisee proposes to do business must be approved by Franchisor in writing before use. Franchisee must use Franchisee's corporate or limited liability company name either alone or followed by the initials "D/B/A" and the business name "1-800-STRIPER". Franchisee must promptly register at the office of the county in which Franchisee's 1-800-STRIPER Business is located, or such other public office as provided for by the laws of the state in which Franchisee's 1-800-STRIPER Business is located, as doing business under such assumed business name.

4.1.4 Franchisee must identify itself as the owner of the 1-800-STRIPER Business (in the manner Franchisor prescribes) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations at the 1-800-STRIPER Business as Franchisor may designate in writing.

4.1.5 Franchisee must prominently display the Proprietary Marks on or in connection with any media advertising, promotional materials, posters, displays, receipts, stationery and forms that Franchisor designates and in the manner that Franchisor prescribes.

4.1.6 Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights.

4.1.7 Franchisee shall not use the Proprietary Marks to incur any obligation or indebtedness on Franchisor's behalf.

4.1.8 Franchisee shall execute all documents Franchisor deems necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

4.1.9 Franchisee must promptly notify Franchisor of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to Franchisor's ownership of, Franchisor's right to use and to license others to use, or Franchisee's right to use, the Proprietary Marks. Franchisee acknowledges that Franchisor has the sole right, though not the obligation to: (i) direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof; (ii) take action against uses by others that may constitute infringement of the Proprietary Marks; or (iii) defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Proprietary Marks. In such circumstances, if Franchisor, in Franchisor's sole discretion, determines that Franchisee has used the Proprietary Marks in accordance with this Agreement, Franchisor shall bear the cost of such defense, including the cost of any judgment or settlement. If Franchisor, in Franchisor's sole discretion, determines that Franchisee has not used the Proprietary Marks in accordance with this Agreement, Franchisee shall bear the cost of such defense, including the cost of any judgment or settlement. In the event of any litigation relating to Franchisee's use of the Proprietary Marks, Franchisee shall execute any and all documents and do such acts as may, in Franchisor's opinion, be necessary to carry out such defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Proprietary Marks in a manner not in accordance with this Agreement, Franchisor agrees to reimburse Franchisee for Franchisee's out-of-pocket costs in performing such acts.

4.1.10 Franchisee expressly understands and acknowledges that:

4.1.10.1 Franchisor owns all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and Franchisor has the right to use, and license others to use, the Proprietary Marks;

4.1.10.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System;

4.1.10.3 During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of, or Franchisor's ownership of, or right to use and to license others to use, the Proprietary Marks;

4.1.10.4 Franchisee's use of the Proprietary Marks does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks;

4.1.10.5 All goodwill arising from Franchisee's use of the Proprietary Marks shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Proprietary Marks;

4.1.10.6 Except as specified in Section 1.3 hereof, the license of the Proprietary Marks granted to Franchisee hereunder is nonexclusive and Franchisor retains the right, among others, (i) to use the Proprietary Marks itself in connection with selling products and services, (ii) to grant other licenses for the Proprietary Marks, and (iii) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing Franchisee any rights therein; and

4.1.10.7 Franchisor reserves the right, in Franchisor's sole discretion, to substitute different proprietary marks for use in identifying the System and the 1-800-STRIPER Businesses operating thereunder. Franchisee shall discontinue using all Proprietary Marks which Franchisor has notified Franchisee, in writing, have been modified or discontinued within ten (10) days of receiving written notice and, at Franchisee's sole cost and expense, shall promptly begin using such additional, modified or substituted Proprietary Marks.

## 5. CONFIDENTIAL INFORMATION

5.1 **Nondisclosure.** During the term of this Agreement, Franchisee will receive information which Franchisor considers its trade secrets and confidential information, including but not limited to methods of striping; information about proprietary services or products; any proprietary software Franchisor may now or in the future create; Franchisor's operational manual (as described in more detail in Section 6.1 of this Agreement); trade secrets; price marketing mixes related to the sale services offered or authorized for sale by System franchisees; standards and specifications for striping equipment; systems and training manuals; compensation systems; marketing strategies; online social marketing systems; merchandise sales systems; sales training; location identification and acquisition systems; ongoing training; general operations; Franchisor's copyrighted materials; and methods and other techniques and know-how concerning the of operation of the 1-800-STRIPER Business which may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation of a 1-800-STRIPER Business (collectively, the "Confidential Information"). Franchisee agrees that Franchisee shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information except to Franchisee's employees that must have access to it in order to operate the 1-800-STRIPER Business. Franchisee acknowledges and agrees that certain information, including (i) current customer and prospective customer names and addresses, (ii) information about credit extensions to customers, (iii) customer service purchasing histories, (iv) rates charged to customers, and (v) sources of suppliers and purchasing arrangements with suppliers, are the sole property of Franchisor and also constitute the trade secrets and Confidential Information of Franchisor. Any and all information, knowledge, know-how, techniques, and other data which Franchisor designates as confidential will be deemed Confidential Information for purposes of this Agreement. Franchisee acknowledges and agrees that Franchisor has expended considerable time, effort, and money to develop the System, that the enumerated Confidential Information is not well known outside of the System, that the Confidential Information is of great value to the Franchisor, and that Franchisor is implementing this non-disclosure policy in an effort to protect its trade secrets and Confidential Information. Franchisee acknowledges that in the event of the actual or threatened breach of this Section 5.1, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm.

5.2 **Employees.** Franchisee shall ensure that Franchisee's Operations Manager/Key Employee (as defined in Section 7.7.5 below) and other employees who have access to Franchisor's

Confidential Information execute a Confidentiality and Noncompete Agreement, in the form attached hereto as Exhibit C, or as Franchisor, in Franchisor's sole discretion, otherwise prescribes. Franchisee must furnish Franchisor with a copy of each executed agreement.

**5.3 New Concepts.** If Franchisee, Franchisee's employees, or Franchisee's principals develop any new concept, process or improvement in the operation or promotion of the 1-800-STRIPER Business, Franchisee shall promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any such concept, process or improvement shall become Franchisor's sole property and Franchisor shall be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related thereto. Franchisee and Franchisee's principals hereby assign to Franchisor any rights Franchisee may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. Franchisee and Franchisee's principals agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries, and further agree to execute and provide Franchisor with all necessary documentations for obtaining and enforcing such rights. Franchisee and Franchisee's principals hereby irrevocably designate and appoint Franchisor as Franchisee's agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that the foregoing provisions of this Section 5.3 are found to be invalid or otherwise unenforceable, Franchisee and Franchisee's principals hereby grant to Franchisor a worldwide, perpetual, nonexclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe Franchisee's rights therein.

## **6. FRANCHISOR'S OBLIGATIONS**

**6.1 Operations Manual.** Franchisor will loan Franchisee one (1) copy of Franchisor's proprietary and confidential operations and training manual, as well as any other confidential manuals and writings prepared by Franchisor for Franchisee's use in operating a 1-800-STRIPER Business (collectively referred to as the "Operations Manual"). Franchisee shall operate the 1-800-STRIPER Business in strict compliance with the Operations Manual, as it may be reasonably changed from time to time. The Operations Manual shall remain confidential and Franchisor's exclusive property. Franchisee shall not disclose, duplicate or make any unauthorized use of any portion of the Operations Manual. The provisions of the Operations Manual constitute provisions of this Agreement as if fully set forth herein. Franchisee shall ensure that Franchisee's copy of the Operations Manual is current and up to date. If there is a dispute relating to the contents of the Operations Manual, the master copy which Franchisor maintains at Franchisor's corporate headquarters will control.

**6.2 Specifications for Equipment and Supplies.** To the extent Franchisor deems necessary in its sole discretion, Franchisor will provide written specifications for and designate sources of supply from which Franchisee agrees to purchase equipment and supplies necessary for the start-up and ongoing operations of Franchisee's 1-800-STRIPER Business.

**6.3 Initial Launch Marketing.** During the period of time beginning upon Franchisee's completion of the Initial Training Program and ending five months after the 1-800-STRIPER Business commences operations, Franchisee must spend at least fifteen thousand dollars (\$15,000) in order to implement an initial launch advertising and promotional campaign on for the 1-800-STRIPER

Business (the “Initial Launch Marketing Requirement”), subject to Franchisor’s approval of Franchisee’s grand Initial Launch Marketing program. Up to 10% of the initial launch marketing fund may be required to be spent on pay-per-click marketing using a vendor designated by the franchisor. If Franchisee obtains the right to operate the Franchised Business in multiple contiguous Territories, then Franchisee is only required to comply with the Initial Launch Marketing Requirement once.

**6.4 Ongoing Assistance.** Franchisor will provide Franchisee continuing consultation and advice, to the extent that Franchisor deems necessary and appropriate in its sole discretion, regarding the management and operation of the 1-800-STRIPER Business. Franchisor will provide such assistance, in Franchisor’s discretion, by telephone, facsimile, intranet communication and on-site visits. If Franchisee requires and requests additional on-site assistance from Franchisor, subject to the availability of Franchisor’s personnel, Franchisor will provide Franchisee with such assistance at Franchisor’s then-current rate for providing such assistance, plus expenses, including but not limited to, Franchisor’s travel and lodging expenses.

**6.5 Additional Training.** Franchisor may, in Franchisor’s sole discretion, hold refresher and ongoing training courses, training courses upon a significant change to the System, or to assist Franchisee in the operation of Franchisee’s 1-800-STRIPER Business, in order to provide additional assistance to franchisees. Such additional training may be provided online, or in any other manner as Franchisor determines. Up to five (5) days per year, Franchisor may require Franchisee, Franchisee’s Operations Manager/Key Employee (as defined in Section 7.7.5 of this Agreement), and/or Franchisee’s employees to attend or participate in such training at Franchisor’s then-current tuition rate for providing such training. All expenses, including Franchisee’s, Franchisee’s Operations Manager/Key Employee’s, and Franchisee’s employees’ transportation, meal, and lodging expenses to attend such training, if applicable, shall be Franchisee’s sole responsibility.

**6.6 Toll-Free Telephone Number.** Franchisor has the right, but not the obligation, to establish and maintain a toll-free telephone number for the purpose of improving customer service and conducting customer follow-up and satisfaction surveys. Franchisee must comply with Franchisor’s procedures for implementing the nationwide service as Franchisor specifies in the Operations Manual or otherwise in writing. Calls from prospective customers to this telephone number will be received by an answering service. If this prospective customer is located in Franchisee’s Territory(ies), their information will be sent to Franchisee.

**6.7 Annual Conference.** Franchisor may, in Franchisor’s discretion, hold an annual conference at a location to be selected by Franchisor (the “Annual Conference”). Franchisor shall determine the topics and agenda for such conference to serve the purpose, among other things, of updating franchisees on new developments affecting franchisees, exchanging information between franchisees and Franchisor’s personnel regarding 1-800-STRIPER Business operations and programs, and recognizing franchisees for their achievements. Attendance at the Annual Conference is mandatory and Franchisee must attend and pay Franchisor’s then-current registration fee. Even if Franchisee fails to attend the Annual Conference, Franchisee must still pay the then-current registration fee. All expenses, including Franchisee’s and Franchisee’s employees’ transportation to and from the Annual Conference, and lodging, meals, and salaries during the Annual Conference, are Franchisee’s sole responsibility. Franchisor may use expenditures from the National Brand Fund (as defined in Section 12.4 of this Agreement) for purposes related to the Annual Conference, including costs related to programs and materials.

## 7. FRANCHISEE'S OBLIGATIONS

7.1 **Premises.** Franchisee shall operate the Franchised Business from a home or leased office space. Franchisee is solely responsible for selecting a site for the office, which must be maintained at a location within the Territory(ies). Franchisee's failure to obtain an appropriate office location as required under this Agreement and the Operations Manual is considered a breach of this Agreement, and may give rise to termination of this Agreement by Franchisor. If Franchisee operates the Franchised Business in multiple contiguous Territories, Franchisee is only obligated to obtain one Premises.

7.2 **Approved Vehicle.** Franchisee shall acquire a vehicle that meets Franchisor's current specifications which may change from time to time, currently a 16' cab over box truck, regular or crew cab (the "Approved Vehicle"), from which to operate the 1-800-STRIPER Business; shall maintain the Approved Vehicle according to the standards established by Franchisor from time to time. Franchisee shall, from time to time, upon request of Franchisor, submit documentation to Franchisor concerning the exterior condition of an Approved Vehicle. Such documentation shall consist of four photographs taken within two (2) weeks of submission, one of each view (front, rear, and sides) of the Approved Vehicle. If Franchisor deems that the Approved Vehicle is not in good physical appearance and condition, Franchisor shall promptly notify Franchisee of the requirement to purchase a vehicle that meets Franchisor's standards and specifications. If Franchisee operates in two contiguous Territories, Franchisee is obligated to obtain its second Approved Vehicle within 13 months of the Effective Date of this Agreement. If Franchisee operates in three contiguous Territories, Franchisee is obligated to obtain its third Approved Vehicle within 25 months of the Effective Date of this Agreement. If Franchisee operates in four contiguous Territories, Franchisee is obligated to obtain its fourth Approved Vehicle within 37 months of the Effective Date of this Agreement.

7.3 **Training.** Franchisee (or Franchisee's principal, as applicable) and Franchisee's Operations Manager/Key Employee (if one has been designated pursuant to Section 7.7.5 of this Agreement) must attend and successfully complete Franchisor's initial training program as set forth in Section 8.1 below.

7.4 **Opening Requirements.** Franchisee shall open the 1-800-STRIPER Business within three (3) months from the date the parties sign this Agreement. Notwithstanding the foregoing, Franchisor reserves the right to extend such deadline in its sole discretion, upon Franchisee's reasonable request. Franchisee shall not be permitted to open Franchisee's 1-800-STRIPER Business unless and until Franchisee receives written notice from Franchisor approving Franchisee's proposed opening date. If Franchisee operates in multiple contiguous Territories under this Agreement, Franchisee will be deemed opened in all Territories once it opens in its first Territory since Franchisee may immediately operate in all Territories.

### 7.5 **Purchasing Requirements.**

7.5.1 **Compliance with Standards.** Franchisee acknowledges and agrees that Franchisee's obligations set forth in this Agreement and the Operations Manual are reasonable and necessary for the operation of the 1-800-STRIPER Business and to maintain uniformity throughout the System. Franchisee shall adhere to the standards and specifications set forth in this Agreement and the Operations Manual or otherwise in writing, as they may be revised or amended from time to time. Franchisee shall use signs, furnishings, supplies, fixtures, striping equipment, and inventory which



comply with Franchisor's then-current standards and specifications (including, without limitation, standards and specifications for products, services, equipment, furnishings, audio and video materials, fixtures and signage), which Franchisor establishes from time to time. Franchisor has the right to change Franchisor's standards and specifications in Franchisor's discretion. Franchisee acknowledges that Franchisee may be required to incur an increased cost to comply with any such changes at Franchisee's expense.

7.5.2 Designated and Approved Suppliers. Recognizing that preservation of the System depends upon uniformity and the maintenance of Franchisor's trade dress, Franchisee agrees to purchase certain signs, furnishings, supplies, fixtures, signage, equipment and inventory from Franchisor or from approved or designated third party suppliers as Franchisor shall specify, from time to time, in the Operations Manual and otherwise in writing. Franchisee hereby acknowledges that Franchisor, Franchisor's affiliates and/or a third party may be one of several, or the only, approved supplier of any item. Franchisee further acknowledges and agrees that Franchisor and/or Franchisor's affiliates have the right to realize a profit on any items that Franchisor, Franchisor's affiliates or Franchisor's approved suppliers supply to Franchisee.

7.5.3 Supplier Approval. In the event Franchisee wishes to purchase any unapproved item, including equipment and supplies, and/or acquire approved items from an unapproved supplier, Franchisee must provide Franchisor the name, address and telephone number of the proposed supplier, a description of the item Franchisee wishes to purchase, and the purchase price of the item, if known. At Franchisor's request, Franchisee must provide Franchisor, for testing purposes, a sample of the item Franchisee wishes to purchase. If Franchisor incurs any costs in connection with testing a particular product or evaluating an unapproved supplier at Franchisee's request, Franchisee or the supplier must reimburse Franchisor for Franchisor's reasonable testing costs, regardless of whether Franchisor subsequently approves the item or supplier. Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier. Franchisor may base Franchisor's approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation Franchisor deems necessary or desirable in Franchisor's System as a whole. Franchisor has the right to receive payments from suppliers on account of their dealings with Franchisee and other franchisees and to use all amounts Franchisor receives without restriction (unless instructed otherwise by the supplier), for any purposes Franchisor deems appropriate. Nothing herein shall require Franchisor to approve an unreasonable number of suppliers for a given item, which approval might, in Franchisor's reasonable judgment, result in higher costs or prevent the effective or economical supervision of approved suppliers. Franchisor may revoke Franchisor's approval of particular products or suppliers when Franchisor determines, in Franchisor's sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products from such supplier. Franchisee must use products purchased from approved suppliers solely in connection with the operation of Franchisee's 1-800-STRIPER Business and not for any competitive business purpose.

7.5.4 System Suppliers. Franchisor may establish business relationships, from time to time, with suppliers who may provide services or produce, among other things, certain furnishings, supplies, fixtures, accounting software, paint, signage, and other equipment/inventory according to Franchisor's proprietary standards and specifications ("System Suppliers"). Franchisee recognizes that such products and services are essential to the operation of the 1-800-STRIPER Business and to the System generally. Franchisee further recognizes that Franchisee's failure to pay System Suppliers

may interfere with such suppliers' willingness to supply the System, which may result in other System franchisees' inability to obtain product or ability to obtain product only on less favorable credit terms. Accordingly, Franchisee expressly agrees to pay System Suppliers as and when due.

**7.6 Authorized Services.** Franchisee shall offer for sale all services which Franchisor prescribes and only those services which Franchisor prescribes. Franchisee may not offer any services or products for sale, rent or lease without having received Franchisor's prior written authorization.

**7.7 Operations.**

**7.7.1** Franchisee must operate Franchisee's 1-800-STRIPER Business for at least those months, hours and days that Franchisor specifies in the Operations Manual or otherwise in writing.

**7.7.2** Franchisee must maintain the Approved Vehicle in a clean, safe and attractive manner, and in accordance with all applicable requirements of law, including all federal, state and local regulations, and the Operations Manual.

**7.7.3** Franchisee must employ a sufficient number of qualified, competent personnel, offer prompt, courteous and efficient service to the public, and otherwise operate the 1-800-STRIPER Business in compliance with the System so as to preserve, maintain and enhance the reputation and goodwill of the System. All employees engaged in the operation of the 1-800-STRIPER Business during working hours shall dress conforming to Franchisor's standards, shall present a neat and clean appearance (including wearing Franchisor's uniform, if required) in conformance with Franchisor's reasonable standards, and shall render competent, efficient service to the customers of the 1-800-STRIPER Business. Franchisee shall also engage a bookkeeper during the first two years' of operation of the 1-800-STRIPER Business.

**7.7.4** Franchisee agrees to operate the 1-800-STRIPER Business in accordance with the Operations Manual. Franchisee shall immediately train and instruct Franchisee's employees in accordance with the Operations Manual, and shall continue such training and instruction as long as each employee is employed. The Operations Manual shall set forth the practices, procedures and methods to be utilized at Franchisee's 1-800-STRIPER Business.

**7.7.5** Franchisee (or at least one of Franchisee's principals if Franchisee is an entity or partnership) must personally supervise the day-to-day operations of the 1-800-STRIPER Business and devote Franchisee's personal full-time attention to the management and operation of the 1-800-STRIPER Business. Franchisee may, however, delegate the day-to-day management of Franchisee's 1-800-STRIPER Business to a manager (an "Operations Manager/Key Employee"). Franchisor must approve any Operations Manager/Key Employee and any Operations Manager/Key Employee must successfully complete Franchisor's initial training program before assuming any managerial responsibility. Each Approved Vehicle must be staffed by Franchisee or an Operations Manager/Key Employee at all times. Franchisee shall keep Franchisor informed at all times of the identity of any employee acting as an Operations Manager/Key Employee. Operations Managers/Key Employees shall devote their full time and best efforts to the day-to-day operation and management of the 1-800-STRIPER Business and shall not engage in any other business activity without Franchisor's prior written consent. Operations Managers/Key Employees will be required to sign our form of Confidentiality and Restrictive Covenant Agreement attached hereto as Exhibit C.

7.7.6 Franchisee must at all times maintain such working capital as may be reasonably necessary to enable Franchisee to properly and fully carry out and perform all of Franchisee's duties, obligations and responsibilities hereunder and to operate the 1-800-STRIPER Business in a businesslike, proper and efficient manner.

7.7.7 Franchisee will obtain and use all equipment required by Franchisor, and will refrain from using any equipment prohibited or not approved by Franchisor.

7.7.8 Franchisee will use only Franchisor's approved methods of parking lot striping and line removal it provides for any client of the business ("Client"), which shall be outlined, and updated as Franchisor deems necessary, by Franchisor. Franchisee will only provide such services in the manner Franchisor specifies.

7.8 **1-800-STRIPER Business Evaluation.** Franchisee agrees, that in order to maintain the high quality and uniform standards associated with the System and to protect its goodwill and reputation, to permit Franchisor, during business hours, to inspect Franchisee's Approved Vehicle, and, if applicable, office space, confer with Franchisee and Franchisee's employees and customers, check methods, instruction, and techniques, and perform any other inspection which Franchisor deems necessary to protect the standards of quality and uniformity of the System and Franchisee's performance under this Agreement. Franchisee is obligated to make changes to Franchisee's operations based upon any inspections by Franchisor.

7.9 **Computer Software and Hardware.** Franchisee shall purchase and use all computer software programs ("Software") which Franchisor has developed or may develop and/or designate for use for the System and shall purchase such computer hardware as may be necessary for the efficient operation of the Software, which may include, without limitation, desktop computer, printer, fax machine, mobile phone and a wireless router. Franchisor has the right to require Franchisee to update or upgrade computer hardware components and/or Software as Franchisor deems necessary from time to time. In addition, Franchisor has the right to require Franchisee to enter into a separate maintenance agreement for such computer hardware and/or Software with a third party. Notwithstanding the fact that Franchisee must buy, use and maintain the computer hardware and Software meeting Franchisor's standards and specifications, Franchisee will have the sole and complete responsibility for: (i) the acquisition, operation, maintenance and upgrading of the computer hardware and Software; and (ii) any and all consequences that may arise if the computer hardware and Software is not properly operated, maintained and upgraded.

7.9.1 Franchisee must use the proprietary software that Franchisor designates (the "Designated Software") pay the associated monthly fee for the Designated Software, currently \$525 per month. Franchisor reserves the right to change the amount of this fee as changes are made to the System's hardware and software requirements. Franchisee, at its own expense, must obtain the computer hardware required to implement the Designated Software, and Franchisee must comply with all specifications and standards prescribed by Franchisor regarding the Designated Software as provided from time to time in the Operations Manual or otherwise in writing. Franchisee shall only utilize the Designated Software as prescribed by Franchisor and the Designated Software will be considered to be a part of Franchisor's Confidential Information. Franchisee expressly acknowledges that Franchisor shall have the unlimited right to access all data contained in the Designated Software, as well as any other Software used by Franchisee in the operation of the 1-800-STRIPER Business,

and accordingly, Franchisee must take any and all actions specified by Franchisor to ensure that Franchisor has said access to the Designated Software and/or other Software.

**7.10 Area Computer Network, Intranet or Extranet Participation.** Franchisee is required to participate in any System-wide area computer network, intranet system or extranet system that Franchisor implements and may be required by Franchisor to use such area computer network, intranet system or extranet system to, among other things: (i) submit Franchisee's reports due under this Agreement to Franchisor online; (ii) view and print portions of the Operations Manual; (iii) download approved local advertising and promotions materials; (iv) communicate with Franchisor and other System franchisees; and (v) participate in online training. Franchisee agrees to use the facilities of any such area computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that Franchisor includes in the Operations Manual, including those related to the encryption of Confidential Information and prohibitions against the transmission of libelous, derogatory or defamatory statements.

**7.11 Personal Conduct.** Franchisee agrees to refrain from committing any act or pursuing any course of conduct that tends to bring Franchisor's Proprietary Marks or System into disrepute.

**7.12 Best Efforts.** Franchisee must use best efforts to promote and increase the demand for the goods and services of the 1-800-STRIPER Business. All of Franchisee's advertising and promotion shall be completely factual and shall conform to the highest standards of ethical advertising. Franchisee agrees to refrain from any business or advertising practice which may be injurious to the 1-800-STRIPER Business or the goodwill associated with the Proprietary Marks and System. If Franchisee operates in multiple contiguous Territories under this Agreement, Franchisee must use its best efforts to operate in all Territories.

**7.13 Telephone.** Franchisee must obtain a new mobile telephone number and telephone listing at Franchisee's expense, to be listed under the "1-800-STRIPER" name and not under Franchisee's corporate, partnership, or individual name, and to be used exclusively in connection with Franchisee's operation of the 1-800-STRIPER Business. Franchisee expressly agrees to execute the Conditional Assignment of Franchisee's Telephone Numbers, Facsimile Numbers and Domain Names attached hereto as Exhibit B, which provides that, upon the expiration, transfer or termination of this Agreement for any reason, Franchisee shall terminate Franchisee's use of such telephone number and listing, as well as any other facsimile numbers and listings and domain names and Internet listings, and assign same to Franchisor or Franchisor's designee. Franchisee must answer the telephone in the manner Franchisor specifies in the Operations Manual.

**7.14 Payment of Debts.** Franchisee is solely responsible for selecting, retaining and paying Franchisee's employees; the payment of all invoices for the purchase of goods for use in the 1-800-STRIPER Business; and determining whether, and on what terms, to obtain any financing or credit which Franchisee deems advisable or necessary for the conduct of the 1-800-STRIPER Business. Franchisee agrees to pay all current obligations and liabilities to suppliers, lessors and creditors on a timely basis. Franchisee agrees to indemnify Franchisor in the event that Franchisor elects to pay any of Franchisee's obligations in order to preserve the relationship between System Suppliers and System franchisees. Franchisee agrees to make prompt payment of all federal, state and local taxes, including individual and corporate taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, and personal property and real estate taxes,

arising from Franchisee's operation of the 1-800-STRIPER Business. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for these taxes.

**7.15 Compliance with Applicable Laws.** Franchisee must comply with all applicable federal, state and local laws, ordinances and regulations regarding the construction, design and operation of the 1-800-STRIPER Business (including, without limitation, all regulations relating to parking lot striping generally, occupational hazards and health, consumer protection, trade regulation, worker's compensation, unemployment insurance, withholding and payment of federal and state income taxes, social security taxes and sales, use and property taxes, and the applicable provisions of the Americans with Disabilities Act ("ADA")). Franchisee expressly acknowledges that Franchisor has not researched the specific laws and regulations applicable to Franchisee's 1-800-STRIPER Business, and that Franchisee is solely responsible for compliance with such laws and regulations. Franchisee will have sole authority and control over the day-to-day operations of the 1-800-STRIPER Business and Franchisee's employees and/or independent contractors. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the 1-800-STRIPER Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will Franchisee or Franchisee's employees be deemed to be employees of Franchisor or Franchisor's affiliates.

**7.16 Trade Secrets and Confidential Information.** Franchisee must maintain the confidentiality of all Confidential Information as set forth in Section 5 of this Agreement.

**7.17 Image.** Franchisee acknowledges that Franchisor has developed the System to offer services which will distinguish the 1-800-STRIPER Business from other 1-800-STRIPER Businesses and chains that offer different striping services or similar services at different prices and with less attention paid to the quality of service, knowledge, and customer service. Franchisee agrees to offer services and to conduct the 1-800-STRIPER Business in such a manner which will serve to emulate and enhance the image Franchisor intended for the System. Franchisee further acknowledges and agrees that each aspect of the System is important not only to Franchisee but also to Franchisor and to other System franchisees in order to maintain the highest operating standards, achieve system wide uniformity and increase the demand for the services rendered by System franchisees. Franchisee agrees to comply with the standards, specifications and requirements Franchisor sets forth in order to uniformly convey the distinctive image of a 1-800-STRIPER Business. Franchisee shall, in the operation of the 1-800-STRIPER Business, use only displays, forms and other specified materials imprinted with the Proprietary Marks and colors as prescribed from time to time by Franchisor.

**7.18 Pending Actions.** Franchisee shall notify Franchisor, in writing, within five (5) days of the commencement of any action, suit or proceeding or the issuance of any order, suit or proceeding of any court, agency or other government instrumentality, including the receipt of any notice or citation, which may adversely affect the operation or financial condition of Franchisee or the 1-800-STRIPER Business.

**7.19 Standard Maintenance.** Franchisee agrees to repair, refinish, repaint, replace, and/or otherwise maintain the Approved Vehicle and the contents thereof, including its signs, striping equipment, fixtures, and any other tangible part or property associated with the 1-800-STRIPER Business, at Franchisee's sole expense and at such times as Franchisor may reasonably direct. Franchisee agrees that Franchisor has the right to direct Franchisee to repair, refinish, repaint, replace,

and/or otherwise maintain the Approved Vehicle in the manner necessary to bring it into conformance with other 1-800-STRIPER Businesses opening at the time of such direction.

**7.20 Agreements with Clients.** Prior to providing any services to any Client, Franchisee will provide to that Client any information or disclosures required by Franchisor or otherwise by law. Franchisee will fully comply with any Client warranty or guarantee program implemented by Franchisor, and Franchisee will not misrepresent or omit to state any required warranty or guarantee. Franchisee will resolve all Client complaints and disputes directly with Clients, and will make every reasonable effort not to involve Franchisor in those disputes.

**7.21 Forms of Client Payment.** Franchisee will maintain agreements or arrangements with any financial institution or credit/debit card issuer or sponsor designated by Franchisor, so that the 1-800-STRIPER Business may accept Clients' credit cards, debit cards, checks, and other methods of payment designated by Franchisor.

## **8. TRAINING**

**8.1 Initial Training Program.** Franchisee shall attend (if Franchisee is a partnership, corporation or limited liability company, Franchisee's general partner, principal shareholder, or principal member/manager, as appropriate, shall attend) and complete to Franchisor's satisfaction, Franchisor's training program (the "Initial Training Program") and Franchisee shall pay Franchisor \$7,500 (the "Initial Training Program Fee") to attend the Initial Training Program. If Franchisee purchases multiple Territories from Franchisor, Franchisee is only obligated to pay the Initial Training Program Fee once. If Franchisee has an Operations Manager/Key Employee, as described in Section 7.7.5 of this Agreement, then he/she/they shall also attend the Initial Training Program. Franchisor provides the Initial Training Program for up to three people, including Franchisee, and all individuals must attend at the same time. If all individuals do not attend the Initial Training Program at the same time, Franchisor reserves the right to charge its then-current tuition fee (as set forth more fully in Section 8.2 below). All training shall be held at Franchisor's headquarters in Rochester, NY or another site designated by Franchisor. Franchisor reserves the right to offer any portion of the Initial Training Program virtually or via remote learning. All training related expenses, including Franchisee's and its employees' transportation to and from the training site, as well as their lodging, meals, and wages during training, are Franchisee's sole responsibility. The Initial Franchisee Training Program lasts approximately eleven (11) days, which includes training at Franchisor's headquarters or other location as well as virtual training at the Franchised Business. Franchisee shall complete the Initial Training Program to Franchisor's satisfaction no later than thirty (30) days prior to commencing operations of the 1-800-STRIPER Business. As part of the Initial Training Program, Franchisor will send at least one representative to the Franchised Business for two (2) days during the first 120 days that Franchisee is open for business. Should Franchisee or another individual fail to complete the initial training program to Franchisor's satisfaction, at Franchisor's option, the respective person may repeat the course. Franchisor may charge its then-current tuition fee for such repeat training. Failure by Franchisee to complete the initial training program to Franchisor's satisfaction is a cause for termination of this Agreement and Franchisor may terminate this Agreement.

**8.2 Training of Additional Personnel.** Franchisee's other employees may be trained by Franchisee, or at Franchisee's request, and subject to the availability of Franchisor's personnel, Franchisor will train Franchisee's additional personnel at Franchisor's then-current tuition rate, which is currently \$1,000 per person. Franchisee is responsible for all expenses, including transportation to

and from the training site, as well as lodging, meals, and wages during training, incurred in training Franchisee's additional personnel. Only Franchisor-provided training materials may be used by Franchisee in training Franchisee's personnel. Updated training materials will be provided to Franchisee by Franchisor as they are developed. All training materials provided to Franchisee by Franchisor shall at all times remain Franchisor's property and Confidential Information, and Franchisee agrees not to challenge Franchisor's or Franchisor's affiliates' title or rights in or to the training materials. Franchisee may not make any disclosure, duplication or other unauthorized use of any portion of the training materials.

## **9. INSURANCE**

Franchisee agrees to purchase/procure and maintain such insurance covering the operation and location of the 1-800-STRIPER Business as Franchisor may designate from time to time. Franchisor's requirements are specified in the Operations Manual and may be revised in writing from time to time. Franchisee agrees to provide Franchisor with proof of coverage on demand. Franchisee agrees to obtain these insurance policies from insurance carriers that are rated "A" or better by Alfred M. Best & Company, Inc. and that are licensed and admitted in the state in which Franchisee operates its 1-800-STRIPER Business. All insurance policies must: (i) name Franchisor (and Franchisor's members, officers, directors, and employees) as additional insureds; and (ii) contain a waiver by the insurance carrier of all subrogation rights against Franchisor. Furthermore, Franchisee shall be required to provide ten (10) days prior written notice of the termination, expiration, cancellation or modification of any insurance policy. Franchisor's acceptance of an insurance carrier does not constitute Franchisor's representation or guarantee that the insurance carrier will be capable of meeting claims during the term of the insurance policy. Franchisee also expressly agrees to carry such insurance as may be required by any of Franchisee's lenders or equipment lessors. Franchisee must annually submit a certification of insurance which demonstrates compliance with this Section. If Franchisee fails to comply with the minimum insurance requirements set forth herein, Franchisor has the right to obtain such insurance and keep same in force and effect and Franchisee shall pay Franchisor, on demand, the premium cost thereof and administrative costs up to \$500 in connection with Franchisor's obtaining the insurance. Franchisor has the right to increase or otherwise modify the minimum insurance requirements upon prior written notice to Franchisee, and Franchisee shall comply with any such modification within the time specified in said notice.

## **10. FINANCIAL RECORDS AND REPORTS**

Franchisee must maintain for at least seven (7) fiscal years from their preparation complete financial records for the operation of the 1-800-STRIPER Business in accordance with U.S. generally accepted accounting principles and must provide Franchisor with: (i) a monthly Gross Revenue Report signed by Franchisee and in the form Franchisor specifies, which contains the sales information pertaining to the preceding month including, without limitation, a summary of all monies received during the relevant period categorized by service, as well as counts of clients, leads, new member sales and overall members, and such other additional information which Franchisor deems necessary to properly evaluate Franchisee's progress; (ii) a quarterly income statement and profit and loss statement, within fifteen (15) days following the end of each quarter, in a format specified by Franchisor, including a standard chart of accounts; (iii) annual financial reports and operating statements in the form Franchisor specifies, prepared by a certified public accountant or state licensed public accountant, within ninety (90) days after the close of each of Franchisee's fiscal years; (iv) state and local sales tax returns or reports and federal, state and local income tax returns for each year in

which Franchisee's 1-800-STRIPER Business is operated, within thirty (30) days after their timely completion; and (v) such other reports as Franchisor may from time to time require, in the form and at the time Franchisor prescribes. Franchisee's fiscal year must be on a calendar year basis. To assist Franchisee in recording and keeping accurate and detailed financial records for reports and tax returns, Franchisor, at Franchisor's discretion, may specify the form in which the business records are to be maintained, provide a uniform set of business records for Franchisee to use, and specify the type of equipment to be used in connection with the 1-800-STRIPER Business. Franchisor shall have full access to all of Franchisee's data, system, and related information by means of direct access.

## **11. BOOKS AND RECORDS**

Franchisee must maintain accurate business records, reports, accounts, books and data relating to the operation of Franchisee's 1-800-STRIPER Business. Franchisor and Franchisor's designees have the right to inspect and/or audit Franchisee's business records, which includes Franchisee's call logs related to the 1-800-STRIPER Business, at any time during normal business hours, to determine whether Franchisee is current with suppliers and is otherwise operating in compliance with the terms of this Agreement and the Operations Manual. If any audit reveals that Franchisee has understated Franchisee's Royalty or any other payments due to Franchisor, or Franchisee's local advertising expenditures, by more than two percent (2%) Franchisee must pay the reasonable cost of such audit and/or inspection, including the cost of outside auditors and attorneys (to the extent Franchisor incurs such costs), together with any amounts due for Royalty and other fees as a result of such underreporting and/or failure to submit reports, along with all late fees and interest which may otherwise be due under this Agreement.

## **12. ADVERTISING**

Recognizing the value of advertising and promotion, and the importance of the standardization of advertising and promotion programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

**12.1 Generally.** With regard to advertising generally for the 1-800-STRIPER Business, Franchisee shall place or display on the Approved Vehicle only such signs, emblems, lettering, logos, displays and advertising materials as Franchisor approves in writing from time to time. Franchisee shall submit to Franchisor, at least fifteen (15) days prior to publication or use, samples of all sales, promotional, and advertising materials Franchisee desires to use and which Franchisor has not previously approved, including, but not limited to, print, radio and television advertising, signage, supplies and packaging. Franchisor's failure to approve or disapprove the materials within fifteen (15) days of receipt shall be deemed a rejection. All advertising shall prominently display the Proprietary Marks and shall comply with any standards for use of the Proprietary Marks Franchisor establishes as set forth in the Operations Manual or otherwise in writing. Franchisor may require Franchisee to discontinue the use of any advertising or marketing material, within time frames prescribed by Franchisor, at Franchisee's sole cost and expense. Franchisee will ensure that its local advertising and promotions reflect favorably on and do not disparage the Proprietary Marks, Franchisor, and any other franchisee.

**12.2 Internet Website.** Franchisee must have and maintain adequate hardware and software in order to access high speed Internet, such that Franchisee is able to access Franchisor's designated Software. Franchisee is prohibited, however, from establishing any website or other



presence on the Internet, except as provided herein.

12.2.1 Franchisor has established an Internet website that provides information about the System and the services offered by 1-800-STRIPER Businesses. Franchisor shall have sole discretion and control over the website (including timing, design, contents and continuation).

12.2.2 Franchisor may provide an interior page on its website(s) or a separate Franchisor-created website that contains information about Franchisee's 1-800-STRIPER Business. Franchisor reserves the right to require Franchisee to prepare and maintain all of the information, links, videos, images, etc. needed for Franchisee's page, at Franchisee's expense, using a template that Franchisor provides. All such information will be subject to Franchisor's approval prior to posting.

12.2.3 Franchisee must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the 1-800-STRIPER Business. All additional websites for 1-800-STRIPER Businesses will be centrally managed from the corporate website to maintain consistency, consolidate views/likes/etc. and reduce the expense and time required by Franchisee to create and manage individual websites and pages.

12.2.4 Franchisor shall have the right to modify the provisions of this Section 12.3 relating to Internet websites as Franchisor deems necessary or appropriate in the best interest of the System.

12.2.5 Franchisee acknowledges that Franchisor and/or Franchisor's affiliates are the lawful, rightful and sole owner of the Internet domain name [www.1800striper.com](http://www.1800striper.com) and any other Internet domain names registered by Franchisor, and Franchisee unconditionally disclaims any ownership interest in such domain names and any Internet domain names colorably similar thereto. Franchisee agrees not to register any Internet domain name in any class or category that contains words used in or similar to any brand name owned by Franchisor or Franchisor's affiliates, or any abbreviation, acronym, phonetic variation or visual variation of those words.

**12.3 Initial Launch Marketing.** As described more fully in Section 6.3 of this Agreement, Franchisee must spend at least fifteen thousand dollars (\$15,000) to implement an initial advertising and promotional campaign for the 1-800-STRIPER Business, subject to Franchisor's approval of Franchisee's Initial Launch Marketing program. If Franchisee obtains the right to operate the Franchised Business in multiple contiguous Territories, then Franchisee is only required to comply with the Initial Launch Marketing Requirement once.

**12.4 National Brand Fund.** Franchisor has established a national advertising fund (the "National Brand Fund"). Franchisor has the right to require Franchisee to participate in and contribute monthly to the National Brand Fund in the amount of two percent (2%) of Franchisee's Gross Revenue (the "Brand Fund Contribution"), which Franchisor may increase up three percent (3%) upon notice, in the manner Franchisor prescribes. Franchisee must pay the Brand Fund Contribution in the same manner and time as the Royalty fees due under this Agreement.

12.4.1 Franchisor will use contributions to the National Brand Fund, in Franchisor's sole discretion, to develop, produce and distribute national, regional and/or local advertising and to create advertising materials and public relations programs which promote, in Franchisor's sole

judgment, the products and services offered by the System. Franchisor has the sole right to determine contributions and expenditures of the National Brand Fund, or any other advertising program, and the sole authority to determine, without limitation, the selection of the advertising materials and programs; provided, however, that Franchisor will make a good faith effort to expend the National Brand Fund's contributions in the general best interests of the System on a national or regional basis. Nevertheless, Franchisee acknowledges that not all System Franchisees will benefit directly or on a pro rata basis from the National Brand Fund's expenditures. Franchisor may use the National Brand Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, social media, public relations, including the cost of preparing and producing television, radio, magazine and newspaper advertising campaigns, the cost of direct mail and outdoor billboard advertising; the cost of public relations activities, social media activities, and advertising agencies; the cost of developing and maintaining an Internet website and managing social media and other online advertising; the cost of holding an Annual Convention, and personnel and other departmental costs for advertising that Franchisor internally administers or prepares. While Franchisor does not anticipate that any part of the National Brand Fund's contributions will be used for advertising which is principally a solicitation for franchisees, Franchisor reserves the right to use the National Brand Fund's contributions for public relations or recognition of the 1-800-STRIPER brand and for the creation and maintenance of Franchisor's website, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating "Franchises Available." Sales materials, if developed, may be sold to franchisees at a reasonable cost.

12.4.2 Franchisor may periodically assist franchisees in maintaining high quality standards by conducting customer surveys, customer interviews, and other similar initiatives ("Surveys"). The cost of such programs will be paid from the National Brand Fund. The cost of these programs may be charged directly to Franchisee if Franchisee's results from a Survey fall below System-established minimum standards for such Surveys.

12.4.3 Franchisor has the right to reimburse itself from the National Brand Fund contributions for such reasonable costs and overhead, if any, as Franchisor may incur in activities reasonably related to the direction and implementation of the National Brand Fund.

12.4.4 Franchisor will prepare on an annual basis, and will have available for Franchisee within one hundred and twenty (120) days of the end of the fiscal year, a statement of contributions and expenditures for the National Brand Fund, which will be provided to Franchisee upon Franchisee's written request. The National Brand Fund is not required to be independently audited.

12.4.5 Franchisor is under no obligation to conduct any advertising in Franchisee's Territory(ies), however, Franchisor reserves the right to conduct such advertising if it chooses to do so in its sole discretion.

12.4.6 Franchisor will use commercially reasonable efforts to operate effectively all advertising, marketing, and promotions activities, including the National Brand Fund, but Franchisor will have no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction or administration of the National Brand Fund. Franchisee is not a third-party beneficiary of any other franchise agreement and will have no right to require or enforce any contributions from other franchisees to, or with respect to the administration of, the National Brand Fund. Franchisee has no

proprietary right in the National Brand Fund or the media created for it, and Brand Fund Contribution funds are not held in trust and do not create any trust or fiduciary duties on behalf of Franchisor.

**12.5 Regional Advertising and Promotional Cooperative.** Franchisor shall have the right, in Franchisor's sole discretion, to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to Franchisee's 1-800-STRIPER Business. Franchisor has the right to require that a Cooperative and/or franchisee advisory council be formed, changed, dissolved or merged. If a Cooperative has been established applicable to Franchisee's 1-800-STRIPER Business at the time Franchisee begins operating under this Agreement, Franchisee must immediately become a member of such Cooperative. If a Cooperative applicable to the 1-800-STRIPER Business is established at any later time during the term of this Agreement, Franchisee must become a member of such Cooperative no later than thirty (30) days after the date on which the Cooperative begins operation. If the 1-800-STRIPER Business is within the territory encompassed by more than one Cooperative, Franchisee is required to be a member of only one such Cooperative. The following provisions will apply to each Cooperative:

12.5.1 Each Cooperative will be organized and governed in a form and manner, and will commence operation on a date, approved in advance by Franchisor;

12.5.2 Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and standardizing advertising materials for use by the members in local advertising;

12.5.3 No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without Franchisor's prior approval. All such plans and materials shall be submitted to Franchisor in accordance with the procedure set forth in Section 12.1 hereof;

12.5.4 All contributions (which may exceed the Local Advertising and Promotions Requirement described in Section 12.7, however Franchisee will receive credit for Cooperative contributions against the Local Advertising and Promotions Requirement) to the Cooperative shall be determined by a majority vote of the member franchisees in the Cooperative, subject to Franchisor's approval, which shall not be unreasonably withheld;

12.5.5 Each member franchisee must submit to the Cooperative, no later than the 15<sup>th</sup> of each month, for the preceding month, its respective contribution as provided in this Agreement together with such other statements or reports as Franchisor may require or as may be required by the Cooperative with Franchisor's approval;

12.5.6 All activities and decisions of the Cooperative shall be determined by a majority vote of the member franchisees in the Cooperative; and

12.5.7 Franchisor may grant to any franchisee, in Franchisor's sole discretion, an exemption for any length of time from the requirement of membership in a Cooperative, upon written request of such franchisee stating reasons supporting such exemption. Franchisor's decision concerning such request for exemption will be final.

**12.6 Local Advertising.** In addition to the Brand Fund Contribution described above in Section 12.5, Franchisor will require Franchisee to spend at least the greater of five hundred dollars (\$500) or three percent (3%) of Gross Revenue each month on local advertising and promotions in accordance with an annual local marketing plan developed by Franchisee (the “Local Advertising and Promotions Requirement”). Franchisee must spend the Local Advertisement and Promotion Requirement as Franchisor prescribes in the Operations Manual or otherwise in writing, which may include, without limitation, requirements for placing a certain number and/or type(s) of media advertisements. Franchisee acknowledges and agrees that Franchisee’s Local Advertising and Promotion Requirement must be expended regardless of the amount(s) spent by other System franchisees on local advertising. Franchisee may spend any additional sums Franchisee wishes on local advertising and promotions. Franchisee must use only such advertising and promotional materials as have been previously approved by Franchisor. Franchisee must send Franchisor proof of these expenditures along with Franchisee’s Gross Revenue Reports, as specified in Section 3.3 of this Agreement. Franchisee’s local advertising and promotions efforts will include advertisement of the 1-800-STRIPER Business in any print or online directory listings required by Franchisor, which advertisements Franchisee will submit to Franchisor for approval prior to placement.

### **13. INDEPENDENT CONTRACTOR; INDEMNIFICATION**

**13.1 Independent Contractor Status.** Franchisee is an independent contractor responsible for full control over the internal management and daily operation of Franchisee’s 1-800-STRIPER Business, and neither party to this Agreement is the agent, principal, partner, employee, employer or joint venture partner of the other party. Franchisee may not act or represent itself, directly or by implication, as Franchisor’s agent, partner, employee or joint venture partner, and Franchisee may not incur any obligation on Franchisor’s behalf or in Franchisor’s name. All stationery, business cards and contractual agreements entered into by Franchisee shall contain Franchisee’s corporate or fictitious name and a conspicuously displayed notice, in the place Franchisor designates, that Franchisee operates Franchisee’s 1-800-STRIPER Business as an independently owned and operated 1-800-STRIPER Business and that Franchisee independently owns and operates the 1-800-STRIPER Business as a System franchisee. At Franchisor’s request, Franchisee must prominently display a “Franchises Available” sign in the form Franchisor prescribes and in the place that Franchisor designates. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor’s behalf, or to incur any debt or other obligation in Franchisor’s name; and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any of Franchisee’s acts or omissions in the operation of the 1-800-STRIPER Business or for any claim or judgment arising therefrom against Franchisee or Franchisor. Neither this Agreement nor Franchisor’s course of conduct is intended, nor may anything in this Agreement (nor Franchisor’s course of conduct) be construed to state or imply that Franchisor is the employer of Franchisee’s employees and/or independent contractors.

**13.2 Indemnification.** Franchisee and Franchisee’s principals agree to indemnify, defend and hold Franchisor, Franchisor’s affiliates and their respective shareholders, directors, officers, employees, agents, successors and assignees (“Indemnitees”) harmless against and to reimburse them for all claims, obligations, liabilities and damages (“Claims”), including any and all taxes, directly or indirectly arising out of, in whole or in part: (i) the operation of Franchisee’s 1-800-STRIPER Business, including the use, condition, construction, equipping, decorating, maintenance or day-to-day operations of the 1-800-STRIPER Business, the sale of any service or merchandise sold from the 1-

800-STRIPER Business, and Franchisee's advertising; (ii) Franchisee's use of the Proprietary Marks; (iii) the transfer of any interest in this Agreement or Franchisee's 1-800-STRIPER Business in any manner not in accordance with this Agreement; (iv) the infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of Franchisee's principals of any patent, mark or copyright or other proprietary right owned or controlled by third parties; or (v) libel, slander or any other form of defamation of Franchisor, the System or any franchisee operating under the System, by Franchisee or by any of Franchisee's principals. For purposes of this indemnification, "Claims" shall mean and include all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in the defense of any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not such claims exceed the amount of insurance coverage available through Franchisee to Franchisor. Franchisor shall have the right, though not the obligation, to defend any such Claim against it in such manner as Franchisor deems appropriate or desirable in Franchisor's sole discretion. Such an undertaking by Franchisor shall, in no manner or form, diminish Franchisee's and each of Franchisee's principals' obligation to indemnify the Indemnitees and to hold them harmless. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

#### **14. SALE OR TRANSFER**

14.1 **Transfer.** Franchisee's rights under this Agreement are personal, and Franchisee shall not sell, transfer, assign or encumber Franchisee's interest in the 1-800-STRIPER Business without Franchisor's prior written consent, as described more fully in Section 14.3 below. Any sale, transfer, assignment or encumbrance made without Franchisor's prior written consent shall be voidable at Franchisor's option and shall subject this Agreement to termination as specified herein.

#### **14.2 Death or Disability.**

14.2.1 Transfer Upon Death or Disability. Upon Franchisee's or any of its Operations Manager(s)/Key Employee(s)' death or disability, Franchisee's or the Operations Manager(s)/Key Employee(s)' executor, administrator, conservator, guardian, or other personal representative must transfer Franchisee's interest in this Agreement, or the Operations Manager(s)/Key Employee(s) ownership interest in Franchisee, if any, to a third party (which may be Franchisee's or the Operations Manager(s)/Key Employee(s)' heirs, beneficiaries, or devisees) that Franchisor must approve, in Franchisor's sole discretion. That transfer must be completed within a reasonable time, not to exceed six (6) months from the date of death or disability and is subject to all of the terms and conditions in this Section 14. If Franchisee is an entity and has more than one (1) principal, upon a principal's death, the remaining living principals may continue operation of the 1-800-STRIPER Business while the transfer is being finalized (but is still subject to the transfer provisions of Section 14). A failure to transfer Franchisee's interest in this Agreement or the Operations Manager(s)/Key Employee(s)' ownership interest in Franchisee within this time period is a breach of this Agreement. The term "disability" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent Franchisee or the Operations Manager(s)/Key Employee(s)' from supervising the management and operation of the 1-800-STRIPER Business.

14.2.2 Operation Upon Death or Disability. If, upon Franchisee's or the Operations Manager(s)/Key Employee(s)' death or disability, a certified manager is not managing the 1-800-STRIPER Business, Franchisee's or the Operations Manager(s)/Key Employee(s)' executor,

administrator, conservator, guardian, or other personal representative must within a reasonable time, not to exceed fifteen (15) days from the date of death or disability, appoint a manager. The manager must complete Franchisor's standard training program at Franchisee's expense. A new Operations Manager/Key Employee acceptable to Franchisor also must be appointed within thirty (30) days. If, in Franchisor's judgment, the 1-800-STRIPER Business is not being managed properly any time after Franchisee's or the Operations Manager(s)/Key Employee(s)' death or disability, Franchisor may, but need not, assume the 1-800-STRIPER Business's management (or appoint a third party to assume its management). Franchisor may charge Franchisee (in addition to the Royalty, Brand Fund Contribution, and other amounts due under this Agreement) a reasonable amount of compensation, plus Franchisor's (or the third party's) direct out-of-pocket costs and expenses, if Franchisor (or a third party) assumes the 1-800-STRIPER Business's management under this subparagraph. Provided Franchisor is not grossly negligent and does not commit an act of willful misconduct, Franchisor will not be liable to Franchisee or its owners for any debts, losses, or obligations the 1-800-STRIPER Business incurs, or to any of Franchisee's creditors for any products, other assets, or services the 1-800-STRIPER Business purchases, while Franchisor (or a third party) manages it. Franchisor's assumption of the 1-800-STRIPER Business's management will be for no more than ninety (90) day intervals. Franchisor will reevaluate the situation at the end of each such interval in consultation with Franchisee.

**14.3 Ownership Changes.** A sale, transfer or assignment requiring Franchisor's prior written consent shall be deemed to occur if Franchisee is: (i) a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock which results in a change of ownership; (ii) a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) a limited liability company, upon the assignment, sale, pledge or transfer of any interest in the limited liability company. Any new partner, shareholder, or member or manager will be required to personally guarantee Franchisee's obligations under this Agreement. A transfer pursuant to (i) and (iii) in accordance with Section 14.4 below shall not be subject to Franchisor's right of first refusal described herein in Section 14.3.1.

**14.3.1 Right of First Refusal.** If Franchisee proposes to transfer either this Agreement or all, or substantially all, of the assets used in connection with the 1-800-STRIPER Business or any interest in Franchisee's lease to any third party (other than a corporation or limited liability company as set forth in Section 14.4 below), Franchisee shall first offer to sell such interest to Franchisor on the same terms and conditions as offered by such third party. Franchisee shall obtain from the third party and provide Franchisor a statement in writing, signed by the third party and Franchisee, of the terms of the offer ("Letter of Intent"). If Franchisor elects not to accept the offer within a thirty (30) day period, Franchisee shall have a period not to exceed sixty (60) days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth in Section 14.3.2 below. Franchisee shall effect no other sale or transfer as contemplated under the Letter of Intent without first complying with this Section 14.3.1. Any material change in the terms of the Letter of Intent shall be deemed a new proposal subject to Franchisor's right of first refusal. So long as Franchisee has obtained Franchisor's prior written consent, which shall not be unreasonably withheld, a transfer to an existing partner or shareholder, or a transfer as a result of the death, disability or incapacitation of a shareholder or partner, in accordance with the provisions set forth below, is not subject to Franchisor's first right of refusal.

14.3.2 Conditions for Approval. Franchisor may condition Franchisor's approval of any proposed sale or transfer of the 1-800-STRIPER Business or of Franchisee's interest in this Agreement upon satisfaction of the following occurrences:

14.3.2.1 All of Franchisee's accrued monetary obligations to Franchisor, Franchisor's affiliates, and Franchisor's designated suppliers and vendors, are satisfied;

14.3.2.2 Franchisee must cure all existing defaults under this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, or Franchisor's designated suppliers and vendors, within the period permitted for cure, and must have substantially complied with such agreements during their respective terms;

14.3.2.3 Franchisee and Franchisee's principals (if Franchisee is a partnership, corporation or limited liability company), and the transferee (if it has had any previous relationship with Franchisor or Franchisor's affiliates), must execute a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's affiliates and their respective officers, directors, shareholders and employees, in their corporate and individual capacities; provided, however, the release shall not be inconsistent with any applicable state statute regulating franchising;

14.3.2.4 Franchisee or transferee shall provide Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of and agreement to faithfully perform all of Franchisee's obligations under this Agreement;

14.3.2.5 The transferee shall demonstrate to Franchisor's satisfaction that he or she meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations under this Agreement; provided, however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other striping business or franchise system which is similar in nature or in competition with Franchisor, except that the transferee may be an existing System franchisee;

14.3.2.6 The transferee shall execute Franchisor's then-current form of franchise agreement for the unexpired term of this Agreement;

14.3.2.7 Franchisee or transferee shall pay Franchisor a transfer fee equal to \$10,000 ("Transfer Fee").

14.3.2.8 The transferee shall satisfactorily complete Franchisor's training program at the transferee's sole expense within the time frame required by Franchisor;

14.3.2.9 Franchisee (and Franchisee's principals if Franchisee is a partnership, corporation or limited liability company), and the members of their respective families must comply with the post-termination provisions of this Agreement;

14.3.2.10 The transferee must obtain, within the time limits set by Franchisor, and maintain thereafter, all permits and licenses required for the operation of the 1-800-STRIPER Business;

14.3.2.11 To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;

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

14.3.2.13 The purchase price and terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation of the 1-800-STRIPER Business and the transferee's performance under its franchise agreement;

14.3.2.14 Franchisee must request that Franchisor provide the prospective transferee with Franchisor's current form of franchise disclosure document;

14.3.2.15 Franchisor's approval of the transfer shall not constitute a waiver of any claims Franchisor may have against Franchisee;

14.3.2.16 Franchisor may disclose to any prospective transferee such revenue reports and other financial information concerning Franchisee and Franchisee's 1-800-STRIPER Business that Franchisee supplied to Franchisor;

14.3.2.17 In any event, Franchisor may withhold or condition Franchisor's consent to any transfer as Franchisor deems appropriate based on the circumstances of the transfer or otherwise; and

14.3.2.18 Franchisee is responsible for payment of all commissions or other monies due from the sale of the 1-800-STRIPER Business if: (i) Franchisee listed the 1-800-STRIPER Business with a broker; or (ii) transferee is referred to Franchisor by a broker lead referral network or otherwise.

**14.4 Transfer to a Corporation or Limited Liability Company.** If Franchisee is an individual and desires to assign its rights under this Agreement to a corporation or limited liability company, and if all of the following conditions are met, Franchisor will consent to the transfer without assessing the Transfer Fee set forth in Section 14.3.2.7 hereof, and such assignment will not be subject to Franchisor's right of first refusal set forth in Section 14.3.1 hereof if:

14.4.1 The corporation or limited liability company is newly organized and its activities are confined to operating the 1-800-STRIPER Business;

14.4.2 Franchisee is, and at all times remains, the owner of fifty-one percent (51%) of the outstanding shares of the corporation or a controlling interest in the limited liability company;

14.4.3 The corporation or limited liability company agrees in writing to assume all of Franchisee's obligations hereunder; and



14.4.4 All shareholders of the corporation, or members and managers of the limited liability company, as applicable, personally guarantee prompt payment and performance by the corporation or limited liability company of all its obligations to Franchisor and Franchisor's affiliates, under this Agreement and any other agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and such persons execute a confidentiality and noncompetition agreement as set forth in Section 17.2 hereof.

14.5 **Franchisor's Right to Transfer.** Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Agreement in Franchisor's sole discretion.

## 15. BREACH AND TERMINATION

15.1 **Automatic Termination.** This Agreement shall automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

15.1.1 Voluntary Bankruptcy. If Franchisee makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated 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 to or acquiesces in the appointment of a trustee or receiver for Franchisee or the 1-800-STRIPER Business.

15.1.2 Involuntary Bankruptcy. If proceedings are commenced to have Franchisee adjudicated bankrupt or to seek Franchisee's reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for Franchisee or the 1-800-STRIPER Business without Franchisee's consent, and the appointment is not vacated within sixty (60) days.

15.1.3 Unauthorized Transfer. If Franchisee purports to sell, transfer or otherwise dispose of Franchisee or any interest in the 1-800-STRIPER Business in violation of Section 14 hereof.

15.2 **With Notice and Without Opportunity to Cure.** Franchisor has the right to terminate this Agreement upon notice without providing Franchisee an opportunity to cure for any of the following breaches or defaults:

15.2.1 Criminal Acts. If Franchisee or Franchisee's principals are convicted of or plead guilty or no contest to any felony, or take part in any criminal misconduct relevant to the operation of Franchisee's 1-800-STRIPER Business.

15.2.2 Fraud. If Franchisee or Franchisee's principals commit any fraud or misrepresentation in the operation of Franchisee's 1-800-STRIPER Business.

15.2.3 Misrepresentation. If Franchisee or Franchisee's principals make any misrepresentation or omission in connection with Franchisee's franchise application, including but not limited to any financial misrepresentation.

15.2.4 Failure to Complete Training. If Franchisee fails to successfully complete initial training as provided in Section 8.1 hereof.

15.2.5 Repeated Breaches. If Franchisor sends Franchisee two (2) or more written notices to cure pursuant to Sections 15.3 or 15.4 hereof in any twelve (12) month period.

15.2.6 Breach of Other Agreements. If Franchisee or Franchisee's principals materially breach any other agreement with Franchisor or any of Franchisor's affiliates or the lease or finance agreement for the Approved Vehicle, or threaten any material breach of any such agreement, and fail to cure such breach within any permitted period for cure.

15.2.7 Misuse of the Proprietary Marks or Confidential Information. If Franchisee or Franchisee's principals materially violate any provision hereof pertaining to Proprietary Marks or Confidential Information or misuse the Proprietary Marks or Confidential Information.

15.2.8 Violation of Health Code. If Franchisee violates any health, safety or sanitation law, ordinance or regulation, including those regulating striping businesses, or operates the 1-800-STRIPER Business in a manner that presents a health or safety hazard to customers, or the general public.

15.2.9 Violation of In-term Restrictive Covenant. If Franchisee violates the in-term restrictive covenant contained in Section 17.1 hereof.

15.2.10 Liens. If a levy of writ of attachment or execution or any other lien is placed against Franchisee or any of Franchisee's principals or any of their assets which is not released or bonded against within thirty (30) days.

15.2.11 Insolvency. If Franchisee or any of Franchisee's principals become insolvent.

15.2.12 Abandonment. If Franchisee voluntarily or otherwise abandons the 1-800-STRIPER Business. The term "abandon" includes any conduct which indicates a desire or intent to discontinue the 1-800-STRIPER Business in accordance with the terms of this Agreement and shall apply in any event Franchisee fails to operate the 1-800-STRIPER Business for a period of two (2) or more consecutive days without Franchisor's prior written approval.

15.2.13 Unauthorized Products or Services. If Franchisee offers any unauthorized and unapproved training or other products or services at or from the 1-800-STRIPER Business.

15.2.14 Unapproved Purchases. If Franchisee orders or purchases supplies, signs, services, furnishings, fixtures, equipment or inventory from any currently unapproved supplier.

15.2.15 Proprietary Software. If Franchisee misuses or makes unauthorized use of Franchisor's Proprietary Software Program, if any.

15.2.16 Insurance. If Franchisee fails to maintain insurance or to repay Franchisor for insurance paid for by it, or otherwise fails to adhere to the requirements of Section 9 hereof.

15.2.17 Government Regulations. If Franchisee fails, within fifteen (15) days after notification of non-compliance by federal, state or local government authorities, to comply with any law or regulation applicable to the 1-800-STRIPER Business.

15.2.18 Government Actions. If any government action is taken against Franchisee that results in any obligation upon Franchisor which in Franchisor's sole judgment is uneconomical, not in the best interests of Franchisor, or would result in Franchisor having an unintended relationship or obligation.

15.2.19 Anti-Terrorist Activities. If Franchisee fails to comply with the provisions of Section 22.7 hereof.

15.2.20 Personal Use of 1-800-STRIPER Business Property. If Franchisee takes for Franchisee's own personal use any assets or property of the 1-800-STRIPER Business, including the Approved Vehicle, employee taxes, FICA, insurance or benefits.

15.2.21 Insufficient Funds. If there are insufficient funds in Franchisee's bank account to cover a check or EFT payment to Franchisor three (3) or more times within any twelve (12) month period.

15.3 **Upon 15 Days' Notice to Cure**. Franchisor has the right to terminate this Agreement if any of the following defaults remain uncured after providing notice and expiration of the fifteen (15) day cure period:

15.3.1 Nonpayment. If Franchisee fails to pay as and when due any sums owed to Franchisor, any of Franchisor's affiliates, or any of Franchisor's designated suppliers.

15.3.2 Under-reporting of Gross Revenue. If any audit reveals that Franchisee has understated Franchisee's Royalty or advertising payments, or Franchisee's local advertising expenditures, by more than two percent (2%), or if Franchisee has failed to submit timely reports and/or payments for any two (2) reporting periods within any twelve (12) month period, as described in Section 11 hereof.

15.3.3 Endorsement of Checks. If Franchisee fails to immediately endorse and deliver to Franchisor any payments due to Franchisor from any third party that is erroneously remitted to Franchisee.

15.3.4 Failure to Open. If Franchisee fails to commence operations of Franchisee's 1-800-STRIPER Business within the time prescribed in Section 7.4 hereof.

15.3.5 Interruption of Service. If Franchisee fails to maintain the prescribed days or hours of operation at the 1-800-STRIPER Business.

15.3.6 Failure to Personally Supervise Operations or Employ Adequately Trained Personnel. If Franchisee fails, in Franchisor's sole discretion, to personally supervise the day-to-day operation of the 1-800-STRIPER Business or fails to employ one or more Operations Manager(s)/Key Employee(s) to supervise the day-to-day operation of the 1-800-STRIPER Business as required under this Agreement.

15.3.8 Quality Control. If Franchisee fails to maintain the strict quality controls reasonably required by this Agreement and/or the Operations Manual.

15.3.9 Other Conduct Reflecting Adversely on System. If Franchisee conducts itself in a manner that, although not criminal, reflects adversely on the System, the Proprietary Marks, or the services or products offered through the System.

15.3.10 Licenses and Permits. If Franchisee fails to procure or maintain any licenses, certifications, or permits necessary for the operation of Franchisee's 1-800-STRIPER Business.

15.3.11 Failure to Secure Approved Vehicle. If Franchisee fails to secure each Approved Vehicle within the time frame set forth in Section 7.2 of this Agreement.

15.4 **Upon 30 Days' Notice to Cure**. Franchisor has the right to terminate this Agreement after providing notice and a thirty (30) day cure period if Franchisee fails to perform or comply with any one or more of the terms or conditions of this Agreement or any ancillary agreements between Franchisee and Franchisor or Franchisor's affiliates.

15.5 **Step-In Rights**. In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right or any other rights Franchisor may have against Franchisee, upon a failure to cure any default within the applicable time period (if any), Franchisor has the right, but not the obligation, to exercise complete authority with respect to the operation of the 1-800-STRIPER Business until such time as Franchisor determines, in Franchisor's sole discretion, that the default has been cured and Franchisee is otherwise in compliance with this Agreement. In the event Franchisor exercises the rights described in this Section, Franchisee must reimburse Franchisor for all reasonable costs and overhead, if any, incurred in connection with Franchisor's operation of Franchisee's 1-800-STRIPER Business including, without limitations, costs of personnel for supervising and staffing the 1-800-STRIPER Business and their travel and lodging accommodations. If Franchisor undertakes to operate the 1-800-STRIPER Business pursuant to this Section, Franchisee agrees to indemnify and hold Franchisor (and Franchisor's representative(s) and employees) harmless from and against any fines, claims, suits or proceedings which may arise out of Franchisor's operation of the 1-800-STRIPER Business.

15.6 **Nonwaiver**. Franchisor's delay in exercising or failing to exercise any right or remedy under this Agreement or Franchisor's acceptance of any late or partial payment due hereunder shall not constitute a waiver of any of Franchisor's rights or remedies against Franchisee.

15.7 **Final Charges**. In the event of termination for any default by Franchisee, Franchisee shall promptly pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of franchisee's personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the 1-800-STRIPER Business.

15.8 **Cross-Default**. If Franchisee is in default of this Agreement in connection with a specific Territories, Franchisor reserves the right to default Franchisee in connection with all

Territories that Franchisee operates in under this Agreement. However, Franchisor will not cross-default Franchisee if Franchisee fails to open a Territory.

## **16. RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION**

16.1 **Franchisee's Obligations.** Upon termination of this Agreement, regardless of the cause, and upon expiration and nonrenewal or transfer of this Agreement, Franchisee must, at Franchisee's cost and expense:

16.1.1 Cease immediately all operations under this Agreement;

16.1.2 Immediately pay Franchisor all unpaid fees and pay Franchisor, Franchisor's affiliates, and Franchisor's designated suppliers and vendors all other monies owed;

16.1.3 Immediately discontinue the use of the Proprietary Marks;

16.1.4 Immediately return the Operations Manual to Franchisor, along with all other manuals and Confidential Information Franchisor loaned to Franchisee, and immediately and permanently cease use of any Confidential Information;

16.1.5 Immediately cease using all telephone numbers and listings, facsimile numbers and listings, and Internet listings used in connection with the operation of the 1-800-STRIPER Business and direct the applicable company to transfer all such numbers and listings to Franchisor or Franchisor's designee pursuant to the Conditional Assignment of Telephone Numbers attached hereto as Exhibit B or, if Franchisor directs, to disconnect the numbers and delete the listings;

16.1.6 Promptly surrender all stationery, printed matter, signs, advertising materials and other items containing the Proprietary Marks, and all items which are a part of the trade dress of the System, as Franchisor directs;

16.1.7 Cease to hold itself out as Franchisor's franchisee;

16.1.8 Take such action as shall be necessary to amend or cancel any assumed name, business name or equivalent registration which contains any trade name or other Proprietary Mark Franchisor licensed to Franchisee, and furnish Franchisor evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after the termination, expiration or transfer of this Agreement;

16.1.9 Permit Franchisor to make final inspection of Franchisee's financial records, books, and other accounting records at any time within six (6) months of the effective date of termination, expiration, or transfer;

16.1.10 Comply with the post-termination covenants set forth in Section 17 hereof, all of which shall survive the transfer, termination or expiration of this Agreement;

16.1.11 Cease to use in advertising or in any other manner, any methods, procedures or techniques associated with Franchisor or the System;

16.1.12 Transfer all rights and access to any proprietary software program used in connection with the 1-800-STRIPER Business; and

16.1.13 Execute from time to time any necessary papers, documents, and assurances to effectuate the intent of this Section 16.

16.2 **Power of Attorney.** Franchisee hereby irrevocably appoints Franchisor as Franchisee's attorney-in-fact to execute in Franchisee's name and on Franchisee's behalf all documents necessary to discontinue Franchisee's use of the Proprietary Marks and the Confidential Information.

### 16.3 **Option to Purchase Personal Property.**

16.3.1 Upon the termination or expiration of this Agreement, Franchisor or Franchisor's designee shall also have the option, but not the obligation, to purchase any personal property used in connection with operation of Franchisee's 1-800-STRIPER Business by providing Franchisee written notice of Franchisor's election within sixty (60) days after such termination or expiration and paying Franchisee the book value for such personal property within sixty (60) days of such notice. For purposes of this paragraph, "book value" means the amount Franchisee actually paid for the personal property less depreciation (calculated by using the straight-line depreciation method on a five (5) year depreciation schedule, irrespective of the depreciation method or schedule Franchisee uses for accounting purposes). Notwithstanding the foregoing, to the extent that Franchisor exercises its right to purchase any personal property that is subject to a lease or finance agreement, the purchase price of such personal property shall equal the amount of Franchisee's remaining obligations under the lease or finance agreement, as applicable. Franchisor shall be entitled to offset the purchase price by the amount of money owed by Franchisee to Franchisor for any payments necessary to acquire clear title to property or for any other debt. If Franchisor exercises Franchisor's option to purchase, pending the closing of such purchase, Franchisor has the right to appoint a manager to maintain operation of the 1-800-STRIPER Business, or Franchisor may require that Franchisee close the 1-800-STRIPER Business during such period without removing any assets. Franchisee is required to maintain in force all insurance policies required under this Agreement until the date of such closing. Franchisor has the unrestricted right to assign this option to purchase personal property. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor's purchase of Franchisee's property, including, without limitation, representations and warranties as to ownership and condition of and title to the property; liens and encumbrances on the property; validity of contracts and agreements; and liabilities affecting the property, contingent or otherwise.

16.3.2 Exclusions. Franchisor may exclude from the personal property purchased hereunder cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the 1-800-STRIPER Business's operation or that Franchisor has not approved as meeting standards for the 1-800-STRIPER Business.

## 17. **COVENANTS**

Franchisee acknowledges that as a member of Franchisor's System, Franchisee will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which Franchisor has developed. Therefore to protect Franchisor and all Franchisor's franchisees, Franchisee agrees as follows:

**17.1 During the Term of This Agreement.** During the term of this Agreement, neither Franchisee, Franchisee's officers, directors, principals, or Operations Manager/Key Employee, nor any member of the immediate family of Franchisee or Franchisee's officers, directors, principals, or Operations Manager/Key Employee may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

17.1.1 Own, maintain, engage in, be employed by, lend money to, extend credit to or have any interest in any business that offers pavement marking and striping services such as: parking lot striping, new striping layout, re-striping existing parking lots, interior striping, line removal, and custom striping and stenciling, or any other business offering products and services offered or authorized for sale by System franchisees (a "Competing Business"); provided, however, that this Section does not apply to Franchisee's operation of any other 1-800-STRIPER Business; or

17.1.2 Divert or attempt to divert any business or customer or prospect of the 1-800-STRIPER Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System.

**17.2 After the Term of This Agreement.**

17.2.1 For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, Franchisee's officers, directors, or principals, nor any member of the immediate family of Franchisee or Franchisee's officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation enter into any business that is competing in whole or in part with Franchisor by granting franchises or licenses to operate a Competing Business.

17.2.2 For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, Franchisee's officers, directors, or principals, nor any member of the immediate family of Franchisee or Franchisee's officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

17.2.2.1 Own, maintain, engage in, be employed by, or have any interest in any Competing Business located: (i) within the Territory(ies) granted to Franchisee hereunder; or (ii) within a radius of fifteen (15) miles of the perimeter of, (a) the Territory(ies) being granted hereunder, or (b) any other territory licensed by Franchisor as of the date of expiration, termination or transfer of this Agreement; or

17.2.2.2 Interfere with our business relationships or with anyone or any entity with which we have a business relationship.

**17.3 Intent and Enforcement.** It is the parties' intent that the provisions of this Section 17 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened

breach of this Section 17, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. Franchisee agrees that in the event of the actual or threatened breach of this Section 17, Franchisor's harm will be irreparable, and that Franchisor has no adequate remedy at law to prevent such harm. Franchisee acknowledges and agrees on Franchisee's own behalf and on behalf of the persons who are liable under this Section 17 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 17 in no way prevent any such person from earning a living. Franchisee further acknowledges and agrees that the time limitation of this Section 17 shall be tolled during any default under this Section.

17.4 **No Defense.** Franchisee hereby agrees that the existence of any claim Franchisee may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 17. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) which Franchisor incurs in connection with the enforcement of this Section 17.

## 18. DISPUTE RESOLUTION

18.1 **Choice of Law.** This Agreement shall be governed by the laws of the State of New York.

18.2 **Internal Dispute Resolution.** Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's President and/or Chief Executive Officer, after providing notice as set forth in Section 18.6 below. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

18.3 **Mediation.** At Franchisor's option, all claims or disputes between Franchisee and Franchisor or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and Franchisor or its affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section 18.2 above, must be submitted first to non-binding mediation, in or near Rochester, New York under the auspices of the American Arbitration Association ("AAA"), in accordance with the AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Franchisee as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party shall bear its own cost of mediation and Franchisor and Franchisee shall share mediation costs equally. This agreement to mediate shall survive any termination or expiration of this Agreement.



18.3.1 The parties shall not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 18.3 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating):

18.3.1.1 Any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information;

18.3.1.2 Any claims pertaining to or arising out of any warranty issue; or

18.3.1.3 Any of the restrictive covenants contained in this Agreement.

18.4 **Selection of Venue.** The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction in Monroe County, New York and the jurisdiction and venue of the United States District Court for the Western District of New York. Franchisee acknowledges that this Agreement has been entered into in the State of New York, and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters in Rochester, New York. In recognition of such services and their origin, Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of New York set forth above. Nothing contained in this Agreement shall prevent Franchisor from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests.

18.5 **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the mediation provision set forth in this Section 18, each having authority to specifically enforce the right to mediate claims asserted against such person(s) by Franchisee.

18.6 **Prior Notice of Claims.** As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

18.7 **No Right to Offset.** Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

18.8 **Injunctive Relief.** Nothing in this Agreement shall prevent Franchisor from seeking to obtain injunctive relief, without posting a bond, against threatened conduct that will cause Franchisor loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions. If injunctive relief is granted, Franchisee's only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Franchisee expressly waives all claims for damages Franchisee incurred as a result of the wrongful issuance.

18.9 **Limitation of Action.** Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless brought before

the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.

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

**18.10 Waiver of Punitive Damages.** Franchisee hereby waives, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

**18.11 THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, OPERATION OF THE 1-800-STRIPER BUSINESS AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY PRODUCTS OR SERVICES. THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE 1-800-STRIPER BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.**

## **19. REPRESENTATIONS**

**19.1 Execution of Agreement.** EACH OF THE UNDERSIGNED PARTIES WARRANTS THAT IT HAS THE FULL AUTHORITY TO SIGN AND EXECUTE THIS AGREEMENT. IF FRANCHISEE IS A PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY, THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF SUCH PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY WARRANTS TO FRANCHISOR, BOTH INDIVIDUALLY AND IN HIS OR HER CAPACITY AS PARTNER OR OFFICER, THAT ALL OF THE PARTNERS OF THE PARTNERSHIP, ALL OF THE SHAREHOLDERS OF THE CORPORATION OR ALL OF THE MEMBERS/MANAGERS OF THE LIMITED LIABILITY COMPANY, AS APPLICABLE, HAVE READ AND APPROVED THIS

AGREEMENT, INCLUDING ANY RESTRICTIONS WHICH THIS AGREEMENT PLACES UPON RIGHTS TO TRANSFER INTERESTS IN THE PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY.

**20. GUARANTY**

If Franchisee is a corporation, or subsequent to execution hereof, Franchisee assigns this Agreement to a corporation, all shareholders of Franchisee’s outstanding shares and their spouses (or if Franchisee is a partnership, or subsequent to execution hereof, Franchisee assigns this Agreement to a partnership, all partners and their spouses, or if Franchisee is a limited liability company, or subsequent to execution hereof Franchisee assigns this Agreement to a limited liability company, all members and managers and their spouses) hereby personally and unconditionally guarantee without notice, demand, or presentment, the payment of all of Franchisee’s monetary obligations under this Agreement, and any other agreement between Franchisee and Franchisor and/or Franchisor’s affiliates, as if each were an original party to this or any other agreement in his or her individual capacity. All such personal guarantors further agree to be bound by the restrictions of Franchisee’s activities upon transfer, termination, or expiration and nonrenewal of this Agreement as if each were an original party to this Agreement in his or her individual capacity. All such personal guarantors and their spouses must execute a continuing personal guarantee in the form attached hereto as Exhibit A. If Franchisee is an individual, Franchisee’s spouse must execute a continuing personal guarantee in the form attached hereto as Exhibit A.

**21. NOTICES**

All notices and requests to be given under this Agreement are to be in writing, and delivered by either certified mail, or via a recognized courier service offering a delivery receipt (e.g., UPS or FedEx), to the following addresses (which may be changed by written notice):

Franchisee: \_\_\_\_\_  
\_\_\_\_\_

Franchisor: Striper Industries, Inc.  
69 Deep Rock Road  
Rochester, NY 14624

With a copy to: Lane Fisher, Esq.  
Fisher Zucker, LLC  
21 South 21<sup>st</sup> Street  
Philadelphia, PA 19103

**22. MISCELLANEOUS**

**22.1 Entire Agreement.** This Agreement contains the entire Agreement of the parties. There are no representations, either oral or written, except those contained in this Agreement. This

written Agreement includes all representations between the parties. This Agreement may not be modified except by a written document signed by both parties. Nothing in the Agreement is intended to disclaim the representations made in the franchise disclosure document that was furnished to Franchisee.

**22.2 Construction of Language.** The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Franchisee, their obligations and liabilities shall be joint and several. Headings are for reference purposes and do not control interpretation. Reference to “immediate family” means spouse, parents, children and siblings and spouse’s parents, children and siblings. Reference to Franchisee’s “principals” means Franchisee’s partners, officers, directors, shareholders, members and managers, as applicable. References to “Franchisor” and “Franchisee” include the party’s successors, assigns or transferees.

**22.3 Severability.** If any provision of this Agreement is deemed invalid or inoperative for any reason, that provision shall be deemed modified to the extent necessary to make it valid and operative or, if it cannot be so modified, it shall then be severed, and the remainder of that provision shall continue in full force and effect as if this Agreement had been signed with the invalid portion so modified or eliminated; provided, however, that if any part of this Agreement relating to payments to Franchisor or any of its affiliates, or protection of the Proprietary Marks or the Confidential Information, including the Operations Manual and Franchisor’s other trade secrets, is declared invalid or unenforceable, then Franchisor at Franchisor’s option may terminate this Agreement immediately upon written notice to Franchisee.

**22.4 State Law Applies.** If any provision of this Agreement, including but not limited to its provisions for transfer, renewal, termination, notice of termination, or cure rights, is inconsistent with any valid law or regulation of the state in which Franchisee’s 1-800-STRIPER Business is located, then the valid law or regulation of that state applicable to the franchise shall supersede any provision of this Agreement that is less favorable to Franchisee.

**22.5 Additional Documentation.** Franchisee must from time to time, subsequent to the date first set forth above, at Franchisor’s request and without further consideration, execute and deliver such other documentation or agreement and take such other action as Franchisor reasonably may require in order to effectuate the transactions contemplated herein. In the event that Franchisee fails to comply with the provisions of this Section, Franchisee hereby appoints Franchisor as Franchisee’s attorney-in-fact to execute all such documents on Franchisee’s behalf.

**22.6 Force Majeure.** Neither Franchisee, Franchisor, nor Franchisor’s affiliates will be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if its failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause will extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or will excuse performance, in whole or in part, as Franchisor deems reasonable.

**22.7 Anti-Terrorist Activities.** Franchisee certifies that neither Franchisee, nor Franchisee’s owners, principals, employees nor anyone associated with Franchisee is listed in the

Annex to Executive Order 13224 (the “Annex”). Franchisee agrees not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that Franchisee has no knowledge or information that, if generally known, would result in Franchisee, Franchisee’s owners, principals, employees, or anyone associated with Franchisee being listed in the Annex. Franchisee agrees to comply with and/or assist Franchisor to the fullest extent possible in Franchisor’s efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee certifies, represents, and warrants that none of Franchisee’s property or interests are subject to being “blocked” under any of the Anti-Terrorism Laws and that Franchisee and Franchisee’s owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee’s indemnification responsibilities as provided in Section 13.2 of this Agreement pertain to Franchisee’s obligations under this Section 22.7. Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee, Franchisee’s owners, principals or employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor’s affiliates in accordance with the terms of Section 15.2.19 of this Agreement. As used herein, “Anti-Terrorism Laws” means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any Governmental Authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts or acts of war.

**22.8 Attorneys’ Fees.** If Franchisee is in breach or default of any monetary or nonmonetary material obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or Franchisor’s affiliates, and Franchisor engages an attorney to enforce Franchisor’s rights (whether or not formal judicial proceedings are initiated), Franchisee must pay all reasonable attorneys’ fees, court costs and litigation expenses Franchisor incurs, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of Franchisee’s personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the 1-800-STRIPER Business. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee’s claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor’s reasonable attorneys’ fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

## **23. ACKNOWLEDGMENTS**

**23.1 Independent Investigation.** Franchisee acknowledges that Franchisee has conducted an independent investigation of the 1-800-STRIPER Business contemplated by this Agreement and recognizes that it involves business risks which make the success of the venture largely dependent upon Franchisee’s business abilities and efforts. Franchisee acknowledges that Franchisee has been given the opportunity to clarify any provision of this Agreement that Franchisee may not have initially understood and that Franchisor has advised Franchisee to have this Agreement reviewed by an attorney.

23.2 **No Guarantees or Representations of Earnings.** Franchisee understands that Franchisor and any of Franchisor’s representatives and/or agents with whom Franchisee has met have not made and are not making any guarantees or representations as to the extent of Franchisee’s success in operating a 1-800-STRIPER Business, and have not and are not in any way representing or promising any specific amounts of earnings or profits associated with Franchisee’s operation of the 1-800-STRIPER Business.

23.3 **Receipt of Disclosure Document.** Franchisee acknowledges that this Agreement and Franchisor’s Franchise Disclosure Document, or “FDD”, have been in Franchisee’s possession for at least fourteen (14) days before Franchisee signed this Agreement and before Franchisee’s payment of any monies to Franchisor, refundable or otherwise, and that any material changes to this Agreement were memorialized in writing in this Agreement for at least seven (7) days before Franchisee signed this Agreement.

23.4 **No Personal Liability.** Franchisee agrees that fulfillment of any and all of Franchisor’s obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a court of law shall be Franchisor’s sole responsibility and none of Franchisor’s agents, representatives, nor any individuals associated with Franchisor’s franchise company shall be personally liable to Franchisee for any reason. Franchisee agrees that nothing that Franchisee believes Franchisee has been told by Franchisor or Franchisor’s representatives shall be binding unless it is written in this Agreement. This is an important part of this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.

**IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.**

**FRANCHISEE:**

\_\_\_\_\_  
(Individual, Partnership or Corporation Name)

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

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

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

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

**PERSONAL GUARANTORS**

\_\_\_\_\_

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**STRIPER INDUSTRIES, INC.**

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

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

**EXHIBIT A**  
**to**  
**STRIPER INDUSTRIES, INC**  
**FRANCHISE AGREEMENT**

**PERSONAL GUARANTY**



## **PERSONAL GUARANTY**

NOTE: IF FRANCHISEE IS A CORPORATION, EACH OF FRANCHISEE'S SHAREHOLDERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A PARTNERSHIP, EACH OF FRANCHISEE'S PARTNERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A LIMITED LIABILITY COMPANY, EACH OF FRANCHISEE'S MEMBERS AND MANAGERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF THE FRANCHISEE IS AN INDIVIDUAL, FRANCHISEE'S SPOUSE MUST EXECUTE THE FOLLOWING UNDERTAKING.

### **ARTICLE I PERSONAL GUARANTY**

The undersigned persons (individually and collectively "you") hereby represent to Striper Industries, Inc. ("Franchisor") that you are all of the shareholders of \_\_\_\_\_ ("Franchisee"), or all of the partners of Franchisee, or all of the members and managers, or the spouse of any individual Franchisee, or the spouse of any such shareholder, general partner, or member or manager of Franchisee, as the case may be. In consideration of the grant by Franchisor to the Franchisee as herein provided, each you hereby agree, in consideration of benefits received and to be received by each of you, jointly and severally, and for yourselves, your heirs, legal representatives and assigns, to be firmly bound by all of the terms, provisions and conditions of the foregoing Striper Industries, Inc. franchise agreement (the "Franchise Agreement"), and any other agreement between Franchisee and Franchisor and/or its affiliates, and do hereby unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the aforesaid Franchise Agreement or other agreement between Franchisor and Franchisee, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the aforesaid Franchise Agreement and that you (jointly and severally) will not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first obtaining the written consent of Franchisor prior to said proposed transfer, which consent must not be unreasonably withheld, and without first paying or causing to be paid to Franchisor the Transfer Fee provided for in said Franchise Agreement, if applicable, and without otherwise complying with the transfer provisions of the foregoing Franchise Agreement. You agree to be bound by the dispute resolution procedures set forth in the Franchise Agreement. You further agree to be bound by the in-term and post-term covenants against competition of the aforesaid Franchise Agreement.

### **ARTICLE II CONFIDENTIALITY**

During the initial and any renewal terms of the Franchise Agreement and this personal guaranty (the "Guaranty"), you will receive information, which Franchisor considers its trade secrets and confidential information. You shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any "Confidential Information", as such term is defined in the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which Franchisor designates as confidential, will be deemed Confidential Information for purposes of this Guaranty.

### **ARTICLE III NON-COMPETITION**

You acknowledge that as a participant in the Franchisor's franchise System, you will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures, and techniques which Franchisor has developed. Therefore, to protect Franchisor and all Franchisor's franchisees, you agree as follows:

1) **During the Term of the Franchise Agreement and this Guaranty.** During the term of the Franchise Agreement and this Guaranty, neither you, nor your principals, officers, or directors, nor any members of your immediate family or the immediate family of your principals, officers, or directors may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

a) Own, maintain, engage in, be employed by, lend money to, extend credit to or have any interest in any business that offers pavement marking and striping services such as: parking lot striping, new striping layout, re-striping existing parking lots, interior striping, line removal, and custom striping and stenciling, or any other business offering products and services offered or authorized for sale by System franchisees (a "Competing Business"); provided, however, that this Section does not apply to your operation of any other 1-800-STRIPER Business under the Striper Industries, Inc. Proprietary Marks and System;

b) Employ or seek to employ any person who is at that time employed by Franchisor, Franchisor's affiliates or any other System franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or

c) Divert or attempt to divert any business or customer of the 1-800-STRIPER Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System.

2) **After the Term of This Agreement.**

a) For a period of 2 years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, your officers, directors, or principals, nor any member of your immediate family or the immediate family of your officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation enter into any business competing in whole or in part with Franchisor in granting franchises or licenses to operate a Competing Business at the time the Franchise Agreement is terminated or otherwise expires and is not renewed.

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

(i) Own, maintain, engage in, be employed by, or have any interest in any Competing Business at the time of termination or expiration and nonrenewal (i) at the 1-800-STRIPER Business; (ii) within the territory(ies) (the “Territory”); or (iii) within a radius of 15 miles of the perimeter of (a) the Territory being granted hereunder or (b) any other territory licensed by Franchisor as of the date of expiration or termination of this Agreement;

(ii) Solicit business from customers of Franchisee’s former 1-800-STRIPER Business;

(iii) Contact any of Franchisor’s suppliers or vendors for any competitive business purpose; or

(iv) Interfere with our business relationships or with anyone or any entity with which we have a business relationship.

3) **Intent and Enforcement.** It is the parties’ intent that the provisions of this Article III be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Article III by you, any of your principals, or any members of their immediate family, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. You agree that in the event of the actual or threatened breach of this Article III, Franchisor’s harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. You acknowledge and agree that you have previously worked or been gainfully employed in other careers and that the provisions of this Article III in no way prevents you from earning a living. You further acknowledge and agree that the time limitation of this Article III shall be tolled during any default under the Franchise Agreement and this Guaranty.

#### **ARTICLE IV MISCELLANEOUS**

1) **Acknowledgment.** You acknowledge that this Guaranty is not a franchise agreement and does not confer upon you any rights to use the Franchisor’s Proprietary Marks or its System.

2) **Governing Law.** This Guaranty shall be deemed to have been made in and governed by the laws of the State of New York.

3) **Internal Dispute Resolution.** You must first bring any claim or dispute arising out of or relating to the Franchise Agreement or this Guaranty to Franchisor’s Chief Executive Officer and/or President. You agree to exhaust this internal dispute resolution procedure before bringing any dispute before a third party. This agreement to engage in internal dispute resolution first shall survive the termination or expiration of this Guaranty.

4) **Mediation.** At Franchisor’s option, all claims or disputes between you and Franchisor arising out of, or in any way relating to, this Guaranty or the Franchise Agreement or any other agreement by and between you and the Franchisor, or any of the parties’ respective rights and obligations arising from such agreements, must be submitted first to non-binding mediation, in Rochester, New York, under the auspices of the American Arbitration Association (“AAA”), in accordance with the AAA’s

Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, you must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of 30 days following receipt of such notice within which to notify you as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. You may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party shall bear its own cost of mediation and the parties shall share the cost of mediator. This agreement to mediate at our option shall survive the termination or expiration of the Franchise Agreement.

a) The parties shall not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 4 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating):

(i) Any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information;

(ii) Any claims arising out of or pertaining to any warranty issued; or

(iii) Any of the restrictive covenants contained in this agreement.

5) **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the Franchise Agreement and this Guaranty, and the mediation provisions contained herein, each having authority to specifically enforce the right to mediate and arbitrate claims asserted against such person(s) by you.

6) **Injunctive Relief.** Nothing contained in this Guaranty shall prevent Franchisor from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests prior to the filing of any mediation proceeding or pending the trial or handing down of a decision or award pursuant to any mediation or judicial proceeding conducted hereunder.

7) **Jurisdiction and Venue.** With respect to any proceeding not subject to mediation, the parties expressly agree to submit to the jurisdiction and venue of any court of general jurisdiction in Rochester, New York, and the jurisdiction and venue of the United States District Court for the Western District of New York.

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

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

10) **Limitation on Action.** You agree that no cause of action arising out of or under this Guaranty or the Franchise Agreement may be maintained by you unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim against the Franchisor, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense or set-off.

11) **Attorneys' Fees.** If either party institutes any mediation action or judicial proceeding to enforce any monetary or nonmonetary obligation or interpret the terms of this Guaranty and the Franchise Agreement, and Franchisor prevails in such action, you shall be liable to Franchisor for all costs, including reasonable attorneys' fees, incurred in connection with such proceeding.

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

13) **Severability.** The parties agree that if any provisions of this Guaranty may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision shall have the meaning which renders it valid and enforceable. The provisions of this Guaranty are severable, and this Guaranty shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable. If any material provision of this Guaranty shall be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Guaranty.

14) **Construction of Language.** Any term defined in the Franchise Agreement which is not defined in this Guaranty will be ascribed the meaning given to it in the Franchise Agreement. The language of this Guaranty will be construed according to its fair meaning, and not strictly for or against either party. All words in this Guaranty refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

15) **Successors.** References to “Franchisor”, “the undersigned,” or “you” include the respective parties’ successors, assigns or transferees.

16) **No Personal Liability.** You agree that fulfillment of any and all of Franchisor’s obligations written in this Guaranty or in the Franchise Agreement or based on any oral communications which may be ruled to be binding in a Court of Law shall be Franchisor’s sole responsibility and none of Franchisor’s agents, representatives, nor any individuals associated with Franchisor’s franchise company shall be personally liable to Franchisee or you for any reason.

**PERSONAL GUARANTORS**

**SPOUSES**

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**EXHIBIT B**  
**to**  
**STRIPER INDUSTRIES, INC**  
**FRANCHISE AGREEMENT**

**CONDITIONAL ASSIGNMENT OF FRANCHISEE'S TELEPHONE NUMBERS,  
FACSIMILE NUMBERS AND DOMAIN NAMES**

**CONDITIONAL ASSIGNMENT OF FRANCHISEE’S TELEPHONE NUMBERS,  
FACSIMILE NUMBERS AND DOMAIN NAMES**

1. \_\_\_\_\_ (“Assignor”), in exchange for valuable consideration provided by Striper Industries, Inc. (“Assignee”), receipt of which is hereby acknowledged, hereby conditionally assigns to Assignee all telephone numbers, facsimile numbers, domain names, as well as any listings associated therewith, utilized by Assignor in the operation of its 1-800-STRIPER Business (the “Assigned Property”). The Assigned Property includes the following:

Telephone Number(s): \_\_\_\_\_

Facsimile Number(s): \_\_\_\_\_

Domain Name(s) (as permitted by Franchisor under the Franchise Agreement):

\_\_\_\_\_.

2. The conditional agreement will become effective automatically upon termination or expiration of Assignor’s franchise agreement. Upon the occurrence of that condition, Assignor must do all things required by the telephone company, domain name registrar, or other applicable entity to assure the effectiveness of the assignment of Assigned Property as if the Assignee had been originally issued such Assigned Property and the usage thereof.

3. Assignor agrees to pay the telephone company, domain name registrar, and/or other applicable entity, on or before the effective date of assignment, all amounts owed for the use of the Assigned Property up to the date this Assignment becomes effective. Assignor further agrees to indemnify Assignee for any sums Assignee must pay to effectuate this Assignment, and agrees to fully cooperate with the telephone company, domain name registrar, and/or any other applicable entity, as well as the Assignee, in effectuating this assignment.

**ASSIGNOR:**

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

TITLE: \_\_\_\_\_

**ASSIGNEE:**

**STRIPER INDUSTRIES, INC.**

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

TITLE: \_\_\_\_\_



**EXHIBIT C**  
**to**  
**STRIPER INDUSTRIES, INC**  
**FRANCHISE AGREEMENT**

**CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT**

## CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT

*(for trained employees, shareholders, officers, directors,  
general partners, members and managers and Operations Manager/Key Employee of Franchisee)*

In consideration of my being a \_\_\_\_\_ of \_\_\_\_\_ (the “Franchisee”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that Franchisee has acquired the right from Striper Industries, Inc. (the “Company”) to establish and operate a 1-800-STRIPER Business (the “1-800-STRIPER Business”) and the right to use in the operation of the 1-800-STRIPER Business the Company’s trade names, trademarks and service marks (the “Proprietary Marks”) and the Company’s unique and distinctive format and system relating to the establishment and operation of 1-800-STRIPER Businesses (the “System”), as they may be changed, improved and further developed from time to time in the Company’s sole discretion.

1. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes but is not limited to methods of striping and line removal; information about proprietary services or products; any proprietary software Franchisor may now or in the future create; Franchisor’s operational manual; trade secrets; price marketing mixes related to the sale services offered or authorized for sale by System franchisees; standards and specifications for striping equipment; systems and training manuals; compensation systems; marketing strategies; online social marketing systems; merchandise sales systems; sales training; location identification and acquisition systems; ongoing training; general operations; Franchisor’s copyrighted materials; and methods and other techniques and know-how concerning the operation of the 1-800-STRIPER Business which may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee’s operation of a 1-800-STRIPER Business (collectively, the “Confidential Information”).

2. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

3. The Company and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Striper Industries, Inc. Operations Manual (the “Manual”) and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the 1-800-STRIPER Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

5. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties with the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has

become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

6. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, engage in, be employed by, or have any interest in any other business which operates or licenses any other Competing Business, as that term is defined in Section 17.1.1 of the Striper Industries, Inc. Franchise Agreement, except a 1-800-STRIPER Business operating under the System and Proprietary Marks.

7. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

8. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

9. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

10. This Agreement shall be construed under the laws of New York. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**ACKNOWLEDGED BY FRANCHISEE**

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT D**  
**to**  
**STRIPER INDUSTRIES, INC**  
**FRANCHISE AGREEMENT**

**ELECTRONIC FUNDS WITHDRAWAL AUTHORIZATION**

**ELECTRONIC FUNDS WITHDRAWAL AUTHORIZATION**

Bank Name : \_\_\_\_\_  
ABA# : \_\_\_\_\_  
Acct. No. : \_\_\_\_\_  
Acct. Name : \_\_\_\_\_

Effective as of the date of the signature below, \_\_\_\_\_ (“Franchisee”) hereby Striper Industries, Inc (“Company”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to make the following payments to Company under the Franchise Agreement for the franchise located at \_\_\_\_\_: (1) all Royalty Fees; (2) all contributions to the National Brand Fund; and (3) any fees that the Company may impose under the terms of Franchisee’s Franchise Agreement from time to time. Such withdrawals shall occur on a monthly basis, or on such other schedule as Company shall specify in writing. Company is also authorized to deposit funds into the above-referenced account, electronically or otherwise. This authorization shall remain in full force and effect until terminated in writing by Company.

AGREED:

ATTEST:

FRANCHISEE

\_\_\_\_\_

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

Print name: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT E  
TO THE STRIPER INDUSTRIES, INC.  
FRANCHISE DISCLOSURE DOCUMENT**

**SAMPLE TERMINATION AND RELEASE AGREEMENT**

**SAMPLE TERMINATION OF FRANCHISE AGREEMENT AND RELEASE**  
**UPON TRANSFER TO AN AUTHORIZED FRANCHISEE**

This Termination of Franchise Agreement and Release (the “Agreement”) is made on \_\_\_\_\_ (the “Effective Date”), by and between Striper Industries, Inc., a New York corporation, with its principal business address at 69 Deep Rock Road, Rochester, NY 14624 (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ with an address at \_\_\_\_\_ (“Transferor”).

**BACKGROUND**

A. On \_\_\_\_\_, Transferor entered into a franchise agreement (the “Franchise Agreement”) with Franchisor for the right to operate a franchised business at \_\_\_\_\_ (“Franchised Business”).

B. Transferor has satisfied all conditions of transfer as specified in the Franchise Agreement and now desires to sell the Franchised Business to \_\_\_\_\_, who has been approved by Franchisor as an authorized transferee.

C. In order to complete Transferor’s sale of the business, Transferor now desires to terminate the Franchise Agreement and all rights and obligations between the parties relating to the Franchise Agreement, and Franchisor desires to accept such termination, pursuant to the terms of this Agreement.

**AGREEMENT**

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Subject to the terms and conditions contained in this Agreement, the Franchise Agreement and all rights and obligations between Franchisor and Transferor arising from or related to the Franchise Agreement are terminated, effective as of the date of this Agreement.

2. Notwithstanding anything in this Agreement to the contrary, the parties agree that Transferor will remain bound by all of the post-term covenants and obligations contained in the Franchise Agreement including, without limitation, those relating to Confidential Information and Non-competition.

3. Transferor represents and warrants that all of Transferor’s monetary obligations to Franchisor and its subsidiaries and affiliates have been satisfied in full as of the date of this Agreement.

4. Transferor, for itself and all persons and entities claiming by, through or under it, releases, acquits and forever discharges Franchisor and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors and assigns (the “Franchisor Releasees”) from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorneys’ fees, actions or causes of action whatsoever, whether known or unknown, which it, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Franchisor Releasees arising out of or related to the offer, sale and operation of the Franchised Business, and the parties’ rights or obligations under the Franchise Agreement.

5. Excluding the indemnification obligations set forth in the Franchise Agreement, and Transferor's obligations as set forth in paragraph 2 of this Agreement, Franchisor, for itself and all persons and entities claiming by, through or under it, releases, acquits and forever discharges Transferor and Transferor's employees, agents, servants, representatives, affiliates, successors and assigns (the "Transferor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorneys' fees, actions or causes of action whatsoever, whether known or unknown, which it, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Transferor Releasees arising out of or related to the offer, sale and operation of the business, and the parties' rights or obligations under the Franchise Agreement.

6. This Agreement constitutes the entire integrated agreement of the parties with respect to the subject matter contained in this Agreement, and may not be subject to any modification without the written consent of the parties.

7. This Agreement will be construed under the laws of the State of New York, which laws will control in the event of any conflict of law.

8. This Agreement will be for the benefit of and binding upon the parties and their respective representatives, successors and assigns.

9. Each party acknowledges that the terms of this Agreement have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel. This Agreement is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not embodied in this Agreement.

10. In the event that Franchisor retains the services of legal counsel to enforce the terms of this Agreement, it will be entitled to recover all costs and expenses, including reasonable attorneys' fees, incurred in enforcing the terms of this Agreement.

11. Transferor agrees that Transferor has and had a relationship with Franchisor at its offices in Rochester, New York and that, with the exception of Franchisor's right to seek injunctive relief in any appropriate jurisdiction, any action by or against Franchisor arising out of or relating to this Agreement will be commenced and concluded in Monroe County, New York pursuant to the dispute resolution provisions of the Franchise Agreement.

12. This Agreement may be executed in multiple counterparts by the various parties and the failure to have the signatures of all parties on a single Agreement will not affect the validity or enforceability of any part of this Agreement against any party who executes any counterpart of the Agreement. Executed facsimile copies of this Agreement will be deemed to be effective as original signatures.

13. This Agreement is inapplicable with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

*[Signatures on following page]*



**I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.**

**FRANCHISOR:**

**STRIPER INDUSTRIES, INC.**

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

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

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

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

**TRANSFEROR:**

**[NAME]**

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

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

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

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

**EXHIBIT F  
TO THE STRIPER INDUSTRIES, INC.  
FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF FRANCHISEES**

**LIST OF FRANCHISEES AS OF 12/31/2023**

<b>Name</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone / Email</b>	<b>Territories</b>
Shawn Anderson	Home Office	Jacksonville	Florida	32257	(904) 309-4277 Sanderson@1800striper.com	1
Rakin Zaman	Home Office	Brooklyn	New York	11237	(332) 273-9911 Queens@1800striper.com	1
Alexander and Katherine Lebedev	Home Office	Mason	Ohio	45040	(513) 776-1869 ALebedev@1800striper.com	1
Nick and Jazmyn Phillips	Home Office	Cranberry Twp	Pennsylvania	16066	(412) 567-2166 NWPittsburgh@1800striper.com	2
Jordon and Ashley Sargent	1657 N State Street	Lehi	Utah	84043	(385) 472-3389 JSargent@1800striper.com	3

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

**LIST OF FRANCHISEES WITH SIGNED FRANCHISE AGREEMENTS AS OF 12/31/2023, BUT WERE NOT YET OPEN AS OF 12/31/2023**

<b>Name</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone / Email</b>	<b>Territories</b>
Jon and Linda Tucker Meredith Linville	1036(A) Commerce Blvd.	Pelham	Alabama	35125	(205) 846-6067 OTM@1800striper.com	3
Chad Perry Kim Perry	PO Box 498	Sedalia	Colorado	80135	(720) 277-8975 cperry@1800striper.com	4
Brett Jack	Home Office	East Hartford	Connecticut	06108	(860) 815-7337 BJack@1800striper.com	1
Reuben Nogueira	15 Union Street	Lawrence	Massachusetts	01840	(617) 256-1007 RNogueira@1800striper.com	1
Stephen Hunter	Home Office	Kansas City	Missouri	64158	(920) 412-0822 Shunter@1800striper.com	3
David	4122 Bennett	Durham	North	27705	(919) 439-6421	2

Coleman	Memorial Rd., Suite 109		Carolina			
Rupesh and Maurie Patel	10931 E Independence Blvd., Suite R	Matthews	North Carolina	28105	(704) 828-9922 Charlotte@1800striper.com	6
Josh Tovey	517 Pylon Drive	Raleigh	North Carolina	27606	(984) 766-5526 JTovey@1800striper.com	2
Kevin and Lisa Strickland	Home Office	Simpsonville	South Carolina	29681	(864) 999-1173 Greenville@1800striper.com	3
Megan Binkley	Home Office	Heiskell	Tennessee	37754	(865) 323-1709 MBinkley@1800striper.com	2
Barry Guinn	1325 Whitlock Suite 305	Carrollton	Texas	75006	(214) 884-3669 CentralDallas@1800striper.com	2
Brad McDougal	PO Box 1222	Castroville	Texas	78009	(210) 930-1234 BMcDougal@1800striper.com	4
Pablo Pareja, George Pareja, and Brad Buss	4500 Cambridge Roud, Suite 200	Fort Worth	Texas	76155	(972) 543-1033 EastFortWorth@1800striper.com	1
Chris and Joyce Smith	Home Office	Marble Falls	Texas	78654	(512) 267-4281 Austin@1800-striper.com	3
Mills Landon, Christina Landon, and Bart Miller	5960 W Parker 278-417	Plano	Texas	75093	(940) 298-0202	3

**EXHIBIT G  
TO THE STRIPER INDUSTRIES, INC.  
FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM**

## **LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM**

We do not yet have any franchisees who have left the System.

**EXHIBIT H  
TO THE STRIPER INDUSTRIES, INC.  
FRANCHISE DISCLOSURE DOCUMENT**

**STATE SPECIFIC ADDENDA**

**STRIPER INDUSTRIES, INC.**  
**ILLINOIS ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**NOTICE TO PROSPECTIVE FRANCHISEES IN THE STATE OF ILLINOIS**

Illinois law governs the agreements.

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

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

Franchisee's 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.

The Franchisor reserves the right to modify its Operations Manual, which may result in increased expenses for you to comply with those changes.

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

**STRIPER INDUSTRIES, INC.**

**FRANCHISEE**

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

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

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

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

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

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

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

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



**STRIPER INDUSTRIES, INC.**  
**ILLINOIS ADDENDUM TO THE FRANCHISE AGREEMENT**

Illinois law governs the Agreements.

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

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

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

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

The Franchisor reserves the right to modify its Operations Manual, which may result in increased expenses for you to comply with those changes.

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

**FRANCHISOR**

**FRANCHISEE**

**STRIPER INDUSTRIES, INC.**

**[NAME]**

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

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

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

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

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

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

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

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

**STRIPER INDUSTRIES, INC.**  
**MARYLAND ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**

To the extent the Maryland Franchise Registration and Disclosure Law, MD. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

1. Item 5 of the Disclosure Documents shall be amended as follows:

Due to our financial condition, the Maryland Attorney General's Office requires that the payment of initial fees be deferred until such time as the Franchisor completes its pre-opening obligations under the Franchise Agreement and the franchise is open for business.

2. Exhibit I of the Disclosure Document shall be amended as follows:

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. The following language is added to the Franchise Disclosure Document:

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.

4. Item 17, Additional Disclosures:

Our termination of the Franchise Agreement because of your bankruptcy may not be enforceable under applicable federal law (11 U.S.C.A. 101 es seq.).

You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

**STRIPER INDUSTRIES, INC.**  
**MARYLAND ADDENDUM TO THE FRANCHISE AGREEMENT**

**THE FRANCHISE AGREEMENT TO WHICH THIS ADDENDUM IS ATTACHED AND INCORPORATED IS HEREBY AMENDED AS FOLLOWS:**

1. Sections 2.2.8 and 14.3.2. titled “Renewal,” and “Conditions to Transfer,” shall be amended by adding the following language at the end of those sections:

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Section 3.1 of the Franchise Agreement is hereby amended as follows:

Due to our financial condition, the Maryland Attorney General’s Office requires that the payment of initial fees be deferred until such time as the Franchisor completes its pre-opening obligations under the Franchise Agreement and the franchise is open for business.

3. Sections 15.1.1 and 15.1.2 of the Franchise Agreement are hereby amended by adding the following language at the end of each section:

Termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et. seq.).

4. Section 18.4 of the Franchise Agreement under the heading “Venue” shall be amended by adding the following language at the end of the section:

Franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. Section 18.9 of the Franchise Agreement under the heading “Limitation of Action” shall be amended by adding the following language at the end of the section:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

6. Section 23 of the Franchise Agreement under the heading “Acknowledgements” shall be amended by adding the following language at the end of the section:

All representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

7. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such

provision, are met independent of the Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

8. The following Sections are hereby removed from the Franchise Agreement: 23.1, 23.2, 23.3, and 23.4.
9. The following language is 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.

**The undersigned hereby acknowledge and agree that this addendum is hereby made part of an incorporated in the foregoing Franchise Agreement:**

**STRIPER INDUSTRIES, INC.**

**FRANCHISEE**

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

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

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

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

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

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

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

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

**STRIPER INDUSTRIES, INC.**  
**MINNESOTA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**

For franchises and franchisees subject to the Minnesota Franchise Act, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Striper Industries Inc. Franchise Disclosure Document.

**Item 5**

Due to our financial condition, we are required to defer collection of initial franchise fees until the Franchised Business Opens.

**Item 6**

NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

**Item 7**

Due to our financial condition, we are required to defer collection of initial franchise fees until the Franchised Business Opens.

**Item 13**

Striper Industries, Inc. will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or will indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the marks to the extent required by Minnesota law.

**Item 17**

Minnesota law provides franchisees with certain termination and nonrenewal rights. As of the date of this Franchise Disclosure Document, Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 provides that any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of Minnesota or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota to waive compliance or which has the effect of waiving compliance with any provision of §§80C.01 to 80C.22 of the Minnesota Franchises Act, or any rule or order thereunder, is void.

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibits Striper Industries, Inc. requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise 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.

To the extent you are required to execute a general release in favor of Striper Industries, Inc., such release shall exclude liabilities arising under the Minnesota Franchises Act, Minn. Stat. §80C.01 et seq. as provided by Minn. Rule 2860.4400J.

## **Questionnaire**

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.

## MINNESOTA ADDENDUM TO THE FRANCHISE AGREEMENT

This Amendment shall pertain to franchises sold in the State of Minnesota and shall be for the purpose of complying with Minnesota statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement shall be amended as follows:

1. Minnesota law provides franchisees with certain termination and nonrenewal rights. As of the date of this Agreement, Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement.

2. Striper Industries, Inc. will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or will indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the marks to the extent required by Minnesota law.

3. The Franchise Agreement shall be supplemented by the following provision:

Pursuant to Minn. Stat. Sec. 80C.21, nothing in this Agreement shall, in any way abrogate or reduce any of your rights as provided in Minnesota Statutes, Chapter 80C, including but not limited to the right to submit matters to the jurisdiction of the courts of Minnesota.

4. Minn. Stat. '80.C.21 and Minn. Rule 2860.4400J prohibit Striper Industries Inc. from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise 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.

5. To the extent you are required to execute a general release in favor of Striper Industries Inc., such release shall exclude liabilities arising under the Minnesota Franchises Act, Minn. Stat. '80C.01 *et seq.* as provided by Minn. Rule 2860.4400J.

6. Any claims brought pursuant to the Minnesota Franchises Act, '80.C.01 *et seq.* must be brought within 3 years after the cause of action accrues. To the extent that any provision of the Franchise Agreement imposes a different limitations period, the provision of the Act shall control.

7. 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.

8. The Franchise Agreement is hereby amended to state that Franchisor is required to defer the collection of initial fees until the franchised business opens.

***[Signatures to appear on the following page.]***

**FRANCHISOR**

**STRIPER INDUSTRIES INC.**

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

Name: \_\_\_\_\_  
[Name], [Title]

**FRANCHISEE**

[NAME]

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

Name: \_\_\_\_\_  
[Name], [Title]



## NEW YORK

### ADDENDUM TO DISCLOSURE DOCUMENT

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

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or

department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such at our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**:

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

7. The following is added to the end of the “Summary” section of Item 17(j), titled **“Assignment of contract by franchisor”**:

However, no assignment will be made except for an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

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

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

**VIRGINIA**

**ADDENDUM TO THE DISCLOSURE DOCUMENT**

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

Additional Disclosure: The following statements are added to Item 17.h.

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

**STRIPER INDUSTRIES, INC.**  
**WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**

1. The State of Washington has a statute, RCW 19.100.180, which 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.
2. 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.
3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, shall prevail.
4. 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.
5. Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.
6. The Franchisee Disclosure Acknowledgment Statement attached as Exhibit I to the Franchise Disclosure Document does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.
7. A General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.
8. 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.
9. 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.
10. Section 16.3.1 of the Franchise Agreement will be modified to be consistent with RCW 19.100.180(2),

including that the franchisor shall purchase the assets referenced in the statute at their fair market value at the time of the early termination or non-renewal of the Franchise Agreement, which such amounts permitted to be offset by any amounts owed by the franchisee to the franchisor.

11. Due to our financial condition, we will defer collection of the initial franchise fee until we have fulfilled our initial pre-opening obligations to you and the franchise is open for business.
12. The following Risk Factor is hereby added to the “Special Risks to Consider About This Franchise” page:

**Use of Franchise Brokers.** The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Carefully evaluate any information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor’s current and former franchisees to ask them about their experience with the franchisor.

**STRIPER INDUSTRIES, INC.**  
**WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT AND RELATED**  
**AGREEMENTS**

**ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF WASHINGTON ARE HEREBY AMENDED AS FOLLOWS:**

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 annual earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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

Section 12.1 of the Franchise Agreement is hereby amended to clarify that if Franchisor does not respond to the franchisee's request for approval of advertising materials within 15 days, the advertising material is deemed approved.

Section 16.3.1 of the Franchise Agreement is hereby amended to be consistent with RCW 19.100.180(2), including that Franchisor shall purchase the assets referenced in the statute at their fair market value at the time of the early termination or non-renewal of the Franchise Agreement, with such amounts permitted to be offset by any amounts owed by the franchisee to the Franchisor.

Section 17.4 of the Franchise Agreement is hereby removed in its entirety.

Section 18.9 of the Franchise Agreement is hereby amended to state that this Section does not apply to Washington franchisees.

Section 18.9.1 of the Franchise Agreement is hereby amended to state that this Section does not apply to Washington franchisees.

Article III Section 3 of the Personal Guaranty attached to the Franchise Agreement as Exhibit A is hereby amended by removing the following language:

You agree that in the event of the actual or threatened breach of this Article III, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. You acknowledge and agree that you have previously worked on been gainfully employed in other careers and that the provisions of this Article III in no way prevents you from earning a living.

Article IV Section 10 of the Personal Guaranty attached to the Franchise Agreement as Exhibit A is hereby amended by stating that the claims limitation provision in Article IV, Section 10 of the Personal Guaranty does not apply in Washington.

Exhibit E to the Franchise Agreement (Sample Termination and Release Agreement) is inapplicable with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Due to our financial condition, we will defer collection of the initial franchise fee until we have fulfilled our initial pre-opening obligations to you and the franchise is open for business.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**STRIPER INDUSTRIES, INC.**

**FRANCHISEE**

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

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

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

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

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

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

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

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

**STRIPER INDUSTRIES, INC.**  
**WISCONSIN ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**NOTICE TO PROSPECTIVE FRANCHISEES IN THE STATE OF WISCONSIN**

IN THE STATE OF WISCONSIN CHAPTER 135 OF THE WISCONSIN FAIR DEALERSHIP LAW GOVERNS THIS AGREEMENT. YOU MAY WANT TO REVIEW THIS LAW.

For franchises and franchisees subject to the Wisconsin Fair Dealership Law, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Striper Industries, Inc. Wisconsin Franchise Disclosure Document.

Item 17.

For Wisconsin Franchisees, ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract between Franchisor and Franchisee inconsistent with the Law.



**STRIPER INDUSTRIES, INC.**  
**WISCONSIN ADDENDUM TO THE FRANCHISE AGREEMENT**

**ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF WISCONSIN ARE HEREBY AMENDED AS FOLLOWS:**

The Franchisor and Franchisee hereby acknowledge that the Franchise Agreement shall be governed by The Wisconsin Fair Dealership Law (Wisconsin Statutes, 1979-1980, Title XIV-A, Chapter 135, Sections 135.01 through 135.07) which makes it unlawful for a franchisor to terminate, cancel or fail to renew a franchise without good cause, as well as providing other protections and rights to the franchisee. To the extent anything in the Franchise Agreement is contrary to the laws in the State of Wisconsin, said laws shall prevail.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

**STRIPER INDUSTRIES, INC.**

**FRANCHISEE**

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

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

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

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

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

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

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

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

**RIDER TO STATE ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, and**  
**FRANCHISE AGREEMENT**

**FOR THE FOLLOWING STATES ONLY: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, WISCONSIN (EACH A “REGULATED STATE” AND COLLECTIVELY, THE “REGULATED STATES”)**

This Rider to State Addendum to the Franchise Disclosure Document and Franchise Agreement (“Rider”) is entered into by and between (i) Striper Industries, Inc. (“Franchisor”), and (ii) \_\_\_\_\_, a (individual/limited liability company/corporation) with an address at \_\_\_\_\_ (“Franchisee”).

- A. Concurrently with the execution of this Rider, Franchisor and Franchisee are entering into a franchise agreement (the “Franchise Agreement,”), pursuant to which Franchisee will acquire the right and undertake the obligation to own and operate a franchised business (the “Franchised Business”) that may be located in, or subject to the regulations of, one of the Regulated States (the “Applicable Franchise Registration State”).
- B. Franchisor and Franchisee wish to amend the Franchise Agreement as provided in this Rider.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Franchise Agreement is hereby amended as follows:

1. **NASAA SOP Acknowledgment.** Franchisee and Franchisor hereby acknowledge that the Statement of Policy regarding the use of franchise questionnaires and acknowledgments issued by the North American Securities Administrators Association, Inc. (“NASAA”), which went into effect on January 1, 2023, provides that questionnaires and acknowledgments that are used as contractual disclaimers that release or waive a franchisee’s rights under a state franchise law violate the anti-fraud and/or anti-waiver provisions of the statutes of the Regulated States. Accordingly, while the SOP remains in effect, or until such time as the regulations in the Regulated States are modified to adopt the restrictions on the use of acknowledgements and questionnaires as set forth in the SOP, for prospective franchisees that reside in or are looking to operate a Franchised Business in any Regulated State, the Franchise Agreement will be amended to include the following provision:

“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 and 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.”

2. Except as provided in this Rider, the Franchise Agreement remains in full force and effect in accordance with its terms. This Rider shall be effective only to the extent that the jurisdictional

requirements of the franchise law of the Applicable Franchise Registration State are met independently without reference to this Rider.

3. The following Sections are hereby removed from the Franchise Agreement: 23.1, 23.2, 23.3, and 23.4.

**FRANCHISOR**

**STRIPER INDUSTRIES, INC.**

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

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

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

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

**FRANCHISEE**

**[NAME]**

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

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

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

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

**EXHIBIT I  
TO THE STRIPER INDUSTRIES, INC.  
FRANCHISE DISCLOSURE DOCUMENT**

**FRANCHISEE QUESTIONNAIRE**

## Franchisee Questionnaire

### **NOTICE FOR PROSPECTIVE FRANCHISEES WHO RESIDE IN, OR WHO INTEND TO OPERATE THE FRANCHISED BUSINESS IN, ANY OF THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI (EACH A REGULATED STATE) :**

FOR PROSPECTIVE FRANCHISEES THAT RESIDE IN OR ARE SEEKING TO OPERATE THE FRANCHISED BUSINESS IN ANY REGULATED STATE, SUCH PROSPECTIVE FRANCHISEE IS NOT REQUIRED TO COMPLETE THIS QUESTIONNAIRE OR TO RESPOND TO ANY OF THE QUESTIONS CONTAINED IN THIS QUESTIONNAIRE.

As you know, Striper Industries, Inc. (“we”, “us”), and you are preparing to enter into a Franchise Agreement for the right to open and operate a franchised business (a “Franchised Business”). The purpose of this Questionnaire is to: (i) determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading; (ii) be certain that you have been properly represented in this transaction; and (iii) be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement, and pay us the appropriate franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer on the back of this sheet.

- Yes \_\_\_ No \_\_\_ 1. Have you received and personally reviewed the Franchise Agreement, as well as each exhibit or schedule attached to this agreement, which you intend to enter into with us?
- Yes \_\_\_ No \_\_\_ 2. Have you received and personally reviewed the Franchise Disclosure Document we provided?
- Yes \_\_\_ No \_\_\_ 3. Did you sign a receipt for the Disclosure Document indicating the date you received it?
- Yes \_\_\_ No \_\_\_ 4. Do you understand all the information contained in the Disclosure Document and the Franchise Agreement you intend to enter into with us?
- Yes \_\_\_ No \_\_\_ 5. Have you reviewed the Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating the Franchised Business with these professional advisor(s)?
- Yes \_\_\_ No \_\_\_ 6. Do you understand the success or failure of your Franchised Business will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as demographics of your Approved Location, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?
- Yes \_\_\_ No \_\_\_ 7. Do you understand we have only granted you certain, limited territorial rights under the Franchise Agreement, and that we have reserved certain rights

under the Franchise Agreement?

- Yes \_\_\_ No \_\_\_ 8. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the Proprietary Marks or any other mark at any location outside your Designated Territory under the Franchise Agreement, without regard to the proximity of these activities to the Approved Location of your Franchised Business(es)?
- Yes \_\_\_ No \_\_\_ 9. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be mediated, at our option, in Rochester, New York?
- Yes \_\_\_ No \_\_\_ 10. Do you understand the Franchise Agreement provides that you can only collect compensatory damages on any claim under or relating to the Franchise Agreement and are not entitled to any punitive, consequential, or other special damages?
- Yes \_\_\_ No \_\_\_ 11. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement is us?
- Yes \_\_\_ No \_\_\_ 12. Do you understand that the Franchisee (or one of its principals if Franchisee is an organization), as well as any Operations Manager/Key Employee (as defined in the Franchise Agreement), must successfully complete the appropriate initial training program(s) before we will allow the Franchised Business to open or consent to a transfer of that Franchised Business?
- Yes \_\_\_ No \_\_\_ 13. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement?
- Yes \_\_\_ No \_\_\_ 14. Do you understand that we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?
- Yes \_\_\_ No \_\_\_ 15. Do you understand that we will send written notices, as required by your Franchise Agreement, to either your Franchised Business or home address until you designate a different address by sending written notice to us?
- Yes \_\_\_ No \_\_\_ 16. Do you understand that we will not approve your purchase of a franchise from us, or we may immediately terminate your Franchise Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?
- Yes \_\_\_ No \_\_\_ 17. Is it true that no broker, employee, or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Franchised Business that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes \_\_\_ No \_\_\_ 18. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Franchised Business will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes \_\_\_ No \_\_\_ 19. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?

Yes \_\_\_ No \_\_\_ 20. Is it true that no broker, employee or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property or services from you in connection with a Franchised Business purchase with exception of those payments or loans provided in the Disclosure Document?

**YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.**

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

Dated: \_\_\_\_\_, 20\_\_\_\_

Dated: \_\_\_\_\_, 20\_\_\_\_

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

Dated: \_\_\_\_\_, 20\_\_\_\_

Dated: \_\_\_\_\_, 20\_\_\_\_

**GIVE A COMPLETE EXPLANATION OF ANY NEGATIVE RESPONSES ON BACK OF THIS PAGE (REFER TO QUESTION NUMBER).**

**EXHIBIT J**  
**TO THE STRIPER INDUSTRIES, INC.**  
**FRANCHISE DISCLOSURE DOCUMENT**

**STATE EFFECTIVE DATES**

The following states require that the Franchise Disclosure Document be registered or filed with the state, or otherwise be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
Illinois	Pending Registration
Indiana	Pending Registration
Maryland	Pending Registration
Michigan	March 1, 2024
Minnesota	Pending Registration
New York	Pending Registration
Rhode Island	Pending Registration
Virginia	Pending Registration
Washington	Pending Registration
Wisconsin	Pending Registration

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 K  
TO THE STRIPER INDUSTRIES, INC.  
FRANCHISE DISCLOSURE DOCUMENT**

**RECEIPTS**

## RECEIPTS

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 Striper Industries, Inc. offers you a franchise it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If Striper Industries, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit A of this Franchise Disclosure Document. A list of franchisor's agents registered to receive service of process is also included in Exhibit A to this Franchise Disclosure Document.

I have received a Franchise Disclosure Document with an Issuance Date of April 8, 2024, which included the following Exhibits:

Exhibit A -- List of State Administrators/Agents for Service of Process	Exhibit F -- List of Franchisees
Exhibit B -- Table of Contents of Operations Manuals	Exhibit G -- List of Franchisees Who Have Left the System
Exhibit C -- Financial Statements	Exhibit H -- State Specific Addenda
Exhibit D -- Franchise Agreement	Exhibit I -- Franchisee Questionnaire
Exhibit E -- Sample Termination and Release Agreement	Exhibit J -- State Effective Dates
	Exhibit K -- Receipts

A list of the names, principal business addresses, and telephone numbers of each franchise seller offering this franchise is as follows:

Heather Menear, Luke Menear Sr., and Luke Menear Jr., 69 Deep Rock Road, Rochester, NY 14624 or 1-(800) 323-4700; Dave Schaefer, Heather McPherson, Brandon Neilson, BrandONE Franchise Development, LLC, 7472 Kimberly Ct. N, Maple Grove, MN 55311 (704) 641-7328

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If an individual:

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

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

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

If a Partnership, Corporation or Limited Liability Corporation:

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

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

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

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

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

## RECEIPTS

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---

If an individual:

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

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

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

If a Partnership, Corporation or Limited Liability Corporation:

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

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

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

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

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