FRANCHISE DISCLOSURE DOCUMENT

Cabinet IQ Franchising, LLC
A Texas limited liability company
2419 S. Bell Blvd.
Cedar Park, TX 78613
Tel. 512-994-7113
Email: Fanchising@CabinetIQ.com

Cabinet IQ Franchising, LLC offers franchises for the operation of a professional kitchen remodeling services business (both residential and commercial) under the name and mark “Cabinet IQ” and other related marks. Franchisees will also operate a retail showroom for its products and services.

The total investment necessary to begin operation of a Cabinet IQ franchise with a base territory ranges from $218,600 to $305,250 of which $61,050 to $67,000 must be paid to the franchisor or its affiliate. The total investment necessary to begin operations of a Cabinet IQ franchise with 1 to 2 additional territories ranges from $280,200 to $428,450, which includes $108,650 to $162,200 that must be paid to the franchisor or its affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive the 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 government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the sales team at the address and phone number above.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to advisors, such as a lawyer or accountant.

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

Issuance Date: April 23, 2024

HOW TO USE THIS FRANCHISE DISCLOSURE DOCUMENT

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

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

What You Need to Know About Franchising Generally

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

l. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Texas. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Texas than in your own state.

2. **Short 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.

3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

4. **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.

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

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EXHIBITS

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

General

To simplify the language in this Disclosure Document, **"Cabinet IQ Franchising"** or **"we", "our"** or **"us"** means Cabinet IQ Franchising, LLC, the franchisor of the Cabinet IQ concept. This Disclosure Document refers to the person or entity that buys the franchise from us as **"you"** or **"your"**, and the term includes your partners if you are a partnership, your members if you are a limited liability company or your shareholders if you are a corporation. If you are an entity, your owners will have to guarantee your obligations and be obligated to comply with the terms of the Franchise Agreement and ancillary documents described in this Disclosure Document.

Franchisor, Parent, Predecessors, and Affiliates

We were formed as a Texas limited liability company on June 17, 2021. We have been offering franchises for Businesses (as defined below) since January 3, 2022. We do business under the names "Cabinet IQ" and our corporate name. Our principal business address is 2419 S. Bell Blvd., Cedar Park, Texas 78613.

Our parent company is Cabinet IQ Holdings, LLC, a Texas limited liability company formed on July 9, 2021 (**"Cabinet IQ Holdings"**). Its principal business address is 2419 S. Bell Blvd., Cedar Park, Texas 78613.

We have no predecessors.

As of the date of this Disclosure Document, we do not own or operate any Businesses.

Our affiliate, Cabinet Plus, LLC (our **"Affiliate"**) has operated a Business in Cedar Park, Texas since its inception in July 2018. Its principal business address is 2419 S. Bell Blvd., Cedar Park, Texas 78613. Our Affiliate originally operated under the names "Cabinets Plus USA" and "Cabinets Plus". In August 2021, our Affiliate rebranded and began using the current trademark (these and any future trademarks applicable to the business referred to as "**Marks**"). Our Affiliate opened a second Business in Austin, Texas in February 2022.

Before the formation of our Affiliate, our founder operated a sole proprietorship that operated a business similar to the Business under the names Cabinets Plus USA and Cabinets Plus.

We have not offered franchises in any other line of business, nor do we engage in any other business activities. We have no affiliates that offer franchises in any line of business or that offer products or services to our franchisees. Our parent company, Cabinet IQ Holdings, does not offer franchises in any line of business or offer products or services to our franchisees.

Our agents for service of process are listed in **Exhibit A**.

The Franchise Rights Offered

Franchise Agreement

We enter into franchise agreements (**"Franchise Agreements"**) with qualified entities that wish to establish and operate a franchised business (a "**Franchise**" or a "**Business**") under the System using the Marks. The form of Franchise Agreement is attached to this Disclosure Document as **Exhibit B**.

Under a Franchise Agreement, we grant you the right (and you accept the obligation) to operate one Franchise that specializes in providing cabinets evaluation, removal, installation and related services we specify (the "Services") within the initial geographic area as described on the Summary Page of your Franchise Agreement (the "**Territory**" or "**Territories**").

You will operate the Business at a location selected by you that has been accepted by us and which will generally consist of a retail showroom (a "**Showroom**") and office space. Your clients will visit the Showroom to view samples and work with a designer to design their dream kitchen, and certified installers will handle the installation; however, you may be permitted to open your business and to offer services prior to the opening of your Showroom.

Each franchisee must appoint an individual owner as its **"Operating Principal"** who must own at least a 20% interest in the entity-franchisee, must have authority over all business decisions related to the Franchise, and must have the power to bind the franchisee in all dealings with us. Each franchisee must also appoint a manager (the **"Manager"**) and salesperson (the "**Salesperson**") to manage the day-to-day business of the Franchise. The Operating Principal is required to oversee all business matters related to the Franchise, but is not required to have day-to-day operational involvement. Optionally, your Operating Principal may serve as your Salesperson or Manager (but not both) unless we believe that he or she does not have sufficient experience. You must provide us with written notice of your Operating Principal and Manager at least 60 days' prior to opening the Franchise. You may hire employees or subcontractors to perform the Services, but you are ultimately responsible for their actions and must ensure that you have an adequate number of employees or subcontractors to meet demand in your Territory and that they follow brand standards specified by Franchisor.

General Market and Competition

The general market for Franchises consists of any residential or commercial facility in need of cabinets, kitchen remodeling, and related services. The principal customers of a Franchise will be homeowners and commercial building owners though other users of facilities and industrial clients may also use the services. Franchises compete with other national, regional, and local businesses offering cabinets, kitchen remodeling and related services, at times, in well-developed markets. You will initially be granted a protected Territory. You will be the only provider of the services offered under the System in your Territory while it remains a protected territory. We will not offer or sell a Cabinet IQ Franchise to anyone within your Territory while it is protected. You may only lose the protected status of your Territory if you fail to uphold your obligations to us under the Franchise Agreement or otherwise as discussed in Item 12. If this occurs, we are free to offer others the opportunity to service customers under the System in your Territory and under that circumstance you may encounter competition from company-owned locations operated by us, our affiliates, or other franchisees offering the products and services directly to consumers, online or at traditional retail locations. Some of these competitors may be in close proximity to your Franchise, and may have greater financial resources, larger advertising budgets, and more national (or local) recognition than the Cabinet IQ brand.

Various factors can affect the success of your Franchise including inflation, competing businesses, your abilities as an operator, availability of an adequate number of qualified employees or subcontractors, the availability and cost of constructing your Franchise, interest rates, insurance rates and increases in labor and energy costs.

Industry Specific Regulations

You must comply with all local, state, and federal laws and regulations that apply to the operation of your Business, including without limitation, health, safety, insurance, discrimination, employment and sexual harassment laws. Health regulations, as well as other state and local specific safety and workplace regulations may impact the types of training, devices, and equipment you must make available to or be required to offer to your employees. The health and safety requirements can vary from jurisdiction to jurisdiction and specific inquiry should be made with your state and local authorities.

The Franchise will be subject to various federal, state, and local laws, and regulations affecting the business, including, among others, federal, state and local laws, rules and regulations governing franchising, licensing, permits, zoning, the EPA, and other federal and state environmental protection statutes, OSHA, and other federal, state and local laws regarding hazardous substances and waste, land use, construction regulations and various health, sanitation, safety and fire standards. Certain jurisdictions may require a specialized license to perform cabinets services. You are also subject to employment laws such as the EEOC, Fair Labor Standards Act, Americans with Disabilities Act and various state laws governing such matters as minimum wages, overtime and working conditions. If you plan to use independent contractors instead of employees, you will need to consult with legal counsel on independent contractor classification issues. Your advertising of the Franchise is regulated by the Federal Trade Commission. There may be federal, state, and local laws which affect your Franchise in addition to those listed here.

Cabinet styles vary widely based on geography, building code requirements and other factors. These differences can dramatically affect the cost of cabinet products and installation. Be sure to check your local building codes and examine commonly used products in your market to determine average pricing in your area.

UNDERSTAND PERMIT AND LICENSE REQUIREMENTS IN YOUR AREA: You should carefully investigate whether there are any state or local regulations or requirements that may apply in the geographic area in which you intend to conduct business. We do not offer guidance with regard to which permits or licenses may be required in your area. You should consider both their effect on your business and the cost of compliance. You are responsible for obtaining all licenses and permits which may be required for your business.

Time and effort required to operate this business: Operating a business requires substantial time and effort. How much time you must personally devote will depend on the number and quality of people you hire, business experience and other factors which vary with each business operation. It is not practical to expect to operate this business with minimal personal effort and time, even if you hire an excellent team. You must still devote substantial time to leading and managing that team as well as analyzing and growing your business. A business is not a passive investment and service businesses such as this one require meaningful time and effort. Consult with business advisors and come to your own conclusions about how much time you must personally devote. Multiple people must devote their full time and best efforts to make a Cabinet IQ franchise location successful. This is not intended to be an absentee or semi-absentee model business; you must plan to devote substantial time and attention in order to be successful.

ITEM 2
BUSINESS EXPERIENCE

Chief Executive Officer & Founder — Michael Hartel

Michael Hartel is our Chief Executive Officer and Founder, positions he has held since June 2021. He has also been the Chief Executive Officer and Founder of our Affiliate from July 2018 to present, and prior to that, he operated our Affiliate's predecessor, a sole proprietorship, from June 2016 to July 2018. He is also the Owner and Founder of Hartel Homes, a position he has held since July 2016. All positions are in the Austin, Texas metro area.

Chief Operating Officer & VP of Franchise Development — Jacob Collums

Jacob Collums has served as our Chief Operating Officer and Vice President of Franchise Development since May 2021 in Austin, Texas. Prior to that, Mr. Collums was a Performance Excellence System Practitioner – Corrugated and Performance Excellence Black Belt for WestRock from December 2017 to May 2021, in Houston, Texas. From June 2012 to August 2017, he was Title Procurement Specialist, Operations Integrity Development Specialist, Enterprise Excellence Business Leader – Black Belt III, and Global Rotational Development Trainee - Operations for Cameron, a Schlumberger Company. These positions were held in Houston, Texas, Calgary, Alberta, Canada and Berwick, Louisiana.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

When you sign your franchise agreement, you must pay us an initial franchise fee of $59,500 for a territory that includes up to 100,000 owner-occupied households (a "**Base Territory**"). If at the time of signing your franchise agreement, and subject to the market type, availability, and at our discretion, you wish to increase the size of your Base Territory, the initial franchise fee will be increased by an amount equal to (i) $0.65, multiplied by (ii) the number of owner-occupied households in your territory that exceed 100,000 owner-occupied households at the time of the signing of the franchise agreement.

In addition, subject to market type, availability, and our discretion, at the time of signing your franchise agreement, you may request the right to purchase additional territories. Each territory of up to 100,000 owner-occupied households added to your Base Territory is referred to as an "**Additional Territory**." Your Base Territory and any Additional Territories are each a Territory. If you purchase multiple Territories at the same time your initial franchise fee for each Territory after your Base Territory will be an additional $47,600.

You must pay all Initial Franchise Fees in full at the time you sign the Franchise Agreement. If we conclude that the Operating Principal or Manager is unable to complete any phase of our initial training program to our satisfaction, we may terminate the Franchise Agreement, in which case we will refund the Initial Franchise Fee (subject to your execution of a release), less $5,000 and any brokers' fees or other out of pocket expenses we have incurred. Otherwise, the Initial Franchise Fee is deemed fully earned upon payment and is not refundable under any circumstances.

We offer a veteran's discount to honorably discharged veterans of the United States armed forces and their spouses. We will discount the Initial Franchise Fee for the Base Territory by 10% for those veterans and/or their spouses who have been honorably discharged by the military. A copy of your DD-214 is required to receive this discount.

Except as provided herein, initial franchise fees are uniform. During the past fiscal year, the range of initial franchise fees we charged was $45,000 to $59,500.

Custom Marketing & Services Activation

Prior to opening and within 10 days of our invoice, you must pay us a Custom Marketing and Services Activation Fee of $2,000 for the activation of certain items that are required to be used in your business. This Fee is deemed fully earned upon payment and is not refundable under any circumstances.

Showroom Design and Order Preparation

Prior to opening and within 10 days of our invoice, you must pay us a Showroom Design and Order Preparation Fee of $3,000 for certain services related to assistance with the design of your Showroom and order preparation. This Fee is deemed fully earned upon payment and is not refundable under any circumstances.

Software Implementation Assistance Fee

Prior to opening and within 10 days of our invoice, you must pay us a Software Implementation Assistance Fee of $2,500 to cover Franchisor staff who will assist you with the implementation of certain software systems required for your business. This fee is in addition to any fees charged by the applicable software service providers. This Fee is deemed fully earned upon payment and is not refundable under any circumstances.

ITEM 6
OTHER FEES

(All fees are per Territory unless specified otherwise)

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	6% of Gross Sales, subject to Minimum Royalties following the 13th month from the effective of the franchise agreement	Monthly, due on the 5th day of each month for Gross Sales earned during the prior month.	See Notes 1 and 2. We will debit your bank account for the fees due. We will debit your account for 150% of your last payment if you fail to submit your sales report on time. This amount will be adjusted upon receipt of the required report.
Local Marketing (Ongoing)	The greater of: (i) $4,500 for each Showroom, plus an additional $1,000 per Additional Territory; or (ii) 4% of Gross Sales per month, (Beginning 2 months prior to opening.)	As incurred.	Payable to third-party suppliers All advertising must be approved by us prior to publications or use. See Note 3.
Brand Fund Contribution	Maximum of 2% of Gross Sales.	Paid to us, same as Royalty Fee.	Payable to us. See Note 4.

Technology Fee	$350 per month per Showroom. The total Technology Fee for up to 3 contiguous Territories operating through a singular Showroom shall be equal to the then-current Technology Fee for one Territory.	Paid to us, same as Royalty Fee.	Payable to us. The Technology Fee currently covers costs associated with our Cabinet IQ Smart CRM, Cabinet IQ Learning Center, Qvinci financial reporting software, and design portal upkeep.
Software Expenses	As required (currently approximately $2,295 per year for Design 20/20 Software; $90 per month for Quickbooks online and $75 per month for Quickbooks online payroll)	As incurred.	Payable to third party suppliers. See Note 6
Computers	Actual costs and expenses	Monthly	You must use our designated vendor to lease laptops at a cost of $150 per month, which includes laptop lease, security software, online backup, MS Exchange Email, Office 365, and unlimited remote support. You must purchase or lease other equipment associated with your Technology System. See Item 11 for more information.
Bookkeeping/Accounting Service Fee	Actual costs and expenses	As arranged	You must use our designated vendor for all bookkeeping services, the prices of which may increase from time to time. These services are currently $445 to $615 per month depending on your Gross Sales level.

Supplier Approval / Testing Costs	Costs and expenses associated with approving an unapproved product or supplier	When incurred.	If you request that we test or consider for approval an unapproved product or service or evaluate an unapproved supplier you must pay to us any out-of-pocket costs we incur in researching, acquiring, testing and considering for approval the product, service or supplier. You will owe these amounts regardless of whether or not we approve the supplier or product.
Interest Charge	1.5% per month from due date, or the maximum allowed by law.	If paid to us, same as Royalty Fee.	If you fail to pay us any amount when due, we may charge you interest on the unpaid amount until the amount is received.
Late Fee	$50 per day or portion thereof for each payment or report not received when due.	If paid to us, same as Royalty Fee.	Payable to us.
Transfer Fee	Greater of 20% of then-current Franchise Fee or $10,000 (per Territory).	Half at the time of the request for transfer, with the balance due by the closing of the transfer.	Payable to us. See Note 7
Renewal Fee	Greater of 25% of the Franchise Fee or $5,000 per Territory	Before signing the new, then-current Franchise Agreement.	Payable to us.

Insurance Procurement	Amount paid by us to secure insurance to fulfil your insurance obligations.	As incurred.	You must reimburse us for the cost plus 10% plus interest for any amounts we pay on your behalf due to your failure to meet the insurance obligations as defined in your Franchise Agreement. This remedy is cumulative to all other remedies.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred.	Only if you are in default under the Franchise Agreement, in which case, we will require you to reimburse us for the expenses we incur (including reasonable attorneys' fees) as a result of your default and to enforce and terminate the agreement.
Indemnity	Will vary under circumstances	As incurred.	You must indemnify us, and reimburse us for our costs (including our attorneys' fees and costs) and advance these expenses to us upon demand if we are sued or held liable in any action having anything to do with your Franchise.

Audit Costs	Cost of the audit plus related expenses, provided that the costs of the audit are only due if an irregularity of greater than 5% is discovered in any reported amount, or if reports are not submitted as required.	As incurred.	We have the right under the Agreement to examine certain records including without limitation your financials, bank statements and tax returns. If an examination of these records reveals a discrepancy of more than 5% the full amount of the audit's actual costs will be charged in addition to any unpaid amounts discovered and other remedies as permitted under the Agreement.
Failure to Comply with Operational Standards	A reasonable charge (currently, a $100 per diem charge per violation)	Upon demand.	Payable to us, only due if you fail to comply with certain operational standards and specifications as specified in the Manuals and after a cure period of 10 days.
Inspection Fee	Our reasonable expenses.	Upon demand.	We require you to reimburse our reasonable expenses for any inspection including re-inspections that we may undertake to ensure that deficiencies are corrected. Additionally, if you fail to correct the deficiencies within a reasonable time, we may (but need not) correct the deficiencies and will charge you for our actual expenses in taking such actions.

Post-Termination and Post-Expiration Expense	Will vary under the circumstances	Immediately upon the end of the Term.	You will incur certain costs necessary to cancel fictitious name registrations, remove branding from the Franchise and any vehicles, and to deidentify and disassociate with the System and Marks.
Annual Conference Fee	A reasonable fee, (currently $200 per person) which may not be increased to more than our actual cost at any time during the initial term of the agreement.	Upon registration for conference, or 60 days before conference, whichever is earlier.	Attendance by at least Operating Principal or Manager and Salesperson is mandatory. This fee, payable to us, is to cover the costs of providing meeting space and food for attendance during the annual conference. It does not cover your cost of travel to and from the conference, room and board, and other out of pocket expenses you may incur. Only one conference fee may be charged a year. If we hold a conference, you are required to attend.
Refresher Training / On-site training	All expenses incurred by your representatives in attending refresher training are your responsibility; for additional on-site training, you must pay us our then-current per diem charges and out-of-pocket expenses	Upon demand.	We require that your Operating Principal, Manager and other employees attend and successfully complete refresher training programs or seminars to be conducted at such location as we designate.
Initial Training	No fee is charged for initial training.	N/A	N/A

Additional Initial Training	Additional trainees or replacement trainees may attend any future training courses based on available space and scheduling at no additional cost. If no courses are scheduled, or no space is available, the current Training Fee may be assessed. This fee is currently $5,000 per trainee. For training at your location, our then-current daily fees per trainer will be charged. Currently our fee is $250 per trainer per day plus travel, per diem and lodging expenses as required.	Upon demand.	We provide initial training for up to three individuals (typically the Operating Principal, Manager and Salesperson) at no charge. We require any new Operating Principal or replacement Manager or Salesperson to complete our training program, and we may charge a fee for such training. If no courses are schedule or space in such courses is unavailable, we may also charge a fee for training for any individuals that we train beyond the two individuals that we train at no charge.
Additional Opening Assistance	Our service fee as specified in the Manuals (which is currently $500 per day); plus our expenses and costs	Time of assistance.	If you request assistance or training, in addition to the pre-opening and opening training that we provide, we charge you for this additional assistance.
Additional Advertising and Promotional Materials	$250 - $500	As billed.	If we provide you with advertising and promotional materials to use in your Franchise, we charge a reasonable amount for these materials.
Customer Review Non-Compliance Fee	$90 - $250	As incurred.	Payable to us; applies only if you do not maintain brand standards and high customer service reviews scores. See Note 8.

Termination Fee	Greater of: Average of monthly Royalties and Brand Fund Contributions for the past 12 months multiplied by 24 months (or remaining months in term), discounted to present value; or $150,000 per Territory.	Upon demand.	Payable to us, only if the Franchise Agreement is terminated by us due to your default (including failure to open), or if you terminate the Franchise Agreement in violation of its terms.

Notes

1. Minimum Royalties per Territory per month:

Months After the Effective Date of Your Franchise Agreement	Minimum Royalty per Territory for the Month
13-24	$2,500
25-36	$3,750
37+	$5,000

2. As used in this chart, the term "Gross Sales" means amounts derived from all products or services sold from or through your Franchise (across all Territories), including any sale of products or services made for cash or credit, or partly for cash and partly for credit, less refunds. "Gross Sales" also includes the fair market value of any services or products received by you in barter or in exchange for services and products. There is no rollover credit for months in which the royalty amount exceeds the minimum.
3. Ongoing Marketing obligations begin one month prior to opening and must be spent in accordance with our allocation on approved advertising and vendors. These amounts are the minimum you may spend. We do not impose a maximum limit on how much you may spend. These amounts are per Territory.
4. Brand Fund contributions are currently 1% of Gross Sales and may be increased in the future to a maximum of 2%. These funds are spent by the Franchisor on programs and expenses for the benefit of the System as defined in section 10 of the Franchise Agreement.
5. Computer and Software expenses will vary based on the then-current standards for the Technology System. These amounts will be paid primarily to designated vendors.
6. If you sell or otherwise transfer your franchise and engage with a broker or franchise sales organization, or if you request that we assist with the sale or transfer of your franchise and we engage a broker or franchise sales organization, you will be responsible for any commission or fees that the broker or franchise sales organization charges in connection with locating a buyer for your franchise before we will grant an approval of the transfer.
7. You must subscribe to and participate in the customer review tracking and reputation management services and providers that we designate. If your customer review or customer satisfaction ratings, as measured across the review platforms

that we designate, go below 4 stars out of 5 stars and/or a 80% positive satisfaction rating then you must pay to us a customer review non-compliance fee of $90 for each and every week of non-compliance. If, a condition of non-compliance occurs for more than twelve weeks, then we may increase this non-compliance fee to a weekly fee of not more than $250 per week.

8. All fees and payments are uniformly-imposed and non-refundable, unless otherwise stated or permitted by payee.

ITEM 7
ESTIMATED INITIAL INVESTMENT

Base Territory Only

YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure	**Amount**		**Method of Payment**	**When Due**	**Payment Payable to**
	Low	**High**			
Initial Franchise Fee[1]	$53,550	$59,500	Lump sum	At time of signing franchise agreement	Us
Custom Marketing & Services Activation Fee[2]	$2,000	$2,000	Lump sum	Before launch, and within 10 days of Billing	Us
Showroom Design and Order Preparation Fee[2]	$3,000	$3,000	Lump sum	Before launch, and within 10 days of Billing	Us
Software Implementation Assistance Fee[3]	$2,500	$2,500	Lump sum	Before launch, and within 10 days of Billing	Us
Rent[4]	$10,000	$18,000	lump sum	monthly	Lessor
Lease, Utility, and Security Deposits[5]	$6,300	$10,500	As required by providers	As invoiced	Lessor and suppliers
Exterior Signage	$5,000	$8,000	As required by providers	As invoiced	Contractors and vendors
Improvements[6]	$105,000	$150,000	as arranged	as invoiced	Contractors and vendors
Training, Travel and Living Expenses[7]	$500	$3,000	Transportation, Lodging, etc.	As incurred	Third party suppliers
Insurance[8]	$1,500	$3,500	As required by insurers	Before launch	Insurers
Grand Opening Advertising/Marketing (Lead Generation)[9]	$14,000	$14,000	As required by providers	As required by provider	Providers
Professional Fees[10]	$1,000	$5,000	As required by providers	As incurred	Providers

Office Supplies and Promotional Items[11]	$500	$1,250	As required by suppliers	Before launch	Suppliers
Technology, Computer, and Software[12]	$3,500	$3,500	As required by suppliers	Before launch	Suppliers
Business Licenses and permits[13]	$0	$1000	As required by federal, state and local governments	Before launch	Federal, state and local government agencies
Additional Funds – 3 Months [14]	$10,250	$20,500	As Incurred	Weekly payroll, other expenses and purchases	Employees, suppliers, etc.
TOTAL ESTIMATED INITIAL INVESTMENT[15]	**$218,600**	**$305,250**			

We do not offer financing directly to Franchisees. All fees and payments are uniformly-imposed and non-refundable, unless otherwise stated or permitted by payee. Unless otherwise noted, each amount is per Territory.

<u>Notes:</u>

1 ***Initial Franchise Fee***. The Initial Franchise Fee is for a standard territory with up to 100,000 owner-occupied households. You may purchase additional owner occupied households for a cost of $0.65 per household. See Item 5 for more information.

2 ***Custom Marketing & Services Activation Fee and Showroom Design and Order Preparation Fee***. We require you to pay us a Custom Marketing & Services Activation Fee of $2,000 and a Showroom Design and Order Preparation Fee of $3,000, prior to opening and within 10 days of being billed. See Item 5 for additional information regarding these fees.

3 ***Software Implementation Assistance Fee***. We require you to pay us a Software Implementation Assistance Fee, in the amount of $2,500, prior to opening and within 10 days of being billed. See Item 5 for additional information regarding the Software Implementation Assistance Fee.

4 ***Rent***. We require that you have a Showroom with offices (up to 3 contiguous Territories may share a Showroom). A typical Showroom will occupy 1,800 to 2,200 square feet total and will be located in a light industrial or a strip shopping center. Rent depends on geographic location, size, local rental rates, businesses in the area, site profile, and other factors. Rents vary from market to market and likely will be higher in large metropolitan areas than in suburban markets and smaller metropolitan areas. The low estimate assumes that you will be able to negotiate a rent abatement for your initial months of operation. The high estimate assumes that you lease a site in a high-demand area and do not receive any rent abatement. The initial investment table does not reflect the potential purchase cost of real estate or the costs of constructing a building suitable for the Business. Because of the wide variation in lease rates for retail space, you should thoroughly investigate the costs of obtaining a location.

5 ***Lease, Utility, and Security Deposits***. Your landlord likely will require you to pay a security deposit equal to one month's rent or more. If you are a new customer of your local utilities, you generally must pay deposits to obtain services, including electric,

telephone, gas, and water. The deposit's amount and refundability depend on the local utilities

6 ***Improvements***. The cost of building improvements will vary widely depending upon the size and condition of the premises and the extent and quality of improvements desired by you over and above our minimum requirements. Also includes security cameras, speakers and a smart TV for use at the Showroom premises.

7 ***Training, Travel and Living Expenses***. The cost of the Initial Training Program for the Operating Principal and Manager is included in the Initial Franchise Fee. The chart estimates the costs for transportation, lodging, and meals for two trainees. These incidental costs are not included in the Initial Franchise Fee.

8 ***Insurance***. Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. You must comply with all state minimums when obtaining insurance. See Item 8 for more information regarding our insurance requirements.

9 ***Grand Opening Advertising / Marketing***. Beginning at least two months prior to the scheduled opening of your Franchise and continuing for the remainder of the Term, we require you to spend each month on local advertising the greater of: (i) 4% of Gross Sales or; (ii) $4,500 per month for each Showroom, plus an additional $1,000 per month per Additional Territory. We included a total of 4 months at the minimum required amount.

10 ***Professional Fees***. Estimated cost for professionals such as bookkeepers, accountants and attorneys. You are required to use a third-party bookkeeping service for the full term of your franchise agreement, and both the low-end and high-end estimates includes both an initial set up fee of $1,000 for the bookkeeping service. You may incur professional fees depending on the scope of work performed, which may include legal and accounting fees to review franchise documents and costs of forming a separate legal entity. This list is not exhaustive. This amount will vary greatly depending on your specific needs and location.

11 ***Office Supplies and Promotional Items***. The figures on this chart reflect the estimated range to purchase various office supplies and promotional items based upon your needs and preference to maintain an efficient and organized office.

12 ***Technology, Computer, and Software***. We require you to purchase computer systems and software meeting our minimum specifications for use in your Business. This estimate includes the cost of the software packages, your office laptop, monitors, a printer/scanner machine, and a Smartphone. You must also have Internet and other telecommunications equipment and services in accordance with our standards to permit electronic transmission of sales information. We reserve the right to change your requirements for computer hardware and software at any time in the future.

13 ***Business Licenses and Permits***. Business license costs vary widely depending on local laws and regulations. Additional permits may be required depending on your local laws and regulations. Consult the appropriate authorities to determine the amount applicable to a Franchise in your Territory.

14 ***Additional Funds***. The estimate of additional funds for the initial phase of your business includes staff salaries and operating expenses for the first three months. These estimates are for a single territory operation. If you have fewer employees initially, these monthly expenses may be reduced. The estimate does not include an owner's salary or draw. You may also wish to have a vehicle in connection with your Business; however, this

is optional, and you may use any vehicle which meets our standards. We relied upon the experience of our company-owned/affiliate owned locations to compile these estimates. Each installation requires qualified personnel with applicable experience and knowledge. You will incur labor costs in employing your employees, but those costs are dependent on numerous factors that we cannot predict or estimate, such as the labor rates, labor tax rates, and worker's compensation rates within your Territory, as well as the availability of workers, number of employees you decide to use, number of crews you run, skill and experience levels of your employees, number of hours worked per employee, volume of business, availability and cost of subcontractors, etc. You should investigate the costs of labor and subcontractors in your Territory before making any decision to operate a Franchise, as this will be a significant portion of your ongoing expenses. This estimate assumes you are able to obtain favorable terms and credit lines with key suppliers for cabinets and other services and materials.

15 ***Total Estimated Initial Investment***. You should review these figures carefully with a business advisor before making any decision to invest in the Franchise. This estimate is based on the experience of our corporate/affiliate-owned locations and any information we received from those franchisees listed in Exhibit H.

Base Territory Plus One or Two Additional Territories

YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure	**Amount**		**Method of Payment**	**When Due**	**Payment Payable to**
	Low	**High**			
Additional Initial Franchise Fees for Territories 2-3[16]	$47,600	$95,200	Lump sum	At time of signing franchise agreement	Us
Additional Grand Opening Advertising/Marketing (Lead Generation) for Territories 2-3	$14,000	$28,000	As required by providers	As required by provider	Providers
Estimated Initial Investment to Open Base Territory (from above table)	$218,600	$305,250	As Incurred	Weekly payroll, other expenses and purchases	Employees, suppliers, etc.
TOTAL	$280,200	$428,450			

Notes:

16 ***Additional Initial Franchise Fees***. If you elect to supplement your Base Territory by adding Additional Territories, the total initial franchise fees will range from a low of $101,150 for a total of two Territories (your initial Base Territory plus one Additional Territory) to $154,700 for a total of three Territories (your initial Base Territory plus two Additional Territories).

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure that the highest degree of quality and service is maintained, you must operate the Franchise in strict conformity with the methods, standards, and specifications we periodically prescribe in the Manual or otherwise in writing. You must also ensure that you comply with all federal, state, and local laws and regulations and must obtain our written consent before changing any of our standards or specifications to comply with applicable laws and regulations.

At all times during the term of the Franchise Agreement, you must offer for sale only those products and services for which we have given our written approval; sell or offer for sale all of the products and services that we require; offer and sell products and services in accordance with any minimum, maximum, and/or specific prices that we may determine from time to time (except to the extent that the determination of prices is limited or prohibited by applicable law); not deviate from our standards and specifications, unless you have received our prior written consent; and stop selling and offering for sale any products or services that we have later disapproved.

The following are our current specific obligations for purchases and leases:

Site Selection and Location

Your site must meet our then-current site criteria. You may not enter into a lease or binding purchase agreement for the premises for your Business until we have approved the location of the premises in writing. If you lease the site for your Business, you are required to have the landlord include certain provisions in such lease, including, among others, the right to permit us to take possession of the premises of your Business if your Franchise Agreement is terminated.

You must improve and develop the Business according to our plans and specifications including exterior and interior design and layout, fixtures, equipment, décor and signs. Upon our request, you must submit the specific construction plans and specifications to us for review and approval before you begin construction of the Business.

You must engage a qualified licensed general contractor (whom we may disapprove if we have a reasonable objection) to construct or renovate the Business and to complete all improvements.

All signage, both interior and exterior, related to the Business, must conform to such standards and specifications as we may prescribe as to type, color, size, design, and location. You must obtain our prior written approval before you install or display any such signage.

Technology System, Computer Hardware, and Software

You must purchase the technology system, computer hardware, and software designated by us for use in connection with your Franchise. See items 6, 7 and 11 for further information regarding these required purchases.

Insurance

You are required to purchase and maintain insurance in the amounts we prescribe. Currently, our insurance requirements include: (i) comprehensive general liability insurance with minimums of $1,000,000 per occurrence, $2,000,000 general and products/completed operations aggregate, $1,000,000 personal/advertising injury, $50,000 rented premises damage, and $5,000 medical expenses; (ii) Commercial Auto Insurance with a $1,000,000 combined single limit, covering uninsured/underinsured motorists, owned, hired, and non-owned autos; (iii) Workers' Compensation Insurance with coverage limits of $1,000,000 for bodily injury by disease per accident, $1,000,000 policy limit, and $1,000,000 per employee; (iv) Property insurance with coverage for business personal property (≥ $10,000 full replacement cost value), tenant improvements (≥ $70,000 full replacement cost value), business interruption (6 Months ALS), including franchisor royalties; (v) Employment Practices Liability Insurance with minimum coverage limits of $250,000 per occurrence and $250,000 aggregate. The policy should include 3rd party liability and wage & hour coverage of at least $25,000; (vi) Cyber Liability Insurance with minimum coverage limits of $250,000 per occurrence and $250,000 aggregate; (vii) Crime insurance with a minimum coverage limit of $50,000 each claim, including third-party coverage on a loss discovered form; (viii) umbrella coverage with limits of at least $1,000,000 per occurrence and $1,000,000 aggregate, providing excess coverage over General Liability, Auto Liability, and Employers Liability; and (ix) Any other insurance coverage that is required by applicable law. Each policy must be written by a responsible carrier acceptable to us and must name us, our respective officers, directors, partners, agents, and employees as additional insured parties except with regards to workers' compensation insurance. You are required to list us as an additional insured and insurance certificate holder, and contain appropriate provisions such as waiver of subrogation and primary and noncontributory provisions. You agree to provide proof of same to us. These policies should be issued by carriers rated A – VII or higher by AM Best. We reserve the right to require higher limits and/or additional types of insurance coverage.

Trucks, Vehicles, Equipment

Currently, vehicles are optional; however, any vehicle used in the operation of your franchise, including any attached equipment, trailer, or accessories (each, collectively, a "Cabinet IQ Vehicle"), must be approved by us and meet our standards. Other proprietary products, including vehicle wraps and graphics, certain services, equipment, or tools required or developed in the future may be supplied solely by us. You must maintain all Cabinet IQ Vehicles and other vehicles and equipment used in your Franchise in a high degree of repair and condition and make such repairs or replacement of same that we in our sole discretion require.

Cabinetry and Countertops

You must purchase the cabinetry and countertops from specified manufacturers and distributors.

Bookkeeping Services

You must use our designated vendor for all bookkeeping services.

Advertising

You may only use advertising that has been approved in advance by us. You must participate in all promotional or warranty programs and comply with all requirements that we or our designated third-party service providers necessary to carry out such programs including without limitation the payment of any applicable fees. We are the only supplier for graphic wraps, decals, signage, brochures, and other items which must be maintained or replaced as required by us or when damaged, faded or otherwise fail to maintain the required appearance. See Item 11 for more information about advertising.

Alternative Suppliers

We approve suppliers and manufacturers after a careful review of the quality of the products they provide to us and our franchisees. We may take into account, among other factors, whether the supplier can demonstrate to our reasonable satisfaction the ability to meet our then current standards and specifications, whether the supplier has adequate quality controls and capacity to supply and deliver the System's needs promptly and reliably, proximity to Franchises to ensure timely deliveries, and whether the supplier's approval would enable the System in our sole opinion to take advantage of marketplace efficiencies. You may not purchase any unapproved item or make purchases from any proposed alternate supplier until we have reviewed and approved in writing the proposed item and/or new supplier. If you would like us to consider another supplier or manufacturer, you must request this review in writing to us and have the supplier or manufacturer give us samples of its product and such other information that we may require. If the supplier or manufacturer meets our specifications and will benefit the System, as determined in our sole discretion, we may approve it as an additional supplier or manufacturer. We will notify you of approval or disapproval within 60 days after we receive all required samples and documentation required for our evaluation. If you do not receive an approval within that time period, your request is deemed disapproved. You pay no fee but must reimburse us for all expenses we incur. We may revoke any approval upon 15 days written notice to you. Upon revocation, you must stop using the supplier or manufacturer. We estimate that approximately 90% to 100% of your expenditures for leases and purchases in establishing your Franchise and approximately 90% to 100% for leases and purchases on an ongoing basis will be for products and services which are subject to sourcing restrictions (that is, for which suppliers must be approved by us, or which meet our standards or specifications).

We may negotiate purchase arrangements, including price and payment terms with designated suppliers on behalf of all franchisees. We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products or services to some or all the Franchises in our System. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that refusal would be in the best interests of the System or the network of

Franchisees. We may mark up or receive Allowances (rebates, credits of other forms of income as further defined in section 5.11.2 of the Franchise Agreement) from any providers or vendors doing business with you, us or the Brand Fund including without limitation, equipment, supplies, advertising, and marketing vendors. If we do receive Allowances or other payments from approved suppliers there is no restriction on our use of this revenue.

We do not provide or withhold material benefits to you (such as renewal rights or the right to open additional businesses) based on whether or not you purchase through the sources we designate or approve. However, purchases of unapproved products or from unapproved vendors in violation of the Franchise Agreement will entitle us, among other things, to terminate your Franchise Agreement.

Revenue Based on Franchise Purchases

We and/or our affiliates will derive revenue from the required purchases and leases by you and other franchisees. However, neither we nor our affiliates derived revenue from required purchases in the last fiscal year.

Suppliers in Which an Officer Owns an Interest

None of our officers owns an interest in any supplier from which our franchisees are required to make purchases.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in Franchise Agreement	Disclosure item
a.	Site Selection and Acquisition/Lease	§ 5.1	Items 6, 8, and 11
b.	Pre-Opening Purchase/Leases	§§ 5.1, 5.2, 5.4,	Items 7 and 8
c.	Site Development & other Pre-Opening Requirements	§§ 3.8, 5, 5.4 - 5.7	Items 6, 7, 8, and 11
d.	Initial and Ongoing Training	§§ 5.5.4, 5.6, 5.7	Items 6 and 11
e.	Opening	§ 5.5	Item 11
f.	Fees	§§ 2.2.6, 3.1, 3.2, 3.8, 4.1-4.7, 5.6.1, 5.6.2, 5.11.1 5.13, 5.16, 10.3, 12.4.9, 12.4.12, 13.6	Items 5, 6, 7, 11 and 17
g.	Compliance with Standards and Policies/Operating Manual	§§ 1.2, 1.5, 2.2, 5, 7, 9	Items 1, 8, 15, 16
h.	Trademarks and Proprietary Information	§§ 1.1 and 6	Items 13 and 14
i.	Restrictions on Products/Services Offered	§§ 1.3, 1.5, 5.15, 5.2, 5.3, 5.9, 5.10 and 5.11	Items 8 and 16

j.	Warranty and Customer Service Requirements	§§ 1.5, 5.15	Not Applicable
k.	Territorial Development and Sales Quotas	§ 1	Item 12
l.	Ongoing Product/Service Purchases	§ 5	Items 8 and 11
m.	Maintenance and Appearance Requirements	§§ 2, 5, 12.4.5	Items 6 and 17
n.	Insurance	§ 11	Items 6 and 11
o.	Advertising	§§ 5.15, 10	Items 6 and 11
p.	Indemnification	§§ 5.18 and 17.4	Item 6
q.	Owner's Participation, Management, Staffing	§§ 5.6, 5.7, 5.20, and 15.1	Item 15
r.	Records /Reports	§§ 4, 5.3, 9	Item 11
s.	Inspections /Audits	§§ 5.12 and 9	Items 6, 11 and 13
t.	Transfer	§ 12	Items 6 and 17
u.	Renewal	§ 2.2	Item 17
v.	Post-Termination Obligations	§ 14	Item 17
w.	Non-Competition Covenants	§ 15	Item 17
x.	Dispute Resolution	§ 23	Item 17
y.	Other: Guarantee of franchisee obligations (Note 1)	§ 5.18	Item 15
Notes: (1) Each present and future equity owner of a franchisee entity must jointly and severally guarantee your performance of each and every provision of the Franchise Agreement by executing the Guarantee, Indemnification and Acknowledgement in the form attached to the Franchise Agreement as Exhibit C.			

ITEM 10
FINANCING

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

We do not know whether you will be able to obtain financing from third parties for all or part of your investment, and if so, the terms of the financing.

Other than as described in this disclosure document, neither we nor our affiliates offer direct or indirect financing to you or guarantees any of your notes, leases, or obligations.

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

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

Pre-Opening Obligations

We are required by the Franchise Agreement to provide certain assistance and services to you.

Before you open your Franchise:

1. We will provide initial training for up to three individuals (including your Operating Principal, Manager, and your Salesperson) at our headquarters or at a location we designate. (Franchise Agreement, Section 3.1)

2. If you request additional assistance to facilitate the opening of the Franchise, and we deem it necessary, feasible and appropriate, we will provide such additional opening assistance. You must reimburse us for the expenses we incur in providing such assistance, and we have the right to charge a service fee. (Franchise Agreement, Section 3.2)

3. We will review your proposed site and the lease for your proposed site (Section 3.8). Except as described above, we do not assist you in (i) locating your site and negotiating the purchase or lease of the site, (ii) conforming the premises to local ordinances and building codes and obtaining any required permits, or (iii) constructing, remodeling, or decorating the premises. We will not own your site or lease your site to you. You have the sole responsibility in tentatively selecting a site. We will review and approve or disapprove your proposed site selection and lease agreement, if applicable, based on an analysis of local competing facilities, demographics, visibility and accessibility, suitability of the premises to be leased and other factors more fully described in the Manuals.

Your site must be identified and agreed upon within 120 days after the date of the Franchise Agreement. The failure to have agreed upon a site for the Business within that timeframe is a default under the Franchise Agreement that would entitle us to terminate the Franchise Agreement.

4. We will lend you, for the term of the Franchise Agreement, one copy of the Manuals. (Franchise Agreement, Section 3.3) The Table of Contents of the Manuals as of the date of this Disclosure Document is attached to this Disclosure Document as Exhibit D, and is 261 pages total.

5. We will provide you with names of suppliers for fixtures, equipment, opening inventory, or supplies. For specific obligations please refer to Item 8 of the Disclosure Document.

We are not required by the Franchise Agreement to furnish any other service or assistance to you before the opening of your Franchise.

Continuing Obligations

We are required by the Franchise Agreement to provide certain assistance and service to you. During the operation of your Franchise:

1. We will make available additional training programs, as we deem appropriate. (Franchise Agreement, Sections 3.2 and 5.6)

2. We will review and approve or disapprove all promotional materials and advertising that you propose to use. (Franchise Agreement, Section 3.4)

3. We will administer the Brand Fund as stated in the Franchise Agreement and as described below in this Item 11. (Franchise Agreement, Sections 3.5 and 10.3)

4. We will provide periodic assistance in the marketing, management, and operation of the Franchise, at the times and in the manner that we determine. (Franchise Agreement, Section 3.7)

Neither the Franchise Agreement, nor any other agreement, requires us to provide any other assistance or services for you during the operation of the Franchise

Typical Length of Time Before Operation

We estimate that the typical length of time between the signing of the Franchise Agreement, or the first payment of any consideration for the Franchise, and the opening of a Franchise is three to seven months. Factors affecting this length of time include making financing arrangements, site selection and Showroom build out, obtaining permits and licenses, scheduling initial training, the delivery and installation of Showroom materials, and hiring staff.

You must open your Franchise not later than seven months after the signing the Franchise Agreement and you must open your Showroom within nine months after the signing of the Franchise Agreement. (Franchise Agreement, Section 5.5) Failure to open in a timely manner may result in the termination of your Franchise Agreement.

Training

We will provide the initial training (instruction and required materials, only) for up to three individuals. (Franchise Agreement, Section 3.2) We have the right to charge a fee for additional individuals who attend training. Travel, room and board and salaries and other benefits for your attendees are exclusively at your expense.

Before your Franchise opens, the Manager, Salesperson, and the Operating Principal must attend and successfully complete, to our satisfaction, the initial training program. We reserve the exclusive right to determine whether the Manager, Salesperson, and Operating Principal have satisfactorily completed the initial training. (Franchise Agreement, Section 5.5.4)

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job-Training	Location of Training
The Foundations: Core Values and Company History, Marketing and QuickBooks	10	2	Virtual Classroom and Cedar Park, TX
Operations: CRM-Operations, Operations Process	15	10	Virtual Classroom and Cedar Park, TX
Employees and Administration	5	5	Virtual Classroom and Cedar Park, TX.
Sales and Estimating: CRM - Sales, Lead Generation, Estimating	10	10	Virtual Classroom and Cedar Park, TX.
Kitchen and Bath Design	50	5	Virtual Classroom and Cedar Park, TX. Currently, Cedar Park, TX
Jobsite Conduct & Installation Procedures	15	8	Virtual Classroom and Cedar Park, TX.
TOTAL	**105**	**40**	

We conduct the initial training program on an as-needed basis at our headquarters and such other places as we may designate.

As of the date of this Disclosure Document, the initial training program will be administered by Jacob Collums, our Chief Operating Officer. He has been with us since May 2021 and has over 12 years of experience in operations and the remodeling/construction industry. We may use additional instructors to conduct our training programs, who may be on our training staff or may be designated suppliers or approved suppliers of ours. Our additional instructors generally have at least 10 years of experience in the remodeling/construction industry.

The training materials consist of the Manual and related written materials, computer-based materials, and audio-visual presentations.

If the Manager or Salesperson ceases active management of the Franchise or if the Operating Principal is changed or is no longer an equity owner, you must hire a new Manager or Salesperson or appoint a new Operating Principal (as the case may be), who must be approved in writing by us. The new Manager, Salesperson, or Operating Principal must undergo a certification training program that is prescribed by us which may include training at your Franchise, another Franchise or such other place as we designate. All expenses incurred by us and the new Manager, Salesperson or Operating Principal in attending such program including, without limitation, travel costs, room and board expenses and salaries and other benefits, are your responsibility. In addition, you must pay our then-current certification fees and out of pocket expenses, including without limitation, reasonable travel and room and board expenses. (Franchise Agreement, Section 5.6.1)

We also provide and require that your Operating Principal, Manager, Salesperson and other employees or subcontractors attend and successfully complete refresher training programs or seminars to be conducted at such location as we may designate. All expenses incurred by your representatives in attending such program including, without limitation, travel costs, room and board expenses and salaries and benefits, are your responsibility. (Franchise Agreement, Section 5.6.2)

If you ask that we provide additional on-site training, and we are able to do so, then you will pay us our then-current per diem charges and out-of-pocket expenses. (Franchise Agreement, Section 5.6.3)

Advertising and Marketing

During the term of the Franchise Agreement, you will be required to contribute monies to the Brand Fund. We may periodically change the amounts that you are required to contribute but Brand Fund contributions will not exceed 2% of your Gross Sales. (Franchise Agreement, Section 10.2)

We currently require that you contribute 1% of your Gross Sales to the Brand Fund. We also require that you spend each month on local advertising, beginning one month prior to opening, the greater of: (i) 4% of Gross Sales or; (ii) $4,500 per month per Showroom, plus an additional $1,000 per month per Additional Territory.

We currently do not have any local or regional advertising cooperatives; however, we reserve the right to create one or more in the future. If we do create an advertising cooperative you may be required to participate.

We are not required to spend any amount on advertising in your area.

Brand Fund

We have established a fund for System-wide advertising (the **"Brand Fund"**). The Brand Fund is maintained and administered by us or by our designee as follows:

1. We or a designee have the right to direct all advertising programs, as well as all aspects of the advertising program, including the concept, materials, and media used in the programs and the placement and allocation of the programs. The Brand Fund is intended to maximize general public recognition, acceptance, and use of the System; and we and our designee are not obligated, in administering the Brand Fund, to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures within their trade area, by the Brand Fund.

2. The Brand Fund, and all contributions to and earnings from, the Brand Fund, will be used only (except as otherwise provided below) to meet any and all

costs of maintaining, administering, directing, conducting, creating, and/or otherwise preparing advertising, marketing, public relations and promotional programs and materials, and any other activities that we believe will enhance the image of the System. This includes, among other things, the costs of preparing and/or conducting: media advertising campaigns; direct mail advertising; marketing surveys and other public relations activities; employing advertising and/or public relations agencies; purchasing promotional items; developing new or modified trade dress and marks; point-of-purchase (POP) materials; design and photographs; conducting and administering visual merchandising, and other merchandising programs; purchasing media space or time (including all associated fees and expenses); administering regional and multi-regional marketing and advertising programs; market research and customer satisfaction surveys; developing and implementing customer loyalty and gift card programs; the creative development of, and actual production associated with, premium items, giveaways, promotions, contests, public relation events, and charitable or non-profit events; developing and maintaining our website; developing, implementing and maintaining an electronic commerce website and/or related strategies; maintaining and developing one or more websites devoted to the System, the Marks and/or the brand; providing promotional and other marketing materials and services to the Franchises operated under the System; and the salaries of our employees to the extent such employees provide services in conjunction with System marketing activities. The Brand Fund may also be used to provide rebates or reimbursements to franchisees for local expenditures on products, services, or improvements, approved in advance by us, which products, services, or improvements we will have the right to determine, that we believe will promote general public awareness and favorably support for the System. We will have the sole right to decide how the Brand Fund creates, places, and pays for marketing. As noted above, we may allocate a reasonable amount of the Brand Fund toward the cost of our website's maintenance and further development. The website may have a section relating to our franchise opportunity, and all advertising and promotional materials may reflect the availability of Franchises. Otherwise, we do not use Brand Fund monies for advertising that is principally a solicitation for the sale of franchises. As used in the Franchise Agreement, the term "website" means an interactive electronic document contained in a network of computers linked by communications software. The term website includes the Internet and World Wide Web home pages. (Franchise Agreement, Section 10.3.2)

3. You must contribute to the Brand Fund in the manner we specify, which is uninform amongst franchisees. All sums you pay to the Brand Fund will be maintained in an account separate from our other monies. (Franchise Agreement, Section 10.3.3) We do not contribute to the brand fund.

4. The Brand Fund will not be used to defray our general operating expenses, provided, however, that we will have the right to charge the Brand Fund for the reasonable administrative costs and overhead that we incur in activities reasonably related to the direction and implementation of the Brand Fund and marketing programs for you and the System (for example, costs of personnel for creating and implementing, associated overhead, advertising, merchandising, promotional and marketing programs, and accounting services reasonably related to the operation and functions of the Brand Fund). The Brand Fund and its earnings will not

otherwise inure to our direct benefit. We or our designee will maintain separate bookkeeping accounts for the Brand Fund. (Franchise Agreement, Section 10.3.3)

5. The Brand Fund is not a trust. We do not assume any fiduciary obligation to you or any other franchisee for maintaining, directing, or administering the Brand Fund or for any other reason. An unaudited statement of the operations of the Brand Fund as shown on the books of the Brand Fund is prepared annually by us and will be made available to you on an annual basis, upon request. The Brand Fund is not audited. (Franchise Agreement, Section 10.3.4)

6. Although the Brand Fund is intended to be of perpetual duration, we maintain the right to terminate the Brand Fund. The Brand Fund will not be terminated, however, until all monies in the Brand Fund have been spent for marketing or promotional purposes. (Franchise Agreement, Section 10.3.5). As of the publication date hereof, we have not collected any Brand Fund contributions, there is no cash on hand and no expenses have been charged to the Brand Fund. We anticipate beginning operations, and accounting, of the brand fund following the publication of this document.

Franchisee Advisory Council

We have the right, in our sole discretion, to require you to become a member of and participate actively in a franchise advisory council ("Advisory Council") in your area. You must participate actively in the Advisory Council as we designate and participate in all Advisory Council meetings approved by us. We have the right to amend the governing documents for the Advisory Council in our sole discretion at any time. We will determine the topic areas to be considered by the Advisory Council. The purposes of the Advisory Council will include exchanging ideas and problem-solving methods, advising us on expenditures for system-wide advertising, and coordinating franchisee efforts. Amounts and expenditures may vary from time to time due to variations in Advisory Council participation and costs, as determined by the Advisory Council, and as approved by us. We will have the right to change or dissolve the Advisory Council at any time in our sole discretion. (Franchise Agreement, Section 5.16.)

Independent Access to Information. We have a right and you are required to provide us with independent access to the information that will be generated or stored in your computer systems, which includes, but is not limited to, customer, transaction, and operational information. We have the right to review your business operations, in person, by mail, or electronically, and to inspect your operations and obtain your paper and electronic business records related to the Franchised Business and any other operations taking place through your Franchised Business.

Websites and other E-Commerce

You may not offer or promote or sell any products or services or make any use of the Marks, through the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce (as defined below) and co-branding arrangements without our prior written approval. (Franchise Agreement, Section 10.8)

We currently require that any franchisee Internet presence be through our website for the System. Each franchisee will have its location listed on our website. You must follow our intranet and Internet usage rules, policies, and requirements. We retain the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms and meta-tags, and in connection with linking, marketing, co-branding, and other arrangements.

Technology Systems

We have the right to require that you purchase and maintain a Technology System, including: (a) back office systems, data, audio, video, and phone, voice storage, retrieval, and transmission systems for use at the Franchise, between or among other franchisees, the corporate units and us; (b) physical, electronic, and other security systems; (c)printers and other peripheral devices; (d)archival back-up systems; (e)communication systems (including without limitation email and phone systems); and (f) Internet access mode and speed. (Franchise Agreement, Sections 3.6 and 5.13)

We may also develop, have developed, or license computer programs and other services and systems related to the technology matters. You must comply with our standards and specifications regarding the Technology System, which may require that you enter into licenses or agreements and pay fees to us or approved suppliers. These fees may include expenses and fees for development of programs and services, licensing fees to obtain the rights to use the Technology System, and maintenance and/or support fees. You will be required to license QuickBooks® software and set it up in accordance with our instructions to ensure that we have access to your data for accounting and reporting purposes. You will be required to license and use a customer database software system as we designate and ensure that we have full and unrestricted access to all such data.

We estimate that these systems will cost between $3,000 and $6,000 to purchase.

ITEM 12
TERRITORY

Franchise Agreement

Your Franchise is for a specific location approved by us and without your designated Territory. You may not conduct the business of your Franchise at any site other than the approved location without our prior written consent. will be operated from an approved site which includes a Showroom and office within a specified Territory. Your Franchise must comply with certain design and appearance standards specified in the Operations Manual.

Your Territory will be negotiated by you and us before you sign the Franchise Agreement and specifically described in the Franchise Agreement. In negotiating the Territory, we may examine population, median household income, traffic flow, presence of businesses, location of competitors, demographic, and other market conditions. A Territory will generally consist of up to 100,000 owner occupied households.

Under the Franchise Agreement, you are granted a non-exclusive, protected Territory. Provided that you remain in compliance with the Franchise Agreements, Manual, and all other agreements with us, the Territory will remain Protected. We will not sell other Franchises under the System to any other franchisee within your Protected Territory. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

In addition, we have the right to engage in any of the following activities (directly or through an affiliate), and to grant to others the right to engage in any of the following activities, within a Protected Territory:

1. to operate and permit franchisees or others to establish and operate Franchises at any location within or outside the Territory notwithstanding their actual or threatened impact on sales of the Franchise;
2. to operate or permit franchisees or others to establish and operate businesses at any location under other systems or other marks, including businesses that may offer or sell products or services that are the same or similar to the products or services offered from the Franchise, within or outside the Territory;
3. to sell and distribute, directly or indirectly, or license others to sell and distribute, directly or indirectly, within or outside of the Territory, products and services bearing the Marks or similar marks through other channels of distribution including, without limitation, the internet, catalogs, or commercial channels other than the on-site installation or removal of cabinets; and
4. to acquire, be acquired by, or merge with other businesses and to convert them to the Marks or any other name at any location and such acquiring or acquired businesses shall not be bound by any Protections applicable to the Territory

Your Protected Territory status may be revoked only with cause. If you fail to maintain compliance with all agreements with us (or our Affiliates) or fail to maintain sufficient equipment and staff to serve all customers in your Territory who desire to purchase the services and products we offer, then we may revoke the protected status of your Territory. If we do this, we may allow others to service customers within the Territory, sell additional franchises within the Territory and/or open a company owned location within your Territory. If your Protected Territory status is revoked, you could face competition from other franchisees, and company-owned locations we or our parent or affiliates own, or from other channels of distribution or competitive brands that we or our parent or affiliates control. (see Section 1 of the Franchise Agreement).

Unless you receive our prior approval, you may not solicit from persons who reside outside of your Territory. However, upon our prior approval, you may advertise using methods that are generally circulated or broadcast throughout your Territory, but that extend beyond your Territory, such as, but not limited to magazine or newspaper advertisements, use of mail zones, or radio or television broadcasts, so long as such generally circulated advertisements or broadcasts are not specifically targeted to reach areas or clients outside of your Territory.

You will have no guaranteed option or rights of first refusal to purchase additional Territories.

You may not relocate your Franchise from its approved location unless you receive our prior written approval. Your relocation will be at your expense, and we has the right to charge you for all reasonable costs and expenses we incur to approve and implement the relocation.

Franchisee may at its option enter into a revenue sharing program ("Revenue Sharing Program") with any other franchisee which may permit the out-of-territory franchisee to operate within Franchisee's Territory for the purposes of servicing existing clients who have previously received services within the out of territory franchisee's own territory. Franchisee may also enter into a revenue sharing agreement with any other franchisee as Franchisee deems appropriate to complete extraordinarily large jobs or for other purposes subject to Franchisor approval which must be received in writing in advance of any Revenue Sharing Program between franchisees. Franchisor shall not be a party to any Revenue Sharing Program which shall be conducted solely between franchisees.

We do not operate or franchise businesses under a different trademark that will sell goods or services that are the same as or similar to those the franchisee will sell though we have reserved the right to do so in the future.

ITEM 13
TRADEMARKS

The following is the principal trademark that we license to you. This trademark is owned by our parent company, Cabinet IQ Holdings, LLC. It is registered on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

Mark	Registration Number	Registration Date
CABINET IQ	6902850	November 15, 2022

Because the federal trademark registration is less than six years old, no affidavits are required at this time, and no required affidavits have been filed. The registration has not yet been renewed.

We and Cabinet IQ Holdings, LLC entered into a license agreement effective December 28, 2021, under which we obtained the exclusive right to sublicense and franchise the Marks and the System (the **"License Agreement"**) throughout the United States. The term of the License Agreement is perpetual, and it is terminable only if we materially breach the License Agreement or we and Cabinet IQ Holdings, LLC are no longer affiliates. Upon termination, Cabinet IQ Holdings, LLC or its designee automatically assumes agreements with franchisees and developers provided that the applicable franchisee and/or developer is in good standing under the agreements.

With the exception of the License Agreement, there are no other agreements currently in effect which significantly limit our rights to use or license the use of the trademarks, service marks, trade names, logotypes or other commercial symbols in any manner material to the Business.

There are no currently effective determinations of the United States Patent and Trademark Office, Trademark Trial and Appeal Board, trademark administrator of any state, or any court nor any pending interference, opposition or cancellation proceeding, nor any pending material litigation involving the Marks that is relevant to their use by you.

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

Your usage of the Marks and any goodwill established from their use will benefit us. You will not receive any interest in the Marks. You may not at any time contest the validity or ownership of the Marks, including any Marks we authorize or license to you after you sign the Franchise Agreement.

You must not use any Mark or part of any Mark as part of any corporate or trade name in any modified form, in connection with the sale of any unauthorized product or service or in any other manner we do not authorize in writing. You must give notices of trademark and service mark registrations as we specify and obtain fictitious or assumed name registrations as may be required under applicable law.

You must not use any merchandising, advertising or promotional practice which is unethical or may be injurious to our business, other franchises or the goodwill associated with the Marks.

We and our agents will have the right to enter and inspect your Franchise or observe your operation in the field to make sure you are complying with our standards. You must provide us and our agents with reasonable accommodation to provide for this right to inspect.

You must use the designation ®, ™ trademark registration notice as applicable or otherwise indicate in your advertising that "Cabinet IQ" and all other Marks are our trade names, trademarks, and Service marks.

You must promptly notify us of any unauthorized use of the Marks, any challenge to the validity of the Marks, or any challenge to our ownership of, and our right to use and to license others to use, or your right to use, the Marks. We have the right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks.

The Franchise Agreement does not contain any provisions under which we are required to defend or indemnify you against any claims of infringement or unfair competition arising out of your use of the Marks. You must promptly notify us of any claim asserted or litigation instituted by any person, entity, or governmental agency involving the Marks.

If we undertake the defense or prosecution of any litigation concerning the Marks, you must sign any documents and agree to do the things as may, in our counsel's opinion be necessary to carry out that defense or prosecution, such as becoming a nominal party to any legal action. Unless the litigation is the result of your use of the Marks in a manner inconsistent with the terms of your Franchise Agreement, we will reimburse you for your out-of-pocket costs in doing these things (although you will still be responsible for the salary costs of your employees) and we will bear the costs of any judgment or settlement. However, if the litigation results from your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement, then you will have to reimburse us for the cost of the litigation, including attorneys' fees, as well as the cost of any judgment or settlement.

If it becomes advisable at any time in our sole judgment for you to modify or discontinue using any Mark or for you and the Franchise to use one or more additional or substitute trade or service marks, you will have to immediately comply with our directions. We have no obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

No patents are material to the operation of your Franchise.

Copyrights

We claim copyright protection covering various materials used in our business and the development and operation of Franchise, including the trade dress, the Manuals, advertising and promotional materials, and similar materials (discussed below). We have not registered these materials with the United States Registrar of Copyrights, but we are not required to do so. We may register one or more of these items or copyrightable materials in the future.

There are no currently effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. No agreement limits our rights to use or allow franchisees to use the copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. No provision in the Franchise Agreement requires you to notify us of claims by others of rights to, or infringements of, the copyrighted materials. If we require, you must immediately modify or discontinue using the copyrighted materials. We have no obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

Confidential Information

Except for the purpose of operating the Franchise under the Franchise Agreement, you may never (during Franchise Agreement's term or later) communicate, disclose, or use for any person's benefit any of the confidential information, knowledge, or know how concerning the operation of the Franchise that may be communicated to you or that you may learn by virtue of your operation of the Franchise or your operations under the Franchise Agreement. You may divulge confidential information only to those of your employees who must have access to it in order to operate the Franchise. Any and all information, knowledge, know how, and techniques that we designate as confidential will be deemed confidential for purposes of the Franchise Agreement, including any information gathered through the Technology System. However, this will not include information that you can show came to your attention before we disclosed it to you; or that at any time became a part of the public domain, through publication or communication by others having the right to do so.

In addition, we may require you, your Manager, and any employee who may have access to any confidential information to sign non-disclosure and non-competition covenants. Every one of these covenants must provide that the person signing will maintain the confidentiality of information that they receive in their employment or affiliation with you or the Franchise. These agreements must be in a form that we find satisfactory, and must include, among other things, specific identification of us as a third-party beneficiary with the independent right to enforce the covenants.

Confidential Manuals

In order to protect our reputation and goodwill and to maintain high standards of operation under our Marks, you must conduct your business according to the Manuals. We will lend you one set of our Manuals for the term of the Franchise Agreement. The Manuals may be multiple volumes with printed text, video, and/or audiotapes and files, computer disks, and other electronically stored data. We may provide a portion or all the Manuals (including updates and amendments) and other instructional information and materials in, or via, electronic media, including through the Internet.

You must always treat in a confidential manner the Manuals, any other Manual we create (or that we approve) for use with the Franchise, and the information contained in the Manuals. You must use best efforts to maintain this information as secret and confidential, protect it from being viewed by others, and treat the Manuals with the same degree of care as you would treat your most highly confidential documents. You may not copy, duplicate, record, or otherwise reproduce the Manuals and the related materials, or any portion of the Manuals (except for the parts of the Manuals that are meant for you to copy, which we will clearly mark as such), nor may you otherwise let any unauthorized person have access to these materials. The Manuals are our sole property. You must always keep the Manuals in a secure place at the Franchise.

We may periodically revise the contents of the Manuals, and you must make corresponding revisions to your copy of the Manuals and comply with each new or changed standard immediately upon receipt of the revision. If there is ever a dispute as to the contents of the Manuals, our master copy of the Manuals (maintained at our home office) will be controlling.

You must disclose to us all ideas, concepts, methods, techniques, and products that you conceive or develop during the term of the Franchise Agreement relating to the development and/or operation of Franchises. You will grant to us and procure from your affiliates, owners, agents, or employees a perpetual, non-exclusive, and worldwide right for us (and our affiliates, franchisees, and other licensees) to use any such ideas, concepts, methods, techniques and products. You will do so in consideration of the grant of the Franchise, and without the payment by us of additional consideration.

ITEM 15
OBLIGATIONS OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must either directly participate or delegate as defined below. You, or if the franchisee is an entity, the majority shareholder or owner of the franchisee must devote your personal full-time attention and best efforts to the management and operation of the Franchise, or you may delegate the day-to-day operation of the Franchise to a Manager who has completed, and passed to our satisfaction, the required training course at our facility.

You must hire a full-time Salesperson, or if you act as the full-time salesperson, you must hire a full-time Manager. Your Manager and Salesperson must be approved by us but need not have an equity interest in the franchising entity. Your Manager and Salesperson must attend and successfully complete the required training and certification at our facility. Any replacement Manager or Salesperson must attend and successfully complete the required training and certification at our facility.

We require your management staff and any other highly trained personnel and each equity owner of the franchise entity to sign a non-disclosure and non-competition agreement, the current form of which is attached to the Franchise Agreement.

Each present and future equity owner of a franchisee entity must jointly and severally guarantee your performance of each and every provision of the Franchise Agreement by executing the Guarantee, Indemnification and Acknowledgement in the form attached to the Franchise Agreement. We may also require a guarantee from the family of an entity owner, including spouse or domestic partner, and any entities controlled in the aggregate by any of these individuals. Our current policy is that we generally will not require a guarantee from a spouse or domestic partner at the time of signing the Franchise Agreement if the individual franchisee, or the individual owner of the franchisee that is signing the Guarantee, Indemnification and Acknowledgement has a net worth (excluding residences) of at least one million dollars. Currently the spousal guarantee only becomes effective upon a material transfer of assets from the spouse or franchisee entity which own the franchise to the spouse which previously did not have an ownership interest in the franchise. We may revise our policy from time to time.

You must maintain a competent, conscientious, trained staff in numbers sufficient to promptly service customers. You must also take any steps as are necessary to ensure that all Franchise employees and subcontractors preserve good customer relations, adhere to our performance guidelines in the Manuals and comply with all applicable laws, regulations, and guidelines.

You must prominently display, by posting a sign within public view on or in the premises or Cabinet IQ Vehicle, that clearly indicates that the Franchise is independently owned and operated as a Cabinet IQ franchisee and not as our agent.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all products and services which are part of the System and all services and products which we incorporate into the System in the future. You may only offer those products and services which we have previously approved. You may not use our Marks for any other business, and you may not conduct any other business from your location. You cannot engage in any business that competes with your Franchise, with us or our affiliates, or with Franchises owned by other franchisees whether such business is inside or outside of your Territory.

We may change, supplement, improve or modify the System at any time as we deem appropriate. These changes may include, among others, the adoption or use of new or different products, services, equipment and furnishings for Franchise, development of new techniques and methods and the use of new or different marks or copyrights. You must, upon reasonable notice, accept, adopt, implement, use, and display any change to the System that we make, at your expense.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP		
Provision	**Section in Franchise Agreement**	**Summary**
a. Length of the Franchise Term	§ 2.1	10 years
b. Renewal or extension of the Term	§ 2.2	If you have complied with all the provisions in the Franchise Agreement, you may renew the Franchise for two additional terms of 5 years each, subject to certain contractual requirements described in “c” below.

c. Requirements for you to renew or extend	§ 2.2	Notice, update to our standards, satisfaction of monetary obligations, compliance with Franchise Agreement, release us, sign new Franchise Agreement on then current form, pay renewal fee, and others; see §§ 2.2.1 – 2.2.9 in Franchise Agreement. The new agreement that you must sigh at renewal may contain terms and conditions that are materially different than the original contract.
d. Termination by you	Not applicable	Not applicable
e. Termination by us without cause	Not applicable	Not applicable
f. Termination by us with cause	§ 13	Default under Franchise Agreement, bankruptcy, abandonment, and other grounds; see § 13 of the Franchise Agreement. Under the U.S. Bankruptcy Code, we may be unable to terminate the agreement merely because you make a bankruptcy filing.
g. "Cause" defined – Curable defaults	§ 13.3	All other defaults not specified in §§ 13.1 and 13.2 of the Franchise Agreement
h. "Cause" defined – non-curable defaults	§§ 13.1 and 13.2	Bankruptcy, abandonment, conviction of felony, failure to locate site or lose of site, failure to complete training, violation of covenants, maintaining false books or records, three or more defaults in 12 months, default under other agreements, transfer in violation of Franchise Agreement and others; see § 13.2 of the Franchise Agreement. Under the U.S. Bankruptcy Code, we may be unable to terminate the agreement merely because you make a bankruptcy filing.
i. Your obligations on termination / nonrenewal	§ 14	Cease operating Franchise, cease use of Marks, assign lease/modify premises, cancel assumed names, payment of amounts due, return Manual and others; see §§ 14.1 – 14.3 of the Franchise Agreement.
j. Assignment of contract by us	§ 12.1	There are no limits on our right to assign the Franchise Agreement.
k. "Transfer" by you – defined	§§ 12.3.1 - 12.3.4	Includes transfer of any interest. Certain transfers to a spouse, adult child or adult sibling are exempt from some Transfer requirements under § 12.9.

l. Our approval of transfer by you	§ 12.4	We have the right to approve transfers.
m. Conditions for our approval of transfer	§ 12.4	Release us, sign new Franchise Agreement, payment of transfer fee, upgrade the Franchise to our standards, transferee complete training and others; see §§ 12.4.1 – 12.4.11 of the Franchise Agreement.
n. Our right of first refusal to acquire your business	§ 12.5	We have a right of first refusal. If you or any of your owners wants to accept an offer to purchase you, any material asset or any direct or indirect interest in you, you and/or the owner must first offer the assets or interest to us under the same terms and conditions. If we do not wish to acquire the assets or interest, you and/or the owner may then transfer them to the third party pending our approval as listed above.
o. Our option to purchase your business	§ § 14.10	Upon the expiration or Termination of your Franchise Agreement Term, we have the option to purchase your furnishings, equipment, material, or inventory at the lesser of fair market value or your book value, free of all liens and encumbrances. To exercise this option, we must notify you of our election within 30 days of expiration or termination, and must complete the purchase within 60 days after our notice to you.
p. Your death or disability	§§ 12.6 – 12.8	Your estate must transfer your interest in the Franchise to a third party we have approved within a year after death or six months after the onset of a disability.
q. Non-competition covenants during the term of the franchise	§ 15.2	Includes prohibition on engaging in any "Competitive Business," which shall mean a business which offers cabinets or other construction related services. (see § 15.2 of the Franchise Agreement).
r. Non-competition covenants after the franchise is terminated or expires	§ 15.3	Includes a two-year prohibition similar to "q" above, (a) at the Approved Location, (b) within a 100 mile radius of the Territory, or (c) within a 100 mile radius of the territory of any other Franchisees then-operating under the System.
s. Modification of the agreement	§ 21	Must be in writing signed by both parties.

t. Integration / merger clause	§ 21	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	§ 23.2	All disputes will be resolved by arbitration at the American Arbitration Association office located nearest our principal place of business (currently, Austin, Texas), subject to applicable state law (except for injunctive relief). (see note below).
v. Choice of forum	§§ 23.2 and 23.3	The parties consent to venue in the federal or state courts in the county in which our principal place of business is located (currently Brevard County, Texas), subject to applicable state law (see note below).
w. Choice of law	§ 23.1	The laws of Texas shall govern, subject to applicable state law. (see Note below).

Please refer to the disclosure addenda and contractual amendments appended to this Disclosure Document for any additional terms that may be required under applicable state law. These additional disclosures, if any appear in an addendum or rider in Exhibit G.

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

The following tables and accompanying footnotes are a historical financial performance representation.

Table 1 – Affiliate Gross Revenues, Gross Profit, Disclosed Expenses, and Adjusted Profit for the period from January 1, 2023 to December 31, 2023

Table 1 provides Gross Revenues, Gross Profit, Disclosed Expenses, and Adjusted Profit for our Affiliate's two Businesses located in Cedar Park, Texas and Austin, Texas from January 1, 2023 to December 31, 2023. See Item 1 for more information regarding our Affiliate and these Businesses.

2023					
Location - Cabinet IQ of Cedar Park Year 6 Store			Location - Cabinet IQ of Austin Year 2 Store		
Gross Revenue (1)	$3,129,177		Gross Revenue (1)	$1,385,926	
Materials (2)	$1,342,417	42.90%	Materials (2)	$515,564	37.20%
Installation Labor (3)	$359,855	11.50%	Installation Labor (3)	$155,224	11.20%
Gross Profit (4)	$1,426,905	45.60%	Gross Profit (4)	$715,138	51.60%
Disclosed Expenses		% of Gross Revenue	Disclosed Expenses		% of Gross Revenue
Payroll and Commissions			Payroll and Commissions		
Sales Payroll and Commissions (5)	$234,105	7.50%	Sales Payroll and Commissions (5)	$78,064	5.60%
Operations (6)	$121,275	3.90%	Operations (6)	$38,375	2.80%
Advertising & Marketing (7)	$170,150	5.40%	Advertising & Marketing (7)	$83,168	6.00%
Royalty (8)	$187,751	6.00%	Royalty (8)	$83,156	6.00%
Brand Fund (9)	$31,292	1.00%	Brand Fund (9)	$13,859	1.00%
Bank Services (10)	$703	0.00%	Bank Services (10)	$0	0.00%
Insurance (11)	$12,977	0.40%	Insurance (11)	$5,749	0.40%
Office Supplies and Software (12)	$29,080	0.90%	Office Supplies and Software (12)	$11,039	0.80%
Legal & Professional Services (13)	$10,564	0.30%	Legal & Professional Services (13)	$1,445	0.10%
Merchant Account Fees (14)	$15,020	0.50%	Merchant Account Fees (14)	$6,652	0.50%
Rent (15)	$73,584	2.40%	Rent (15)	$32,081	2.30%
Utilities (16)	$21,711	0.70%	Utilities (16)	$5,437	0.40%
Repairs and Maintenance (17)	$8,125	0.30%	Repairs and Maintenance (17)	$2,506	0.20%
Showroom Materials (18)	$1,842	0.10%	Showroom Materials (18)	$1,528	0.10%
Tools Supplies and Consumables (19)	$10,809	0.30%	Tools Supplies and Consumables (19)	$4,814	0.30%
Total Disclosed Expenses (20)	$928,988	29.50%	Total Disclosed Expenses (20)	$367,873	26.50%
Adjusted Profit $ (21)	**$497,917**	**15.90%**	**Adjusted Profit $ (21)**	**$347,264**	**25.10%**

<u>Table 1 Notes</u>:

(1) "Gross Revenues" are the total amount received by or in connection with our Affiliate's Businesses from, connected with or related to the sale of any services, products, goods or merchandise and all business transacted related to these Businesses, excluding only the following (a) the amount of any refunds to clients for bona fide returns of goods sold or cancellations; and (b) the amount of any excise or sales tax levied upon retail sales and paid over to the appropriate governmental authority.

(2) "Materials" are the cost of materials used in the services, including cabinets, countertops, and other materials.

(3) "Installation Labor" includes installation labor costs.

(4) "Gross Profit" is Gross Revenues less COGS (Installation Labor and Materials).

(5) "Sales Payroll and Commissions" includes sales base pay plus commissions.

(6) "Operations" includes an installation manager and installation coordinator. Note: These costs could be higher for your Business on a per location basis as Operations were shared between the two locations.

(7) "Advertising & Marketing" includes all costs incurred for advertising.

(8) "Royalty" is the sum of the Royalty Fee during the measurement period.

(9) "Brand Fund" is the amount that was contributed by our Affiliate to the Brand Fund. See Items 6 and 11 for more information. The current required Brand Fund contribution for your Business is 1%, although it can be increased to up to 2% of Gross Revenues.

(10) "Bank Services" includes all banking charges.

(11) "Insurance" includes auto insurance and business liability.

(12) "**Office Supplies and Software"** includes the cost of general office supplies, Design 20/20 software, QuickBooks, CRM software, DocuSign software, computers, monitors, office furniture and appliances.

(13) "Legal and Professional Services" includes legal advice, accounting services, and other professional services.

(14) "Merchant Account Fees" includes ACH processing fees and credit card processing fees.

(15) "Rent" includes showroom space rental.

(16) "Utilities" includes internet, electric, water, and bulk trash service.

(17) "Repairs and Maintenance" includes cleaning service, consumer trash service, showroom lighting, warehouse and showroom maintenance.

(18) "Showroom Materials" includes cabinet displays for showroom.

(19) "Tools Supplies and Consumables" is defined as warehouse and installer tools, installation consumables, and warehouse supplies.

(20) "Total Disclosed Expenses" is the sum of the Disclosed Expenses in this table covered by Notes 5 through 19.

(21) "Adjusted Profit" is defined as Gross Profit less the Total Disclosed Expenses. Adjusted Profit is not equal to net profit or income and, except as to Cost of Goods Sold and the Total Disclosed Expenses, does not include the deduction of all other expenses incurred by a Franchised Business including, but not limited to, other operating expenses, management wages, interest, taxes, depreciation, and amortization.

(22) You will incur other additional costs and expenses in operating a Business including but not limited to amounts due to us under the Franchise Agreement. See Items 6 and 7 for further information.

Table 2 – Ticket Amounts

The following table reflects the high ticket, average ticket, and low ticket received by our Affiliate's Businesses in Cedar Park, Texas and Austin, Texas for the period from January 1, 2023 to December 31, 2023. For purposes of this Table, each "**Ticket**" is the Gross Revenues received on for an individual project involving the installation of cabinets or countertops

High Ticket	$129,833
Average Ticket	$25,412
Low Ticket	$2,790

Table 3 – Affiliate Annual Gross Revenues(1)

The following table provides Gross Revenues for our Affiliate's Businesses in Cedar Park, Texas and Austin, Texas for the referenced periods.

	8/1/2017 – 12/31/2017(2)	2018	2019	2020	2021	2022	2023
Cedar Park	$423,700	$1,540,000	$1,840,000	$2,080,000	$3,692,794	$3,744,303	$3,129,177
Austin(3)						$1,035,167	$1,385,926

Table 3 Notes:

(1) **"Gross Revenues"** are the total amount received by or in connection with our Affiliate's Businesses (segregated by location) from, connected with, or related to, the sale of any services, products, goods or merchandise and all business transacted related to the Businesses, excluding only the following (a) the amount of any refunds to clients for bona fide returns of goods sold or cancellations; and (b) the amount of any excise or sales tax levied upon retail sales and paid over to the appropriate governmental authority.

(2) The 2017 data reflects financial results of our Affiliate's predecessor, a sole proprietorship operated by our Founder.

(3) Our Affiliate has two Businesses located in Cedar Park, Texas and Austin, Texas. Our Affiliate opened the Cedar Park, Texas Business in 2018 (which was preceded by our Founder's sole proprietorship opened in 2017 in Cedar Park, Texas) and the Austin, Texas Business opened in February of 2022.

You should develop your own business plan for your Business, including capital budgets, financial statements, projections and other appropriate factors. You are encouraged to consult with your own accounting, business and legal advisors in doing so. The business plan should make necessary allowances for economic downturns, periods of inflation and unemployment, and other negative economic influences.

* * * * * * * * * * * * * * *

The financial information provided above has not been audited.

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

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

We recommend that you make your own independent investigation to determine whether or not the Franchise may be profitable and that you consult with an attorney and other advisors prior to executing the Franchise Agreement.

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing unit; however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income you should report it to our CEO by contacting Michael Hartel at 2419 S. Bell Blvd., Cedar Park, Texas 78613, 512-729-3982, the Federal Trade Commission and the appropriate state agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
for years 2021 to 2023

Outlet Type	Year	Outlets at Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Company Owned Outlets	2021	1	2	+1
	2022	2	2	0
	2023	2	2	0
Total Outlets	2021	1	2	+1
	2022	2	2	0
	2023	2	2	0

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
for years 2021 to 2023

State	Year	Number of Transfers
None	2021	0
	2022	0
	2023	0
Total	**2021-2023**	**0**

Table No. 3
Status of Franchised Outlets
for years 2021 to 2023

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
None	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Total	**2021**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2022	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2023	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Table No. 4 – Status of Company Owned Outlets[1]
for years 2021 to 2023

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Texas	2021	1	1	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
Total	**2021**	**1**	**1**	**0**	**0**	**0**	**2**
	2022	**2**	**0**	**0**	**0**	**0**	**2**
	2023	**2**	**0**	**0**	**0**	**0**	**2**

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

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
Alabama	1	1	0
Colorado	0	1	0
Florida	1	2	0
Georgia	0	4	0
Kansas	1	2	0
North Carolina	0	3	0
South Carolina	0	1	0
Texas	0	4	0
Total	**3**	**18**	**0**

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

[1] These are owned by an affiliate of Franchisor.

The names, addresses, and telephone numbers of our franchisees as of December 31, 2023 and franchisees who signed a franchise agreement, but have not opened as of December 31, 2023 appear in Exhibit H.

As of the end of the last fiscal year, we had no Franchises that have ceased doing business under the franchise agreement or had an outlet terminated, canceled, or not renewed within the last fiscal year. There is no Franchisee that has not communicated with the franchisor within ten (10) weeks of the issuance date.

During the last three (3) fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

As of the date of the issuance of this FDD, there are no trademark specific franchisee organizations associated with the franchise system being offered in this FDD.

ITEM 21
FINANCIAL STATEMENTS

Our fiscal year ends on December 31^{st}. Exhibit C to this Franchise Disclosure Document includes our audited financial statements, as of December 31, 2023; December 31, 2022; and December 31, 2021. **We have not been in business for three years or more and, therefore, cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission.**

ITEM 22
CONTRACTS

Copies of the following contracts are attached to this Disclosure Document

1. Franchise Agreement and Exhibits – **Exhibit B**
2. General Release – **Exhibit F**
3. State Specific Addenda and Riders **– Exhibit G**
4. Small Business Administration Addendum – **Exhibit I**

There are no other contracts or agreements that we provide to be signed by you.

ITEM 23
RECEIPTS

The Receipt pages are attached as the last two pages of this disclosure document.

EXHIBIT A
LIST OF STATE FRANCHISE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS.

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible or the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 866-275-2677 www.dfpi.ca.gov Ask.DFPI@difpi.ca.gov	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	

State	State Administrator	Agent for Service of Process (if different from State Administrator)
Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 212-416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue Building 68-2 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, WI 53705 (608) 266-0448	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, WI 53705 (608) 261-7577

<u>EXHIBIT B</u>
<u>FRANCHISE AGREEMENT AND EXHIBITS</u>

MULTISTATE FORM

CABINET IQ FRANCHISING, LLC

FRANCHISE AGREEMENT

____
Franchisee Name

____
Date of Agreement

SUMMARY PAGE

1. Effective Date: ______________________

2. Franchisee's Name: __________________________________

3. Franchisee's State of Organization (if applicable): ______________________

4. Ownership of Franchisee: If the Franchisee is an entity, the following persons constitute all of the owners of a legal and/or beneficial interest in the franchisee:

Name	Percentage Ownership
___________________________	_____%
___________________________	_____%
___________________________	_____%

5. Number of Territories: __________

6. Territory or Territories (Section 1.1): See Schedule 1 for each Territory.

7. Initial Franchise Fee (Section 4.1): $____________

8. Accepted Location (Section 5.1):

____

9. Operating Principal (Section 5.6): __________________________________

10. Franchisee's Address for Notices (Section 20): _____________________________

Franchisee Email Address for Notices: ____

11. Additional Terms (if any) (Section 24.9):
____
____
____

Initials: _________(CABINET IQ FRANCHISING, LLC) _____(Franchisee)

Schedule 1
(Territory or Territories)

FRANCHISE AGREEMENT

THIS AGREEMENT (the "Agreement") is made and entered into as of the date (the "Effective Date") set forth on the Summary Page, which appears after the cover page of this Agreement (the "Summary Page") (the Summary Page and all appendices and schedules attached to this Agreement are hereby incorporated by this reference), by and between CABINET IQ FRANCHISING, LLC, a Texas limited liability company with its principal place of business at 2419 S. Bell Blvd, Austin, Texas 78613 ("Franchisor" or "we" or "us"), and the entity identified on the Summary Page as the franchisee ("Franchisee" or "you") with its principal place of business as set forth on the Summary Page.

BACKGROUND:

A. Franchisor owns a format and system (the "System") relating to the establishment, development and operation of franchises under the Marks, as defined below, (each a "Franchise") that offer and provide cabinets evaluation, removal, installation and related services that operate under the Marks (as defined below) and that operate a retail showroom (each a "Showroom") to offer and sell the Franchise's products and services.

B. The distinguishing characteristics of the System include, without limitation, distinctive business formats; procedures; the Manuals (as defined in Section 3.3); procedures for operations, accounting, collections, management and inventory control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time;

C. Franchisor identifies the System by mark Cabinet IQ and associated logos, commercial symbols and such other trade names, mascots, service marks and trademarks as are now, or in the future, designated by Franchisor as an integral part of the System ("Marks") including but not limited to the currently registered Marks identified on Exhibit A some of which may be incorporated into other brands or other systems developed by Franchisor or its affiliates in the future;

D. Franchisor continues to develop, use, and control the use of such Marks to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, appearance, and service; and

E. Franchisee desires to operate a Franchise under the System and using the Marks, and wishes to obtain a license from Franchisor for that purpose, as well as to receive the training and other assistance provided by Franchisor in connection therewith;

NOW, THEREFORE, the parties agree as follows:

1. GRANT

1.1. Grant of Rights; Protected Territory. Upon the terms and conditions set forth in this Agreement, Franchisor hereby grants to Franchisee a non-exclusive license (the **"License"**) to operate a Franchise that specializes in cabinets evaluation, removal, installation and related services (the **"Services"**) within the initial geographic area described on the Summary Page (the **"Territory"** (if there are more than one Territory listed on the Summary Page, each Territory may be referred to as the Territory). Franchisee hereby accepts such License and undertakes the obligation to operate a Franchise in accordance with this Agreement during the entire initial term of the License (as specified in **Section 2.1**). Franchisee acknowledges and agrees that this Territory is non-exclusive but subject to certain limited protections as defined below.

1.2. Protected Territory. The Territory, as listed on the Summary Page, shall be designated as "Protected" from the Effective Date of this agreement and shall remain Protected for the duration of the entire initial term plus any extensions thereof provided that the Territory may lose its Protected status through any default of this Agreement or any other agreement with Franchisor or its Affiliates, or by Franchisee's failure to maintain sufficient equipment and staff as required in Franchisor's discretion to provide, without substantial delay, all Services offered under the System to customers within the Territory. Any of these events, without limitation, constitute cause for revocation of Protected status of the Territory without regard to whether written notice of such default was issued or whether such default was cured. Protected status may be revoked only with cause and upon notice. Once the Territory loses its Protected status it may not be regained.

1.2.1 While the Territory is Protected Franchisor shall not provide the Services or grant other franchisees or others the right to provide the Services using the Cabinet IQ System and Cabinet IQ Marks to customers at any location within the Territory other than through the Revenue Sharing Program as hereafter defined.

1.2.2 Franchisor and other franchisees may advertise (subject to Franchisor approval) online or through any other medium without geographical limitations, including within the Protected Territory, but only Franchisee shall be permitted to provide the Services under the Cabinet IQ System within the Protected Territory.

1.3. Reservation of Rights. Franchisor and its affiliates have the right to conduct any business activities, under any name, in any geographic area, and at any location, without any liability to Franchisee regardless of the proximity to or effect on the Franchise. By way of illustration, and without limiting the foregoing, Franchisor and its affiliates have the right:

1.3.1. to operate and permit franchisees or others to establish and operate Franchises at any location within or outside the Territory (except as limited by the Protections defined in section 1.2.1 above) notwithstanding their actual or threatened impact on sales of the Franchise;

1.3.2. to operate or permit franchisees or others to establish and operate businesses at any location under other systems or other marks, including businesses that may offer or sell products or services that are the same or similar to the products or services offered from the Franchise, within or outside the Territory and notwithstanding their proximity to the Territory, Protected status of Territory, or their threatened or actual impact on sales of the Franchise;

1.3.3. to sell and distribute, directly or indirectly, or license others to sell and distribute, directly or indirectly, within or outside of the Territory, products and services bearing the Marks or similar marks through other channels of distribution including, without limitation, the internet, catalogs, or commercial channels other than the on-site installation or removal of cabinets; and

1.3.4. to acquire, be acquired by, or merge with other businesses and to convert them to the Marks or any other name at any location and such acquiring or acquired businesses shall not be bound by any Protections applicable to the Territory.

1.3.5. If the Territory is not Protected, the geographic area of the Territory may be revised by Franchisor from time to time, after the expiration of the initial term, to include only the Population listed as the actual population in the initial geographic area increases. If Franchisor reduces the Territory's geographic area due to a population increase after the expiration of the initial term, Franchisor shall first offer the right to purchase such additional population to Franchisee at the then-current rates, provided that Franchisee is and has been at all times in compliance with the terms hereunder.

Franchisee acknowledges that the activities described in Section 1.3.1 through 1.3.5 are only examples, and do not limit the business activities that Franchisor and its affiliates may undertake. Franchisee also acknowledges that, other than those rights expressly conveyed through this agreement and narrowly limited to same, Franchisor has made no other representations concerning Franchisee's rights in any geographic territory.

1.4. Advertising and Promotional Materials. Franchisor and Franchisee acknowledge that advertising and promotional materials created, placed, and/or distributed by Franchisor, other franchisees operating under the System, or other entities authorized by Franchisor, may appear in media distributed in, or may be directed to prospective customers located within, trade areas or market areas nearby or encompassing the Territory, including on Franchisor's website or any related website. Neither Franchisee, nor any other franchisee, is restricted from advertising or promoting products or services to any customers regardless of where they reside; provided, however, Franchisee may not perform Services outside of the Territory, except as expressly provided herein.

1.5. Sale of Products and Services. Unless otherwise permitted by Franchisor, Franchisee shall offer and sell only then-current products and services previously authorized by Franchisor, only within the Territory, only in accordance with the requirements of this Agreement and the then-current procedures set forth in the Manuals as they may be developed and/or modified from time to time. Franchisee may not perform Services using equipment, locations, or vehicles that do not meet Franchisor's then-current specifications and standards; any vehicle used in the operation of the Franchise, including any attached equipment, trailer, or accessories (each a "Cabinet IQ Vehicle") must meet Franchisor's then-current specifications and standards. Franchisee understands and acknowledges that certain other Cabinet IQ Franchisees were granted protected territories, and shall not perform Services in the protected territory of another Cabinet IQ Franchisee.

1.5.1. Franchisee may perform Services for customers that are located outside of the Territory provided (a) Franchisee has submitted to Franchisor a written request to provide Services for such customer giving the name of the customer and its location; and (b) Franchisor has approved such request in writing. Franchisor may at any time revoke its approval effective upon giving written notice of the same to Franchisee. Franchisor may require Franchisee to purchase any territory, at then-current rates, in which Franchisee requests permission to provide Services if (a) Franchisee requests permission to service customers in the area more than twice per 90-day period, or (b) if Franchisee has operated for at least 12 months and Gross Sales for Services performed outside the Territory constitute more than 10% of the prior 12 months' Gross Sales. Any permission granted to operate outside of the Territory shall not constitute an ongoing grant of rights to the area and Franchisor retains all rights thereto.

1.5.2. Revenue Sharing Program. Franchisee may at its option enter into a revenue sharing program ("Revenue Sharing Program") with any other franchisee which may permit the out of territory franchisee to operate within Franchisee's Territory for the purposes of servicing existing clients who have previously received services within the out of territory franchisee's own territory. Franchisee may also enter into a revenue sharing agreement with any other franchisee as Franchisee deems appropriate to complete extraordinarily large jobs or for other purposes subject to Franchisor approval which must be received in writing in advance of any Revenue Sharing Program between franchisees. Franchisor shall not be a party to any Revenue Sharing Program which shall be conducted solely between franchisees.

2. TERM AND RENEWAL

2.1. Term. Except as otherwise provided herein and unless sooner terminated in accordance with the provisions hereof, the initial term of the License commences on the Effective Date and continues until that date which is 10 years after the Effective Date.

2.2. Renewal. Franchisee may, at its option, request to renew Franchisee's right to operate the Franchise for two additional terms of five years each. Franchisee's option of renewal is subject to the following conditions, each of which must be met prior to the renewal:

2.2.1. Franchisee shall give Franchisor written notice of Franchisee's election to renew no fewer than six months, nor more than 12 months, prior to the end of the initial term;

2.2.2. Franchisee shall update, refurbish, or replace any aspect of the Franchise and any Cabinet IQ Vehicle to comply, as determined solely by Franchisor, with Franchisor's then-current standards;

2.2.3. From the time of Franchisee's election to renew through the expiration of the original term, Franchisee and its affiliates shall not have been in default of any provision of this Agreement, any amendment to this Agreement, any successor to this Agreement, or any other agreement between Franchisee (and its affiliates) and Franchisor (and its affiliates); and, as determined in the sole discretion of Franchisor, Franchisee and its affiliates shall have complied with all the terms and conditions of this Agreement, such other agreements, as well as the Operating Standards (as defined in **Section 5.9**) prescribed by Franchisor during the term of this Agreement;

2.2.4. Franchisee shall have satisfied all monetary, reporting and other obligations owed by Franchisee to Franchisor and its affiliates, and shall have timely met those obligations throughout the term of this Agreement;

2.2.5. Franchisee shall execute Franchisor's then current form of franchise agreement; which agreement shall supersede this Agreement in all respects (except the renewal franchise agreement shall not require payment of an initial franchise fee or include the ability to renew for any years beyond the aggregate of those contained in the original term and extensions herein). Franchisee acknowledges that the terms, conditions, and provisions of the renewal franchise agreement, and the obligations of the parties thereto, may differ substantially from the terms, conditions, provisions and obligations in this Agreement, including, without limitation, a higher percentage royalty fee and advertising contribution;

2.2.6. Franchisee shall pay, in lieu of an initial franchise fee, a renewal fee equal to 25% of the Initial Franchise Fee or $5,000, whichever is greater;

2.2.7. Franchisee shall execute a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its affiliates, and their respective officers, directors, agents, and employees; and

2.2.8. Franchisee and its personnel shall comply with Franchisor's then current qualification and training requirements, prior to commencement of operations under the renewal form of franchise agreement.

3. FRANCHISOR'S DUTIES

3.1. Initial and On-Going Training. Franchisor shall provide for Franchisee's Operating Principal (as defined in **Section 5.6**) Salesperson, and Manager (as defined in **Section 5.6**), such initial training programs as Franchisor may designate, to be conducted at such time(s) and location(s) designated by

Franchisor. Franchisor may charge a reasonable fee for additional individuals who attend training. Franchisor shall also provide such ongoing training as it may, from time to time, deem appropriate. Franchisor shall be responsible for the cost of instruction and materials, subject to **Section 5.6** for the training of the initial Operating Principal, Manager, and Salesperson. Franchisee shall be responsible for the cost of training any subsequently hired or replacement staff including without limitation Operating Principal, Manager and Salesperson.

3.2. Opening Assistance and Training. In addition to the initial training described in Section 3.1, should Franchisee request additional assistance from Franchisor to facilitate the opening of the Franchise and should Franchisor, in its discretion, deem it necessary, feasible and appropriate to comply with the request, Franchisee shall reimburse Franchisor for the expenses of Franchisor providing such additional assistance, which may include Franchisor's then-current service fee, as set forth in the Manuals or otherwise communicated to Franchisee in writing from time to time. Franchisor will provide such additional on-site assistance as Franchisor deems advisable.

3.3. Manuals. Franchisor shall provide Franchisee access to the confidential operations manuals (which may include technical bulletins, and other written, video or audio materials (collectively the "**Manuals**"), as more fully described in **Section** 7.

3.4. Advertising and Promotion. Franchisor shall review, and shall have the right to approve or disapprove, all advertising and promotional materials that Franchisee proposes to use pursuant to **Section 10.6**. In addition, during the term of this Agreement, Franchisor shall provide Franchisee with such other advertising assistance, sales advice, or related materials as Franchisor deems advisable.

> **3.4.1** Electronic Advertising and Support Services. Franchisor shall establish and maintain, during the Term of this agreement, a website and/or other such listings as Franchisor deems appropriate for the Cabinet IQ brand which shall contain content deemed appropriate in its sole and unlimited discretion. Franchisor may also maintain certain location specific or franchise specific sites ("Micro-Sites") in its sole discretion. Franchisor may establish and assign a phone number to the Franchise and if it does so, Franchisee must use this number as its only published and/or advertised phone number for the Franchise. Franchisor shall retain full rights to control, suspend, redirect and transfer any web domains and phone numbers and other listings. Franchisor shall have the right to suspend or revoke any or all of these services immediately and without further notice upon Franchisee's Default of any term of this Agreement, specifically but not limited to financial or reporting obligations.

3.5. Brand Fund. Franchisor may establish and administer a System-wide advertising, marketing, promotional, and creative fund, which is referred to as the

"**Brand Fund**", or such other name as Franchisor may designate, in the manner set forth in **Section 10.3.**

3.6. Technology System. Franchisor shall specify or require that certain brands, types, makes, and/or models of communications, computer systems, software and hardware be used by, between, or among the Franchises, including without limitation: (a) back office and point of sale systems, data, audio, video, and phone, voice storage, retrieval, and transmission systems for use at the Franchise, between or among Cabinet IQ Franchisees, the corporate units and Franchisor; (b) physical, electronic, and other security systems including without limitation vehicle and/or Cabinet IQ Vehicle tracking devices; (c) printers and other peripheral devices; (d) archival back-up systems; (e) communication systems (including without limitation email and phone systems); and (f) Internet access mode and speed (collectively, the "**Technology System**"). Franchisor may also designate: (i) software programs that Franchisee must use in connection with the Technology System ("**Required Software**"), which Franchisee shall install; (ii) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install; (iii) the tangible media upon which such Franchisee shall record data; (iv) the database file structure of the Technology System; and (v) additional Technology Systems that must be used.

3.7. On-Going Assistance. Franchisor shall provide periodic assistance to Franchisee in the marketing, management, and operation of the Franchise as Franchisor determines at the time(s) and in the manner determined by Franchisor.

3.8. Site and Development Assistance. Franchisor shall review Franchisee's proposed site for the Approved Location and the Lease for your proposed site (as those terms are defined below), and Franchisor shall provide Franchisee with Franchisor's criteria for Showrooms.

3.9. Additional Services. Franchisor, at its option, may provide Additional Services including a call center, recruiting assistance and other services at the then-current fees. Franchisor shall have no ongoing obligation to offer these services and may discontinue them for any or all franchisees at any time.

4. FEES; SALES REPORTING

4.1. Initial Franchise Fee. Franchisee shall pay Franchisor an initial franchise fee that is specified on the Summary Page (the "**Initial Franchise Fee**"), which must be paid in full prior to or upon execution of this Agreement. The Initial Franchise Fee is not refundable under any circumstances and shall be deemed earned in full upon receipt, except if Franchisee's Operating Principal or Manager fails to successfully complete initial training in accordance with the requirements of **Section 5.6**. If Franchisor terminates this Agreement due to any failure to successfully complete initial training pursuant to **Section 5.6**, Franchisor will refund the Initial Franchise Fee, less an amount equal to $5,000 plus any brokers' fees or other out of pocket expenses Franchisor has incurred, subject to Franchisee' and its owners' execution of a General Release.

4.2. Royalty Fees. Franchisee shall pay Franchisor continuing monthly royalty fees ("**Royalty Fees**") at such time, for such periods, and in such manner as specified herein, or as otherwise specified in writing by Franchisor. The term "**Gross Sales**" means amounts, less refunds, sales tax and chargebacks, derived from all products or services sold from or through the Franchise, including any sale of products or services made for cash or credit, or partly for cash and partly for credit. **"Gross Sales"** also includes the fair market value of any services or products received by the Franchisee in barter or in exchange for Franchisee's services and products.

For each Territory, the Royalty Fees for a given month shall be the greater of (i) 6% of Gross Sales, or (ii) the Minimum Royalty Fee per Territory (the "**Minimum Royalty**"). The Royalty Fee for any given month is due by the 5th day of the following month.

There shall be no Minimum Royalty during the first 12 calendar months as measured from the Effective Date (which for clarity shall begin and include any portion of any month which includes the Effective Date). However, the Minimum Royalty shall begin thereafter and shall be

The Minimum Royalty Fee shall be:

Months After the Signing Date of Your Franchise Agreement	Minimum Royalty per Territory for the Month
13-24	$2,500
25-36	$3,750
37+	$5,000

Franchisee expressly acknowledges and agrees that Franchisee's obligations for the full and timely payment of Royalty Fees, Brand Fund Contributions (as defined in Section 10.2), if any, and all other amounts provided for in this Agreement, shall be absolute and unconditional. Franchisee shall not for any reason delay or withhold the payment of all or any part of those or any other payments due hereunder, put the same in escrow or setoff the same against any claims or alleged claims Franchisee may allege against Franchisor, the Brand Fund or others. Franchisee shall not, on grounds of any alleged nonperformance by Franchisor or others, withhold payment of any fee, including without limitation Royalty Fees, Brand Fund Contributions, nor withhold or delay submission of any reports due hereunder. Royalty Fees shall be deemed earned in full upon receipt. Franchisee and Franchisor expressly acknowledge that all services provided by Franchisor to Franchisee shall not exceed in cost the amount of the Royalty Fees received from Franchisee.

4.2.1 Sales Reports. Franchisee shall deliver to Franchisor any and all reports, statements and/or other information regarding its Gross Sales and other metrics or data specified by Franchisor at the time(s) and in the format(s) reasonably requested by Franchisor from time to time ("Sales Reports"). Upon notice by Franchisor Franchisee must use, and pay the fees required to use, the Cabinet IQ proprietary software or other software as specified by Franchisor, when made available, or other systems or methods as specified by Franchisor for the purposes of providing Sales Reports in compliance with this Section. All payments required by this Agreement to Franchisor, its affiliates, and/or the Brand Fund must be made by the method or methods that Franchisor specifies from time to time, which may include, without limitation, payment by deduction as specified in Section 3.8.2, payment via wire transfer or electronic debit to Franchisee's bank account. Franchisee must furnish Franchisor and Franchisee's bank with all authorizations necessary to effect payment by the methods Franchisor specifies.

4.3. Overdue Payments or Reports. Any payment, Sales Report or other required report not actually received by Franchisor on or before the date such payment or report is due (currently, no later than noon Eastern Time on the 5th day of each calendar month) shall be deemed overdue. If an attempt to electronically debit Franchisee's bank account fails or any other payment method is declined or returned, the payment shall be deemed not received. Franchisor may at its option from time to time specify or change the date such reports are due upon 7 days' Notice to Franchisee. If any payment or required report is overdue, Franchisor shall collect from Franchisee the greater of the Minimum Royalty amount, or 1.5 times the Royalty Fees and other fees or amounts due based on the prior report received ("Presumptive Fees"). The Presumptive Fees shall be credited towards the actual Royalty Fees due once the Sales Report is received. Additionally, Franchisee shall pay Franchisor, a late payment/late report charge of $50 for each day (or portion thereof) that the payment or report is late (collectively "Late Fee"). Entitlement to such Late Fee shall be in addition to any other remedies Franchisor may have including without limitation the suspension of services as defined in §3.4.1 and elsewhere in this Agreement.

4.4. Payments on Behalf of Franchisee. Franchisee shall pay to Franchisor, within 15 days after any written request by Franchisor which is accompanied by reasonable substantiating material, any monies (plus a fee equal to 10% of the amount paid by Franchisor on Franchisee's behalf) which Franchisor has paid, or has become obligated to pay, on behalf of Franchisee, by consent or otherwise under this Agreement.

4.5. Custom Marketing & Services Activation Fee. Franchisee shall pay to Franchisor, within 10 days after request by Franchisor, a non-refundable Custom Marketing & Services Activation Fee of $2,000.

4.6. Showroom Design and Order Preparation Fee. Franchisee shall pay Franchisor, within 10 days after request by Franchisor, a non-refundable Showroom Design and Order Preparation Fee of $3,000.

4.7. Software Implementation Assistance Fee. Franchisee shall pay to Franchisor, within 10 days after request by Franchisor, a non-refundable Software Implementation Fee of $2,500.

5. FRANCHISEE'S DUTIES

5.1.1. If the location for the Franchise has been agreed upon prior to the Effective Date (the **"Accepted Location"**), it will be set forth on the Summary Page. If the location is not determined as of the Effective Date or if control of an Accepted Location cannot be secured by Franchisee after having been accepted in writing by Franchisor, a new or alternative site must be identified and agreed upon within 120 days after the Effective Date in accordance with this Section.

5.1.2. To request Franchisor's acceptance of a site for the Franchise, Franchisee must submit to Franchisor such information and materials as Franchisor reasonably requires, together with a letter of intent or other evidence satisfactory to Franchisor confirming Franchisee's favorable prospects for obtaining the site. Franchisor will review the site and provide Franchisee with Franchisor's approval or disapproval of the site within 15 business days after the submission of all requested information. If Franchisor does not provide a response within such 15-day timeframe, then the site will be deemed disapproved. If Franchisor determines that an in-person visit to a proposed site is necessary or appropriate, Franchisee must coordinate and arrange for the visit by Franchisor's representative and reimburse Franchisor for its reasonable out-of-pocket expenses incurred in connection with the site visit. Any site acceptance provided by Franchisor indicates only that Franchisor considers the site to meet its minimum site criterion as it exists at the time of the site evaluation

5.1.3. Before Franchisee makes a binding commitment to lease, sublease or purchase a site for the Accepted Location, Franchisor must approve the site in writing and approve in writing the proposed lease for the location (the "**Lease**") or purchase agreement or any letter of intent between Franchisee and the third-party seller or lessor. FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR'S APPROVAL OF A PROPOSED SITE IS NOT A WARRANTY OR REPRESENTATION OF ANY KIND AS TO THE POTENTIAL SUCCESS OR PROFITABILITY OF THE FRANCHISE. If Franchisee leases the Approved Location, unless Franchisor waives the requirement in writing, Franchisee must arrange for the execution of the Lease Rider in the form of **Exhibit B** by Franchisee and its landlord in connection with any Lease for the Approved Location and any other provisions that Franchisor may reasonably require. Franchisee must deliver to Franchisor the completely executed purchase agreement or Lease and Lease Rider within 10 days after execution of the Lease or purchase agreement. Franchisee must comply with the terms and conditions of the Lease for the Approved Location. Franchisor is not obligated to execute Franchisee's Lease or guarantee a Lease for Franchisee.

5.1.4. Franchisee shall construct the Franchise, including the required Showroom, in accordance with Franchisor's requirements. Before commencing construction of the Franchise, Franchisee, at its expense, shall comply, to Franchisor's satisfaction, with all of the following requirements:

5.1.4.1. Franchisee shall comply, at Franchisee's expense, with all federal, state and local laws, codes and regulations, including, without limitation, the applicable provisions of the American with Disabilities Act (as amended, the "ADA") regarding the construction and design of the *Franchise*.

5.1.4.2. If requested by Franchisor, Franchisee shall submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary plans and specifications. Franchisor shall not review, nor shall any approval be deemed to include, approval or acceptance of Franchisee's compliance with federal, state, or local laws and regulations, including the ADA. Once approved by Franchisor, such final plans shall not thereafter be changed or modified without the prior written permission of Franchisor.

5.1.4.3. Franchisee shall obtain all permits and certifications required for the lawful construction of the Franchise. Franchisee shall be responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances, or regulations or which may be necessary or advisable owing to any restrictive covenants relating to the Franchise.

5.1.4.4. Franchisee shall employ a qualified licensed general contractor who is acceptable to Franchisor to construct the Franchise and to complete all improvements. Franchisee shall obtain and maintain in force during the entire period of construction the insurance required under Article 11 and under the Manuals. Franchisee shall deliver to Franchisor such proof of such insurance as Franchisor shall require.

5.1.4.5. During the construction of the Franchise, Franchisee will permit Franchisor to make such on-site inspections of the Franchise as Franchisor determines appropriate to evaluate the construction or remodeling of the Franchise for compliance with Franchisor's requirements. Prior to opening for business, Franchisee shall comply with all preopening requirements set forth in this Agreement, the Manuals, and/or elsewhere in writing by Franchisor.

5.1.4.6. Within 30 days after the opening of the Franchise, Franchisee shall provide to Franchisor a full breakdown of all costs associated with the development and construction of the Franchise if so requested by Franchisor.

5.1.5. Franchisee shall use the Franchise solely for the operation of the Franchise; shall keep the Franchise open and in normal operation for such hours and days as Franchisor may from time to time specify in the Manuals or as Franchisor may otherwise approve in writing; and shall refrain from using or permitting the use of the Approved Location for any other purpose or activity at any time. Approved Location shall include the grounds surrounding the Franchise.

5.1.6. Franchisee shall at all times maintain the Approved Location in a high degree of sanitation, repair, and condition, and in connection therewith shall make such additions, alterations, repairs, and replacements thereto (but no others without Franchisor's prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment, and decor as Franchisor may reasonably direct. If at any time in Franchisor's judgment the general state of repair or the appearance of the Approved Location or its equipment, fixtures, signs or decor does not meet Franchisor's quality control and standards therefor, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate, within 30 days after receipt of such notice, and thereafter diligently continue a bona fide program to complete any required maintenance, Franchisor shall have the right, in addition to all other remedies, to enter upon the Approved Location and effect such repairs, painting, maintenance or replacements of equipment, fixtures or signs on behalf of Franchisee, and Franchisee shall pay the entire costs thereof on demand.

5.1.7. In addition to the maintenance obligations set forth in above, Franchisee shall, at its expense, undertake such periodic and ongoing remodeling and upgrading of the Approved Location, and the furniture, fixtures, equipment, décor, signage and trade dress of the Approved Location, as required by Franchisor to cause the Approved Location building design, exterior facade, trade dress, signage, fixtures, furnishings, equipment, decor, color schemes, and presentation of the Marks to be consistent with the then-current standards. Such remodeling and refurbishment may include structural changes, installation of new equipment and signs, remodeling, redecoration, and modifications to existing improvements, and, shall be completed to Franchisor's satisfaction pursuant to such standards, specifications, and deadlines as Franchisor may specify.

5.1.8. Franchisee may not relocate its Approved Location unless it receives Franchisee's prior written approval. Franchisee's relocation will be at its expense and Franchisor has the right to charge Franchisee for all reasonable costs and expenses it incurs to approve and implement the relocation.

5.2. Cabinet IQ Vehicles.

5.2.1. Franchisor reserves the right to require that Franchisee obtain that number of Cabinet IQ Vehicles prescribed by Franchisor from time to time, and ensure that any Cabinet IQ Vehicles are in proper working order.

5.2.2. Each Cabinet IQ Vehicle must be maintained and operated in accordance with Franchisor's standards and requirements including conformance to certain appearance standards which may be updated from time to time. Franchisee acknowledges and agrees that it shall only purchase Cabinet IQ Vehicles and equipment from approved vendors and suppliers.

5.2.3. Franchisee may not purchase or use any Cabinet IQ Vehicle unless and until it has received Franchisor's prior approval or ensures that the Cabinet IQ Vehicle complies with brand appearance standards in Franchisor's discretion. Franchisor may establish relationships with truck dealers and if it does so, Franchisee agrees to purchase solely from these approved dealers.

5.2.4. Franchisee will make arrangements to store any Cabinet IQ Vehicles used in the operation of the Franchise in compliance with all applicable state and local laws and other restrictions.

5.2.5. Franchisee shall at all times maintain the Cabinet IQ Vehicles in a high degree of repair and condition, and in connection therewith shall make such repairs, replacements and refurbishment thereto (but no others without Franchisor's prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting, replacement of wraps or decals, replacement of equipment and parts or installation or refurbishment of signage as Franchisor may reasonably direct and pursuant to such standards, specifications and deadlines as Franchisor may specify. Franchisor reserves the right to be the only supplier of any required decals, wraps and graphics which Franchisor directs to be affixed to each Cabinet IQ Vehicle.

5.3. System Standards. Franchisee understands and acknowledges that every detail of the Franchise is important to Franchisee, Franchisor, and other franchisees to develop and maintain high operating standards, to increase the demand for the Services sold by all franchisees, and to protect Franchisor's reputation and goodwill.

5.4. Pre-Opening Obligations. Before commencing operations, Franchisee, at its expense, shall comply, to Franchisor's satisfaction, with all of the following requirements:

5.4.1. Franchisee shall comply, at Franchisee's expense, with all federal, state and local laws, codes and regulations.

5.4.2. Franchisee shall obtain all licenses, permits, and certifications required for the operation of the Franchise within the Territory and the parking and/or storage of Cabinet IQ Vehicles in the Territory.

5.5. Opening. Franchisee shall open the Franchise within seven months after the Effective Date to offer required services. In addition, the Showroom must be open to the public and fully functional within nine months after the Effective Date. Prior to opening for business and prior to opening the Showroom, Franchisee shall comply with all preopening requirements set forth in this Agreement, the Manuals, and/or elsewhere in writing by Franchisor. In addition, in connection with the opening of the Franchise:

5.5.1. Franchisee shall provide at least 14 days' prior notice to Franchisor of the date on which Franchisee proposes to first open the Franchise for business.

5.5.2. The Approved Location must be in the Territory and must comply with all design and appearance standards as specified from time to time by Franchisor. Franchisee shall not open the Franchise until Franchisor has determined that all construction has been substantially completed, and that such construction conforms to Franchisor's standards, and Franchisor has given Franchisee written approval to open, which approval shall not be unreasonably withheld.

5.5.3. Franchisee shall not open the Franchise until the Operating Principal, Salesperson and Manager have successfully completed all initial training required by Franchisor, and Franchisee has hired and trained, to Franchisor's standards, a sufficient number of employees and engaged adequate subcontractors to service the anticipated level of the Franchise's customers.

5.6. Management and Training. Franchisee must appoint an individual owner as its **"Operating Principal"** who has at least a 20% equity interest in Franchisee, must have authority over all business decisions related to the Franchise, and must have the power to bind Franchisee in all dealings with Franchisor. The Operating Principal is specified on the Summary Page. Franchisee must also appoint a manager to manage the day-to-day business of the Franchise (the **"Manager"**). Franchisee must appoint a salesperson to manage the day-to-day customer service and sales functions in accordance with Franchisor's specifications (the "**Salesperson**"). Franchisee's Operating Principal may serve as either its Manager, or Salesperson unless Franchisor believes that he or she does not have sufficient experience. The Operating Principal shall not serve as both the Manager and Salesperson. Franchisee must provide Franchisor with written notice of its Manager and Salesperson at least 14 days prior to initial training. Prior to the opening of the Franchise, the Manager, Salesperson and the Operating Principal must attend and successfully complete, to Franchisor's satisfaction, the initial training program offered by Franchisor, pursuant to **Section 3.2**. If Franchisor determines, in its sole discretion, that the Operating Principal, Salesperson or Manager is unable to satisfactorily complete any phase of the training program, Franchisor shall have the right to: (i) require the Salesperson, Operating Principal or Manager, as the case may be, to attend such additional training as Franchisor may require, at Franchisee's expense; or (ii) terminate this Agreement, in which event neither Franchisor nor Franchisee shall have any further rights or obligations hereunder. If Franchisor terminates this Agreement pursuant to the prior sentence, Franchisor shall refund a portion of the Initial Franchise Fee as provided in Section 4.1. The daily operations of the Franchise are at all times required to be supervised under the active full-time management of the Manager and Salesperson who have each successfully completed Franchisor's initial training program.

5.6.1. If the Manager or Salesperson ceases active management of the Franchise or in the event the Operating Principal is changed or is no longer a 20% equity owner of the Franchisee, Franchisee must hire a new Manager or Salesperson or appoint a new Operating Principal (as the case may be), who must be approved in writing by Franchisor. The new Manager, Salesperson or Operating

Principal must undergo a certification training program that is prescribed by Franchisor, which may include training at the Franchise, another Franchise or such other place as Franchisor shall designate. All expenses incurred by the new Manager, Salesperson or Operating Principal in attending such program including, without limitation, travel costs, room and board expenses and salaries and other benefits, shall be the sole responsibility of Franchisee. In addition, Franchisee shall: (a) pay Franchisor's then-current certification program fees; and (b) reimburse Franchisor for its out of pocket expenses, including without limitation, reasonable travel and room and board expenses. If Franchisor determines, in its sole discretion, that the new Manager, Salesperson or Operating Principal is unable to satisfactorily complete the certification program, Franchisor shall have the right to: (i) require the new Manager, Salesperson or Operating Principal, as applicable, to attend such additional training, at Franchisee's expense, so as to demonstrate his or her ability to operate the Franchise to Franchisor's satisfaction; or (ii) require Franchisee to promptly hire a replacement New Manager, Salesperson or appoint a new Operating Principal among its equity owners (who must have at least 20% equity ownership) who shall be required to undergo the training and certification programs contemplated by this Section.

5.6.2. Franchisor from time to time may provide and, if it does, may require that the Operating Principal, Manager, Salesperson and/or other employee attend and successfully complete refresher training programs or seminars including without limitation an annual conference ("Annual Conference"), to be conducted at such location as may be designated by Franchisor. Franchisee shall pay to Franchisor the then current Annual Conference Fee for each person required to attend. All expenses incurred by Franchisee and its employees in attending such program including, without limitation, travel costs, room and board expenses and salaries and benefits, shall be the sole responsibility of Franchisee.

5.6.3. If Franchisee requests that Franchisor provide on-site training in addition to the opening assistance described in **Section 3.4**, and Franchisor chooses to do so, then Franchisee agrees that it shall pay Franchisor's then-current per diem charges and out-of-pocket expenses, which shall be as set forth in the Manuals or otherwise in writing.

5.7. Personnel. Franchisee agrees to maintain a competent, conscientious and trained staff in numbers sufficient to promptly provide the Services and to take such steps as are necessary to ensure that its employees preserve good customer relations and comply with such dress code as Franchisor may prescribe.

5.8. Equipment Upgrades. Franchisee shall make, from time to time, such upgrades and other changes to the equipment, Cabinet IQ Vehicles and electronic equipment utilized in the Franchise, the Technology System and Required Software as Franchisor may request in writing (collectively, "**Equipment Upgrades**"). Franchisor shall have the right to require any Equipment Upgrades it deems necessary for the Franchise.

5.9. Standards and Specifications. To insure that the highest degree of quality and service is maintained, Franchisee shall operate the Franchise in strict conformity with such methods, standards, and specifications as Franchisor may from time to time prescribe in the Manuals or otherwise in writing (as used in this Agreement, Franchisor's **"standards"**, **"requirements"**, **"specifications"** or **"Operating Standards"**). At a minimum, the Operating Standards shall include:

5.9.1. offering and selling at all times such goods and/or services that conform to Franchisor's written standards and specifications, and refraining from deviating therefrom by the use or offer of any nonconforming services without Franchisor's specific prior written consent

5.9.2. maintaining in sufficient supply, using, offering and selling at all times only such products, equipment, supplies, materials, and goods that conform to Franchisor's written standards and specifications, and refraining from deviating therefrom by the use or offer of any nonconforming products without Franchisor's specific prior written consent. To the extent Franchisee uses or intends to use subcontractors to perform installation or other services, Franchisee shall ensure that it has adequate numbers of subcontractors and that they are able to comply with the brand standards, quality and customer service standards necessary to protect the goodwill and positive reputation of the Marks and System.

5.9.3. offering and selling only such products as have been expressly approved for sale in writing by Franchisor; offering all products and services as Franchisor may specify from time to time as required offerings at the Franchise; offering all products authorized for sale as specified by Franchisor; refraining from any deviation from Franchisor's standards, without Franchisor's prior written consent; and discontinuing the sale of any products which Franchisor has disapproved, in writing, at any time. If Franchisee deviates or proposes to deviate from Franchisor's standards, whether or not such deviation is approved by Franchisor, such deviation shall become the property of Franchisor.

5.9.4. operating the Franchise to fully comply with all applicable laws and regulations.

5.9.5. offering and selling the services and products in accordance with any minimum, maximum, and/or specific prices that Franchisor may determine from time to time (except to the extent determination of prices by Franchisor is limited or prohibited by applicable law).

5.10. Non-Compliance. If Franchisee violates an Operating Standard, and fails to bring the Franchise into compliance with such Operating Standard within 10 days, Franchisee shall pay to Franchisor upon demand $100 for each day that Franchisee is not in compliance with the relevant Operating Standard. Franchisor's right to charge these amounts is in addition to any other remedy provided under this Agreement, including under **Section 13**. Franchisor's damages from Franchisee's failure to comply with this Section may include loss of good will and other damages, and are difficult to measure and quantify; such amount is, therefore, a reasonable approximation of damages, and not a penalty.

5.11. Suppliers and Sourcing Requirements. Franchisor has the right to require that services and products offered by Franchisee, and services, products and equipment used by Franchisee in the establishment and operation of the Franchise: (a) meet specifications that Franchisor establishes from time to time; and/or (b) be purchased only from manufacturers, vendors, distributors, and other suppliers that Franchisor has expressly approved; and/or (c) be purchased only from a single source (which may include Franchisor or its affiliates or other suppliers which provide a financial benefit to Franchisor and may not be the least expensive supplier). To the extent that Franchisor establishes specifications, requires approval of suppliers, or designates specific suppliers for particular items, Franchisor will notify Franchisee via the Manuals or otherwise in writing. In determining whether Franchisor will approve any particular supplier, Franchisor shall consider various factors, including a supplier who can demonstrate, to Franchisor's continuing reasonable satisfaction, the ability to meet Franchisor's then current standards and specifications for such items; who possesses adequate quality controls and capacity to supply Franchisee's needs promptly and reliably; who would enable the System, in Franchisor's sole opinion, to take advantage of marketplace efficiencies; and who has been approved in writing by Franchisor prior to any purchases by Franchisee from any such supplier, and have not thereafter been disapproved. For the purpose of this Agreement, the term **"supplier"** shall include, but not be limited to, manufacturers, distributors, resellers, and other vendors. Franchisee recognizes that Franchisor shall have the right to appoint only one supplier for any particular item, and that Franchisor may so designate itself or its affiliate.

5.11.1. If Franchisee wishes to purchase any services, products, equipment or any items that Franchisor has not approved or to purchase from an unapproved supplier, Franchisee shall first submit to Franchisor a written request for such approval. Franchisee shall not purchase any products or services or make purchases from any supplier until, and unless, such item or supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, either to Franchisor or to an independent laboratory designated by Franchisor for testing or evaluation. Franchisor may require that Franchisee or supplier pay a reasonable fee charge for such testing or evaluation. Franchisor may also require that the supplier comply with such other requirements as Franchisor may deem appropriate, including payment of reasonable continuing inspection/evaluation fees and administrative costs. Franchisor reserves the right, at its option, to reinspect from time to time the facilities and products or equipment of any such approved supplier and to revoke its approval of any item or supplier upon the item's or supplier's failure to continue to meet any of Franchisor's then-current criteria. Franchisee may not own any portion of any supplier or subcontractor without Franchisor's written approval.

5.11.2. Franchisee acknowledges and agrees that Franchisor shall have the right to collect and retain all manufacturing allowances, markups, marketing allowances, rebates, credits, monies, payments or benefits (collectively, "**Allowances**") offered by suppliers to Franchisee or to Franchisor or its affiliates based upon purchases of products, equipment and other goods and services made by the Brand Fund or Franchisees. These Allowances are based on System-wide purchases of products, services, merchandise and other items and shall be unrestricted income to Franchisor. Franchisee assigns to Franchisor or its designee all of Franchisee's right, title and interest in and to any and all such Allowances and authorizes Franchisor or its designee to collect and retain any or all such Allowances without restriction (unless otherwise instructed by the supplier). Franchisor may mark up or receive Allowances from any providers or vendors doing business with Franchisees, Franchisor or the Brand Fund including without limitation, equipment, supplies, advertising and marketing vendors. Franchisor may in its sole discretion retain as income with no further obligations, or utilize some or all of the Allowances for System-wide marketing, other brand enhancement activities or specific required or local area marketing, or such Allowance monies may be deposited into the Brand Fund for future use and expenditures by the Brand Fund.

5.11.3. Compliance with laws regarding the chemicals, products, equipment and other supplies that Franchisee uses in its Franchise is Franchisee's sole responsibility. Franchisor makes no warranty or representation that chemicals, products and other supplies that it recommends, approves or requires comply with applicable laws in Franchisee's jurisdiction. Franchisee must notify Franchisor in writing immediately if any recommended, approved or required chemical, product or supply is subject to regulation or laws in Franchisee's jurisdiction. Franchisor will cooperate with Franchisee in identifying substitute equipment, products or supplies as appropriate.

5.12. Inspections. Franchisee grants Franchisor and its agents the right to enter upon the Franchise premises and to attend and monitor Franchisee while performing services for customers at any time for the purpose of conducting inspections, for among other purposes, preserving the validity of the Marks, and verifying Franchisee's compliance with this Agreement and the Operating Standards and policies and procedures outlined in the Manuals. Franchisee shall cooperate with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from Franchisor or its agents and without limiting Franchisor's other rights under this Agreement, Franchisee shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Franchisee shall reimburse Franchisor for the travel expenses and room and board of Franchisor's representatives for all inspections including subsequent inspections to ensure all deficiencies have been corrected. Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time as determined by Franchisor, Franchisor shall have the right, but not the obligation, to correct any deficiencies which may be susceptible to correction by Franchisor and to charge Franchisee for Franchisor's actual expenses in taking such actions, payable by Franchisee upon demand. The foregoing shall be in addition to such other remedies Franchisor may have.

5.13. Technology System. At Franchisor's request, Franchisee shall purchase or lease, and thereafter maintain, the Technology System and Required Software, and Franchisee shall enter into all licenses or agreements and pay such licensing fees as necessary for Franchisee to obtain the rights to use the Technology System and Required Software. Franchisee shall also pay to Franchisor the then-current amount of the Technology Fee ("Technology Fee"), which is currently $350 per month per Territory. If Franchisee has more than one Territory, the total Technology Fee for up to 3 contiguous Territories that share one Showroom shall be equal to the then-current Technology Fee for one Territory. Franchisor shall have the right at any time to retrieve and use such data and information from Franchisee's Technology System that Franchisor deems necessary or desirable, including, without limitation, the uses identified in **Section 9.5**, and Franchisee agrees to do all things necessary to provide such access. Franchisee expressly agrees that it shall strictly comply with Franchisor's standards and specifications for all item(s) associated with Franchisee's Technology System, and will otherwise operate its Technology System in accordance with Franchisor's standards and specifications. Franchisee agrees it shall keep its Technology System in good maintenance and repair, at its expense, and shall promptly install such additions, changes, modifications, substitutions and/or replacement to the Technology System and the Required Software as Franchisor directs periodically in writing. Franchisee shall provide to Franchisor, upon Franchisor's request, all email lists and customer lists used or maintained by Franchisee on the Technology System, the Required Software or elsewhere. Franchisee must execute and pay any fees associated with any software license agreements or any related software maintenance agreements that Franchisor or the licensor of the Required Software require. Franchisee must comply with all laws and payment card provider standards relating to the security of the Technology System, including, without limitation, the Payment Card Industry Data Security Standards. Franchisee may not use any other cash registers or computer systems in the Franchise.

5.14. Uniform Attire. To promote a uniform System image, Franchisee shall require all of its personnel to dress during business hours in the attire specified in the Manuals.

5.15. Participation in Promotions and Incentive Programs. Franchisee shall participate in promotional programs developed by Franchisor for the System, in the manner directed by Franchisor in the Manuals or otherwise in writing.

5.16. Franchisee Advisory Council. Franchisor may establish an advisory council comprised of Franchisees for the purpose of fostering communication among and between franchisees and Franchisor, as well as to establish, modify or discuss various policies applicable to Franchise businesses operating under the System (the **"Franchisee Advisory Council"**). If Franchisor establishes the Franchisee Advisory Council, Franchisee may be required to become a member of the Franchisee Advisory Council and participate in Franchisee Advisory Council meetings and programs as Franchisor shall designate. Franchisor will not assess fees or dues for participation in or on the Franchisee Advisory Council, but Franchisee may be required to pay dues (which may be expended in any allocation in accordance with the vote of the Franchisee Advisory Council subject to the approval of Franchisor) to the Franchisee Advisory Council if the Franchisee Advisory Council, which is controlled by franchisees, determines that fees shall be assessed. Franchisee may be required to pay all costs and expenses incurred in connection with participation in the Franchisee Advisory Council including, without limitation, the costs of transportation, lodging, and meals.

5.17. Franchisee Structure.

5.17.1. Except as otherwise approved in writing by Franchisor, if Franchisee is a corporation, it shall: (i) confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to operating the Franchise; (ii) furnish Franchisor with a copy of its articles or certificates of incorporation and bylaws, as well as such other documents as Franchisor may reasonably request, and any amendment thereto; (iii) maintain stop transfer instructions on its records against the transfer of any equity securities and shall only issue securities upon the face of which a legend, in a form satisfactory to Franchisor, appears which references the transfer restrictions imposed by this Agreement; (iv) not issue any voting securities or securities convertible into voting securities; and (v) maintain a current list of all owners of record and all beneficial owners of any class of voting stock of Franchisee and furnish the list to Franchisor upon request, which list shall be amended to reflect changes in ownership, as permitted under this Agreement.

5.17.2. If Franchisee is a partnership or limited liability partnership it shall: (i) confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to operating the Franchise; (ii) furnish Franchisor with its partnership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto; (iii) prepare and furnish to Franchisor, upon request, a current list of all general and limited partners in Franchisee, which list shall be amended to reflect changes in ownership, as permitted under this Agreement; and (iv) maintain stop transfer instructions on its records and in its partnership agreement against the transfer of partnership interests and equity securities, and shall only issue securities or partnership interests with documentation which bears a notice or legend, in a form satisfactory to Franchisor, which references the transfer restrictions imposed by this Agreement.

5.17.3. If a Franchisee is a limited liability company, Franchisee shall: (i) confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to operating the Franchise; (ii) furnish Franchisor with a copy of its articles of organization and operating agreement, as well as such other documents as Franchisor may reasonably request, and any amendments thereto; (iii) prepare and furnish to Franchisor, upon request, a current list of all members and managers in Franchisee, which list shall be amended to reflect changes in ownership, as permitted under this Agreement; and (iv) maintain stop transfer instructions on its records against the transfer of equity securities and shall only issue securities upon the face of which bear a legend, in a form satisfactory to Franchisor, which references the transfer restrictions imposed by this Agreement.

5.18. Guarantee of Performance. Each present and future: (i) shareholder of a corporate Franchisee; (ii) member of a limited liability company Franchisee; (iii) partner of a partnership Franchisee; or (iv) partner of a limited liability partnership Franchisee; shall jointly and severally guarantee Franchisee's performance of each and every provision of this Agreement by executing the Guarantee, Indemnification and Acknowledgment in the form attached to this Agreement as **Exhibit C**. In addition, Franchisor may require that the spouse (or domestic partner or other immediate family member) of an owner of Franchisee sign the Guarantee, Indemnification and Acknowledgment however such Guarantee by a spouse shall only be pursued by Franchisor if there is a material transfer of assets from the spouse having an ownership interest in the Franchisee to the non-owning spouse.

5.19. System Modifications. Franchisee acknowledges and agrees that from time to time hereafter Franchisor may change or modify the System as Franchisor deems appropriate, including, without limitation, to reflect the changing market and/or to meet new and changing consumer demands, and that variations and additions to the System may be required from time to time to preserve and enhance the public image of the System and operations of Franchises. Franchisor's changes to the System may include, without limitation, the adoption and use of new or modified products, services, equipment and furnishings and new techniques and methodologies relating to the sale, promotion and marketing of products and services, and new trademarks, service marks and copyrighted materials. Franchisee shall, upon reasonable notice, accept, implement, use and display in the operation of the Franchise any such changes in the System, as if they were part of this Agreement at the time of execution hereof, at Franchisee's sole expense. Additionally, Franchisor reserves the right, in its sole discretion, to vary the standards throughout the System, as well as the services and assistance that Franchisor may provide to some franchisees based upon the peculiarities of a particular site or circumstance, existing business practices, or other factors that Franchisor deems to be important to the operation of any Franchise or the System.

5.20. Third-Party Management. The Franchise shall be operated under the control and supervision of Franchisee (or if an entity, the Operating Principal) or its Manager. Franchisee shall not, without the prior written approval of Franchisor, which may be denied for any reason or no reason at all, hire or retain a management company, manager (other than an employee manager trained and approved by Franchisor), or third party to undertake any of the management or operational functions of the Franchise.

6. PROPRIETARY MARKS

6.1. Ownership of the Marks. Franchisor represents that it is the owner of all right, title and interest in and to the Marks or otherwise maintains the right to use, license and sub-license such Marks.

6.2. Use of the Marks. With respect to Franchisee's use of the Marks, Franchisee agrees that:

6.2.1. Franchisee shall use only the Marks designated by Franchisor, and shall use them only in the manner authorized and permitted by Franchisor; all items bearing the Marks shall bear the then-current logo.

6.2.2. Franchisee shall use the Marks only for the operation of the business franchised hereunder and only at the location authorized hereunder, or in Franchisor approved advertising for the business conducted at or from that location.

6.2.3. Unless Franchisor otherwise directs Franchisee, in writing to do so, Franchisee shall operate and advertise the Franchise only under the name "Cabinet IQ" or the name listed on the Summary Page to this Agreement.

6.2.4. During the term of this Agreement and any renewal of this Agreement, Franchisee shall identify itself to the public (in a manner reasonably acceptable to Franchisor) as an independent contractor operating the Franchise under a license from Franchisor, and to post a notice to that effect, and as Franchisor directs, in Franchisee's advertising, contracts, forms, stationery and promotional materials.

6.2.5. Franchisee's right to use the 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.

6.2.6. Franchisee shall not use the Marks to incur any obligation or indebtedness on behalf of Franchisor.

6.2.7. Franchisee shall not use the Marks or the word Cabinet IQ or any variant thereof as part of its corporate or other legal name, or as part of any e-mail address, domain name, or other identification of Franchisee in any electronic medium.

6.2.8. Franchisee shall execute any documents deemed necessary by Franchisor to obtain protection for the Marks or to maintain their continued validity and enforceability.

6.2.9. With respect to litigation involving the Marks, the parties agree that:

6.2.9.1. Franchisee shall promptly notify Franchisor of any suspected infringement of the Marks, any known challenge to the validity of the Marks, or any known challenge to Franchisor's ownership of, or Franchisee's right to use, the Marks licensed hereunder. Franchisee acknowledges that Franchisor shall have the right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement thereof. Franchisor shall also have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks.

6.2.9.2. If Franchisor undertakes the defense or prosecution of any litigation relating to the Marks, Franchisee shall execute any and all documents and do such acts and things as may, in the opinion of counsel for Franchisor, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action.

6.3. Franchisee Acknowledgments. Franchisee expressly understands and acknowledges that:

6.3.1. The Marks are valid, owned by Franchisor, and serve to identify the System and those who are authorized to operate under the System.

6.3.2. Neither Franchisee nor any owner of Franchisee shall directly or indirectly contest the validity of Franchisor's ownership of the Marks, nor shall Franchisee, directly or indirectly, seek to register the Marks with any government agency, except with Franchisor's express prior written consent.

6.3.3. Franchisee's use of the Marks does not give Franchisee any ownership interest or other interest in or to the Marks, beyond the limited non-exclusive License granted by this Agreement.

6.3.4. Any and all goodwill arising from Franchisee's use of the Marks shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement and the License herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Marks.

6.3.5. The License of the Marks is nonexclusive, and Franchisor thus has and retains the rights, among others:

6.3.5.1. To use the Marks itself in connection with selling products and services;

6.3.5.2. To grant other licenses for the Marks, in addition to those licenses already granted to existing franchisees or other licensees authorized to operate using the Marks;

6.3.5.3. To develop and establish (or acquire or be acquired by) other systems using the same or similar Marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to Franchisee.

6.3.6. Franchisor reserves the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder if the Marks no longer can be used, or if Franchisor, exercising its right to do so, determines that substitution of different proprietary marks will be beneficial to the System. In such circumstances, Franchisee shall implement, at Franchisee's expense, such substituted proprietary marks in such ways as Franchisor may direct, and the use of the substituted proprietary marks shall be governed by the terms of this Agreement.

7. CONFIDENTIAL OPERATING MANUALS

7.1. Manuals. In order to protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee shall conduct its business in accordance with the Manuals, one or more copies of which, or access to, Franchisee acknowledges having received on loan from Franchisor for the term of this Agreement. The Manuals may consist of multiple volumes of printed text, video and/or audio tapes and files, computer disks, and other electronically stored data, and Franchisee acknowledges and agrees that Franchisor may provide a portion or all of the Manuals (including updates and amendments), and other instructional information and materials in, or via, electronic media, including without limitation, through the Internet.

7.2. Confidentiality of the Manuals. Franchisee shall at all times treat the Manuals, any other manuals created for or approved for use in the operation of the Franchise, and the information contained therein, as confidential, and shall use best efforts to maintain such information as secret and confidential, protect it from viewing by others, and treat the Manuals with the same degree of care as it would treat its most highly confidential documents. Franchisee shall not at any time download, print, copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

7.3. Protection of the Manuals. The Manuals shall at all times remain the sole property of Franchisor and shall at all times be kept in a secure manner at the Franchise premises. Franchisee shall ensure that the Manuals are kept current and up to date; and, in the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by Franchisor at Franchisor's home office shall be controlling.

7.4. Revisions to the Manuals. Franchisor may from time to time revise the contents of the Manuals, and Franchisee expressly agrees to make corresponding revisions to its copy (to the extent Franchisor permits Franchisee to maintain a written copy) of the Manuals and to comply with each new or changed standard immediately upon receipt of such revision.

8. CONFIDENTIAL INFORMATION

8.1. Confidential Information. Franchisee shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person or entity any confidential information, knowledge, or knowhow concerning the methods of operation of the business franchised hereunder which may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation under the terms of this Agreement. Franchisee shall divulge such confidential information only to such of its employees as must have access to it in order to operate the Franchise. Any and all information, knowledge, knowhow, and techniques which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate came to its attention prior to disclosure thereof by Franchisor; or which, at or after the time of disclosure by Franchisor to Franchisee, had become or later becomes a part of the public domain, through publication or communication by others. Any employee who may have access to any confidential information regarding the Franchise shall execute a covenant that s/he will maintain the confidentiality of information they receive in connection with their association with Franchisee. Such covenants or non-disclosure/non-competition agreements shall be on a form provided by Franchisor, which form shall, among other things, designate Franchisor as a third party beneficiary of such covenants with the independent right to enforce them.

8.2. Irreparable Injury. Franchisee acknowledges that any failure to comply with the requirements of this **Section 8** will cause Franchisor irreparable injury, and Franchisee agrees to pay all court costs and reasonable attorney's fees incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this **Section 8**.

8.3. Information Exchange. Franchisee agrees to disclose to Franchisor all ideas, concepts, methods, techniques, services, and products conceived or developed by Franchisee, its affiliates, owners, agents, or employees during the term of this Agreement relating to the development and/or operation of the Franchise. Franchisee hereby grants to Franchisor and agrees to procure from its affiliates, owners, agents, or employees a perpetual, nonexclusive, and worldwide right to use any such ideas, concepts, methods, techniques, services and products. Franchisor shall have no obligation to make any payments to Franchisee with respect to any such ideas, concepts, methods, techniques or products. Franchisee agrees that Franchisee will not use or allow any other person or entity to use any such concept, method, technique or product without obtaining Franchisor's prior written approval.

9. ACCOUNTING AND RECORDS

9.1. Records. With respect to the operation and financial condition of Franchisee and the Franchise, Franchisee shall adopt, until otherwise specified by Franchisor, a fiscal year and fiscal accounting periods which coincide with Franchisor's then-current fiscal year, as specified by Franchisor. Franchisee shall maintain for a period of not less than three years during the term of this Agreement, and, for not less than three years following the termination, expiration, or non-renewal of this Agreement, full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manuals or otherwise in writing.

9.2. Periodic Reports. In addition to the record keeping requirements of **Section 9.1**:

9.2.1. If requested by Franchisor, Franchisee shall, at its expense, provide to Franchisor, in a format specified by Franchisor, a complete annual financial statement (prepared according to generally accepted accounting principles, that includes a fiscal year-end balance sheet, an income statement of the Franchise for such fiscal year reflecting all year-end adjustments, and a statement of changes in cash flow of Franchisee), on a review basis, prepared by an independent certified public accountant satisfactory to Franchisor, no later than April 15 of each year for the preceding fiscal year of the Franchise, showing the results of operations of the Franchise during the most recently completed fiscal year. Franchisee shall also provide Franchisor with a copy of Franchisee's federal and state tax returns, not more than 30 days following Franchisee's submission of the same to governmental authorities. If Franchisee files any extension request with any taxation authority, Franchisee shall within 30 days of filing such extension request provide a copy of the request and any confirmation or approval received by the taxing authority.

9.2.2. Within 45 days following the end of each calendar quarter during the term of this Agreement, after the opening of the Franchise, Franchisee shall submit to Franchisor, in a format acceptable to (or, at Franchisor's election, specified by) Franchisor, as amended from time to time: (i) a fiscal quarter and fiscal year to date profit and loss statement and a quarterly balance sheet (which may be unaudited) for the Franchise; (ii) reports of those income and expense items of the Franchise which Franchisor specifies from time to time for use in any revenue, earnings, and/or cost summary it chooses to furnish to prospective franchisees and/or developers; and (iii) copies of all state sales tax returns for the Franchise. If required by Franchisor, Franchisee shall use on-line or other electronic accounting and reporting systems as Franchisor may specify periodically.

9.3. Reporting Requirements. Franchisee shall also submit to Franchisor in addition to the Sales Reports required pursuant to **Section 4.2**, for review or auditing, such other forms, reports, records, information, and data as and when Franchisor may reasonably designate, in the form and format, and at the times and places reasonably required by Franchisor, upon request and as specified from time to time in the Manuals or otherwise in writing, including, without limitation, via computer diskette, or otherwise in electronic format, and/or restated in accordance with Franchisor's financial reporting periods, consistent with Franchisor's then current financial reporting periods and accounting practices and standards. Franchisee shall, without limitation, provide Franchisor with login, API and other access information as required from time to time to permit Franchisor to remotely access Franchisee's bookkeeping software (i.e. QuickBooks or other software designated by Franchisor) to pull reports, download data and perform any other action permitted under this Agreement. Franchisee shall immediately, without further request from Franchisor, provide updated access information to

Franchisor when the previously provided information is changed. The reporting requirements of this **Section 9.3** shall be in addition to, and not in lieu of, the electronic reporting that may be required in connection with the use of the required Technology System under **Section 5.13**.

9.4. Audit. Franchisor or its designated agents shall have the right at all reasonable times to examine, copy, and/or personally review or audit, at Franchisor's expense, all books, records, and sales and income tax returns of Franchisee. Franchisor shall also have the right, at any time, to have an independent audit made of the books of Franchisee and Franchisee agrees that it shall pay Franchisor the costs of one audit each calendar quarter during the term of this Agreement, if an audit is necessitated because Franchisee fails to timely provide Sales Reports or if an audit discloses an understatement in any report by Franchisee of 5% or more, Franchisee shall, reimburse Franchisor for all costs and expenses connected with the audit (including, without limitation, travel, room and board and salaries and other benefits, and reasonable accounting and legal costs). If an inspection should reveal that any payments have been understated in any report to Franchisor, then Franchisee shall immediately pay Franchisor the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of 1.5% per month, or the maximum rate permitted by law, whichever is less. The foregoing remedies shall be in addition to any other remedies Franchisor may have.

9.5. Data. Franchisor may, from time-to-time, specify in the Manuals or otherwise in writing the information that Franchisee shall collect and maintain on the Technology System installed at the Franchise, and Franchisee shall provide to Franchisor such reports as Franchisor may reasonably request from the data so collected and maintained. All data provided by Franchisee in any form, and whether required by this **Section 9.5** or any other requirement under the System or in the Manuals, including data uploaded to Franchisor's computer system from the Franchisee's Technology System, and/or downloaded from the Franchisee's Technology System to Franchisor's computer system, is and will be owned exclusively by Franchisor, including without limitation, customer lists and email lists, and Franchisor will have the right to use such data in any manner that Franchisor deems appropriate without compensation to Franchisee. In addition, all other data created or collected by Franchisee in connection with the System, or in connection with Franchisee's operation of the business (including but not limited to consumer and transaction data), is and will be owned exclusively by Franchisor during the term of, and following termination or expiration of, this Agreement. Copies and/or originals of such data must be provided to Franchisor upon Franchisor's request. Franchisor hereby licenses use of such data back to Franchisee, at no additional cost, solely for the term of this Agreement and solely for Franchisee's use in connection with the business franchised under this Agreement. Franchisor may use all such information, data, and reports in any manner, including, without limitation, providing financial and operating reports to franchisees and developers operating under the System.

10. ADVERTISING; CONTACT CENTER

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

10.1. Brand Funds. Franchisor shall have the right to establish, at any time, the Brand Fund as described in this **Section 10**.

10.2. Brand Fund Contributions and Local Marketing Expenditures. Franchisee shall, during each calendar month beginning two months prior to opening and continuing through the end of Term, spend on advertising and promotion the greater of $4,500 per Showroom (plus, an additional $1,000 per month per Territory above the first Territory) or 4% of Franchisee's Gross Sales to advertise and to promote the Franchise through methods, media and advertising approved by Franchisor (together, "Local Marketing"). This is the minimum amount and additional amounts may be beneficial or necessary. Franchisor shall have the right to designate in writing from time to time how, and in what proportions, Franchisee is to allocate its Local Marketing. Additionally, Franchisee shall contribute (i) 1% of Gross Sales to the Brand Fund ("Brand Fund") as may be established pursuant to Section 10.3. The Brand Fund contribution may be increased to 2% upon notice to Franchisee. If a franchisee-led marketing cooperative is formed you may be required to participate.

10.2.1. Franchisor shall provide Franchisee with not less than 60 days prior written notice of any change in the required Local Marketing (which will not exceed 5% of Gross Sales). Franchisor shall not increase required Brand Fund contributions to an amount exceeding 2% of Gross Sales.

10.2.2. Franchisee shall pay required Brand Fund Contributions in the manner required under **Section 4** (or as otherwise provided in this **Section 10**).

10.2.3. For all company-owned Franchises, Franchisor shall contribute to the Brand Fund on the same basis as franchisees.

10.3. Brand Fund. Although it is under no obligation to do so, Franchisor may at any time establish a Brand Fund, as follows:

10.3.1. Franchisor or its designee shall have the right to direct all advertising programs, as well as all aspects thereof, including without limitation, the concepts, materials, and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Brand Fund is intended to maximize general public recognition, acceptance, perception of, and use of the System; and that Franchisor and its designee are not obligated, in administering the Brand Fund, to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Brand

Fund. Franchisor may engage the services of a franchise sales organization for development of the franchise system, and Franchisee specifically acknowledges and agrees that such franchise sales organization may be compensated out of the Brand Fund in exchange for services and products that, while not intended solely to market the sale of franchises, benefit the franchise system through franchise development and brand marketing."

10.3.2. The Brand Fund, all contributions thereto, and any earnings thereon, shall be used exclusively (except as otherwise provided in this **Section 10.3**) to meet any and all costs of maintaining, administering, directing, conducting, creating and/or otherwise preparing advertising, marketing, public relations and/or promotional programs and materials, research and design relating to branding and implementation of re-branding programs and strategies, and any other activities which Franchisor believes will enhance the image of the System, including, without limitation, the costs of: preparing and/or conducting media advertising campaigns; marketing surveys and other public relations activities; employing advertising and/or public relations agencies; purchasing promotional items; developing new or modified trade dress and marks; point-of-purchase (POP) materials; design and photographs; purchasing media space or time (including all associated fees and expenses); administering regional and multi-regional marketing and advertising programs; market research; developing and implementing customer loyalty programs; the creative development of, and actual production associated with, premium items, give-aways, promotions, contests, public relation events, and charitable or non-profit events; developing, implementing and maintaining an electronic commerce website and/or related strategies; maintaining and developing one or more websites devoted to the System, the Marks and/or the "Cabinet IQ" brand; providing promotional and other marketing materials and services to the Franchises operated under the System; and the salaries of Franchisor's employees to the extent such employees provide services in conjunction with System marketing activities. The Brand Fund may also be used to provide rebates or reimbursements to franchisees for local expenditures on products, services, or improvements, approved in advance by Franchisor, which products, services, or improvements Franchisor shall have the right to determine what will promote general public awareness and favorable support for the System.

10.3.3. Franchisee shall contribute to the Brand Fund in the manner specified by Franchisor. All sums paid by Franchisee to the Brand Fund shall be maintained in an account separate from Franchisor's other monies. The Brand Fund will not be used to defray the general operating expenses of Franchisor except that Franchisor shall have the right to charge the Brand Fund for such reasonable administrative costs and overhead as Franchisor may incur in activities reasonably related to the direction and implementation of the Brand Fund and advertising programs for franchisees and the System. The Brand Fund and its earnings shall not otherwise inure to the benefit of Franchisor.

10.3.4. The Brand Fund is not intended to be, nor will it be deemed to be a trust, and Franchisor does not assume any fiduciary obligation to

Franchisee for maintaining, directing or administering the Brand Fund or for any other reason. A statement of the operations of the Brand Fund as shown on the books of Franchisor shall be prepared annually by Franchisor, and shall be made available to Franchisee on an annual basis upon Franchisee's written request.

10.3.5. Although the Brand Fund is intended to be of perpetual duration, Franchisor maintains the right to terminate the Brand Fund. The Brand Fund shall not be terminated, however, until all monies in the Brand Fund have been expended for advertising and/or promotional purposes. If Franchisor terminates the Brand Fund, Franchisor shall have the right to require Franchisee to spend an amount equal to previous Brand Fund contribution amount on Local Marketing and allocate such spending as directed by Franchisor.

10.4. Promotional Materials and Marketing Assistance. Franchisor shall make available to Franchisee from time to time, at Franchisee's expense, advertising plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point of purchase materials, special promotions, direct mail materials, community relations programs, and similar advertising and promotional materials for use in advertising and promotion. Franchisor may provide periodic marketing assistance to Franchisee.

10.5. Approvals. For all proposed advertising, marketing, and promotional plans, Franchisee shall submit samples of such plans and materials to Franchisor (by means described in **Section 20**), for Franchisor's review and prior written approval (except with respect to prices to be charged by Franchisee). If written approval is not received by Franchisee from Franchisor within 30 days of the date of receipt by Franchisor of such samples or materials, Franchisor shall be deemed to have disapproved them. Franchisee acknowledges and agrees that any and all copyright in and to advertising and promotional materials developed by or on behalf of Franchisee shall be the sole property of Franchisor, and Franchisee agrees to execute such documents (and, if necessary, require its independent contractors to execute such documents) as may be deemed reasonably necessary by Franchisor to give effect to this provision.

10.6. Minimum Requirements Only. Franchisee understands and acknowledges that the required Local Marketing and Brand Fund contributions are minimum requirements only, and that Franchisee may, and is encouraged by Franchisor to expend additional funds for local advertising and promotion of a local nature which will focus on disseminating advertising directly related to the Franchise.

10.7. Websites; Internet Use. Franchisee shall not, without Franchisor's prior written approval, offer, promote, or sell any products or services, or make any use of the Marks, through the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce (as defined below) and co-branding arrangements. Any website shall be deemed "advertising" under this Agreement, and will be subject to (among other things) Franchisor's approval under **Section 10.6**. Franchisor has the right to control or designate the manner of Franchisee's use of all URLs, domain names, website addresses, metatags, links, key words, e-mail addresses and any other means of electronic identification or origin ("**e-names**"). Franchisor also has the right to designate, approve, control or limit all aspects of Franchisee's use of the Internet, Intranet, World Wide Web, wireless technology, digital cable, use of e-names, e-mail, home pages, bulletin boards, chat rooms, social networking sites, linking, framing, online purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software or hardware (collectively, "**e-commerce**"). Franchisee agrees to follow all of Franchisor's policies and procedures related to the use and regulation of e-commerce. Franchisee agrees to be bound by any terms of use, privacy policy and copyright notice and takedown policies and the like that Franchisor establishes from time to time. Franchisor may require Franchisee, at Franchisee's expense, to coordinate its e-commerce activities with Franchisor, other Franchises, suppliers and/or affiliates. Other than any e-mail or any similar account provided to Franchisee by Franchisor, if any, Franchisee shall not establish any e-mail account using the Marks or similar names or marks. Franchisee agrees to use any e-mail or any similar account provided to Franchisee by Franchisor solely for business purposes. Franchisee shall be required to follow Franchisor's intranet and Internet usage rules, policies and requirements. Franchisor retains the sole right to approve any linking to, or other use of, the Cabinet IQ Website. Franchisee may not establish or participate in any Cabinet IQ related blog or other discussion forum. Franchisee recognizes and agrees that Franchisor and its affiliates own all rights, title and interest in and to any and all websites and e-names that Franchisor commissions or utilizes, or requires or permits Franchisee to utilize, in connection with the System, which bear the Marks or any derivative of the Marks. Franchisee also recognizes and agrees that Franchisor and/or its affiliates own all rights, title and interest in and to any and all data or other information collected via e-commerce related to the System or the Marks, including any customer data, click-stream data, cookies, user data, hits and the like. Such data or other information also constitutes Franchisor's confidential information subject to **Article 8.**

10.8. Limitations on Associations with the Marks. Franchisee acknowledges and agrees that certain associations between Franchisee and/or the Franchise, and/or the Marks and/or the System, and/or businesses operating under or products sold under the Marks or the Cabinet IQ brand names on the one hand, and certain political, religious, cultural or other types of groups, organizations, causes, or activities, on the other, however well-intentioned and/or legal, may create an unwelcome, unfair, or unpopular association with, and/or an adverse effect on, the reputation of Franchisor, the System, the Cabinet IQ brand, or the good will associated with the Marks. Accordingly, Franchisee shall not, without the prior written approval of Franchisor, engage in any activities with, or donate any money, products, services, goods, or other items to, any charitable, political or religious organization, group, or activity, if such action is taken, or may be perceived by the public to be taken, in the name of, in connection with, or in association with Franchisee, the Marks, the Franchise, the Franchisor, or the System.

10.9 Customer Reviews and Non-Compliance. You must subscribe to and participate in the customer review tracking and reputation management services and providers that we designate. If your customer review or customer satisfaction ratings, as measured across the review platforms that we designate, go below 4 stars out of 5 stars and/or a 80% positive satisfaction rating then you must pay to us a customer review non-compliance fee of $90 for each and every week of non-compliance. If, a condition of non-compliance occurs for more than twelve-weeks then we may increase this non-compliance fee to a weekly fee of not more than $250 per week.

10.10 Local or Regional Advertising Cooperative. If two or more Cabinet IQ franchisees are operating within a geographic area, region, or market designated by us (a "designated market"), we reserve the right to establish and require your participation in a local or regional advertising cooperative within the designated market. If a local or regional advertising cooperative is established within a designated market that includes your Territory you will be required to participate in the cooperative and make on-going payments to the cooperative in such amounts and subject to such caps as established by the cooperative members. We anticipate that each Cabinet IQ franchisee will have one vote for each Territory located within the cooperative market and that cooperative decisions shall be made based on approval of a simple majority vote with a quorum of not less than 25% of the designated cooperative members. Contributions to a local or regional cooperative that we designate will count toward satisfaction of your minimum local marketing requirements.

11. INSURANCE

11.1. Insurance Requirements. Prior to the commencement of any activities or operations pursuant to this Agreement, Franchisee shall procure and maintain in full force and effect during the term of this Agreement (and for such period thereafter as is necessary to provide the coverages required hereunder for events having occurred during the term of this Agreement), at Franchisee's expense, the following insurance policy or policies in connection with the Franchise or other facilities on the premises, or by reason of the construction, operation, or occupancy of the Franchise or other facilities on premises. Such policy or policies shall be written by an insurance company or companies acceptable to Franchisor, having a rating of at least "A-7" or "A-VII" in the most recent Key Rating Guide published by the A.M. Best Company (or another rating that Franchisor reasonably designates if A.M. Best Company no longer publishes the Key Rating Guide) and licensed to do business in the state in which the Franchise is located. Such policy or policies shall be in accordance with standards and specifications set forth in the Manuals or otherwise in writing and shall include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified for all franchisees from time to time by Franchisor in the Manuals or otherwise in writing to reflect inflation, identification of new risks, changes in the law or standards of liability, higher damage awards and other relevant changes in circumstances), the following:

11.1.1. Comprehensive general liability insurance with minimums of $1,000,000 per occurrence, $2,000,000 general and products/completed operations aggregate, $1,000,000 personal/advertising injury, $50,000 rented premises damage, and $5,000 medical expenses.

11.1.2. Commercial Auto Insurance with a $1,000,000 combined single limit, covering uninsured/underinsured motorists, owned, hired, and non-owned autos.

11.1.3. Workers' Compensation Insurance with coverage limits of $1,000,000 for bodily injury by disease per accident, $1,000,000 policy limit, and $1,000,000 per employee. The policy must be in place regardless of state laws and cannot exclude owner-operators. It must also include uninsured independent contractors, as well as such other disability benefits type insurance as may be required by statute or rule of the state in which the Franchise is located.

11.1.4. Property insurance with coverage for business personal property (≥ $10,000 full replacement cost value), tenant improvements (≥ $70,000 full replacement cost value), business interruption (6 Months ALS), including franchisor royalties.

11.1.5. Employment Practices Liability Insurance with minimum coverage limits of $250,000 per occurrence and $250,000 aggregate. The policy should include 3rd party liability and wage & hour coverage of at least $25,000.

11.1.6. Cyber Liability Insurance with minimum coverage limits of $250,000 per occurrence and $250,000 aggregate.

11.1.7. Crime insurance with a minimum coverage limit of $50,000 each claim, including third-party coverage on a loss discovered form.

11.1.8. Umbrella coverage with limits of at least $1,000,000 per occurrence and $1,000,000 aggregate, providing excess coverage over General Liability, Auto Liability, and Employers Liability.

11.1.9. Any other insurance coverage that is required by federal, state, or municipal law.

11.2. Referenced in Manuals. All policies listed in **Section 11.1** (unless otherwise noted below) shall contain such endorsements as shall, from time to time, be provided in the Manuals.

11.3. Policy Cancellation. In the event of cancellation, material change, or nonrenewal of any policy, 60 days' advance written notice must be provided to Franchisor in the manner provided in **Article 20**. Franchisee shall arrange for a copy of such notification to be sent to Franchisor by the insurance company.

11.4. Construction and Remodeling Insurance. In connection with all significant construction, reconstruction, or remodeling of the Franchise during the term of this Agreement, Franchisee will cause the general contractor, its subcontractors, and any other contractor, to effect and maintain at general contractor's and all other contractor's own expense, such insurance policies and bonds with such endorsements as are set forth in the Manuals, all written by insurance or bonding companies approved by Franchisor, having a rating as set forth in **Section 11.1**.

11.5. No Waiver of Obligations. Franchisee's obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in **Section 17.4.**

11.6. Franchisor to be Additional Insured. All insurance policies shall list Franchisor and its affiliates, officers, directors, employees, and agents as additional insureds; shall include a waiver of subrogation, primary and noncontributory provisions, and occurrence-based provisions.

11.7. Certificates of Insurance. At least 30 days prior to the time any insurance is first required to be carried by Franchisee, and thereafter at least 30 days prior to the expiration of any such policy, Franchisee shall deliver to Franchisor, certificates of insurance evidencing the proper coverage with limits not less than those required hereunder. All certificates shall expressly provide that no less than 30 days' prior written notice shall be given Franchisor in the event of material alteration to, cancellation, or nonrenewal of the coverages evidenced by such certificates. Further certificates evidencing the insurance required by **Section 11.1** shall name Franchisor, and each of its affiliates, directors, agents, and employees as additional insureds, and shall expressly provide that any interest of same therein shall not be affected by any breach by Franchisee of any policy provisions for which such certificates evidence coverage. In the event that Franchisee fails to provide evidence reasonably satisfactory to Franchisor of the insurance policies required by this **Article 11**, Franchisor may, but is not required to, obtain such required policies on Franchisee's behalf, and Franchisee agrees that it will promptly reimburse Franchisor for all costs related to obtaining such policies upon notice from Franchisor.

11.8. Proof of Insurance. In addition to its obligations under **Section 11.7**, on the first anniversary of the Effective Date, and on each subsequent anniversary thereof during the term of this Agreement and any renewal hereof, Franchisee shall provide Franchisor with proof of insurance evidencing the proper coverage with limits not less than those required hereunder, in such form as Franchisor may reasonably require.

11.9. Policy Changes. Franchisor shall have the right, from time to time, to make changes to any insurance requirements, including types of insurance, minimum policy limits, and endorsements, as Franchisor may determine; provided, however, all changes shall apply, generally, to all franchisees of Franchisor who are similarly situated.

12. TRANSFER OF INTEREST

12.1. Franchisor Transfers. Franchisor shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations under this Agreement, or any interests in the assets of Franchisor, or any ownership or equity interests in Franchisor, to any person or entity, and any assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment.

12.2. Principals. If Franchisee is an entity, each person or entity that is an owner of, or has an ownership interest in, Franchisee (each, a "**Principal**"), and the interest of each Principal in Franchisee, is identified on the Summary Page. Franchisee represents and warrants that its owners are as set forth on the Summary Page attached to this Agreement, and covenants that it will not permit the identity of such owners, or their respective interests in Franchisee, to change without complying with this Agreement. Franchisor shall have the right to designate any person or entity which owns a direct or indirect interest in Franchisee as a Principal, and the Summary Page shall be so amended automatically upon notice thereof to Franchisee.

12.3. Franchisee Transfers. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and its Principals, and that Franchisor has granted this License in reliance on Franchisee's or Franchisee's Principals' business skill, financial capacity, and personal character. Accordingly:

12.3.1. Franchisee shall not, without the prior written consent of Franchisor, transfer, pledge or otherwise encumber: (a) this Agreement or any of the rights and obligations of Franchisee under this Agreement; or (b) any material asset of Franchisee or the Franchise; provided, however, that Franchisee may grant a security interest in, or otherwise encumber certain assets of the Franchise, excluding the Franchise Agreement, in connection with Franchisee obtaining financing for the development and/or operation of the Franchise or equipment leasing, if such financing satisfies the requirements of Franchisor, which may include, without limitation, execution of agreements by Franchisor, Franchisee, and/or such Principal, and any secured creditor of Franchisee, in a form satisfactory to Franchisor, acknowledging such creditor's obligations to be bound by the terms of this **Article 12**.

12.3.2. If Franchisee is a corporation or limited liability company, Franchisee shall not, without the prior written consent of Franchisor, issue any voting securities or securities convertible into voting securities, and the recipient of any such securities shall become a Principal under this Agreement, if so designated by Franchisor.

12.3.3. If Franchisee is a partnership or limited partnership, the partners of the partnership shall not, without the prior written consent of Franchisor, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner. Each general partner shall automatically be deemed a Principal of Franchisee.

12.3.4. A Principal shall not, without the prior written consent of Franchisor, transfer, pledge or otherwise encumber any interest of a Principal in Franchisee.

12.4. Conditions for Approval. Franchisor shall not unreasonably withhold any consent required by **Section 12.3**; provided, that if Franchisee proposes to transfer its obligations hereunder or any interest in any material asset, or if a Principal proposes to transfer any direct or indirect interest in Franchisee, or if Franchisee or any Principal proposes to undertake any transfer that is subject to **Section 12.3**, Franchisor shall have the right to require any or all of the following as conditions of its approval (except as provided in **Section 12.9**):

12.4.1. The transferor shall have executed a general release (which shall include a release from the transferor, Franchisee, Principals, and guarantors of Franchisee), in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, successors, and assigns, and their respective directors, officers, owners, members, managers, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement between Franchisee and Franchisor or its affiliates, and federal, state, and local laws and rules.

12.4.2. The transferee of a Principal shall be designated as a Principal and each transferee who is designated a Principal shall enter into a written agreement, in a form satisfactory to Franchisor, agreeing to be bound as a Principal under the terms of this Agreement as long as such person or entity owns any interest in Franchisee; and, the Principal shall guarantee the performance of all such obligations in writing in a form satisfactory to Franchisor.

12.4.3. Prior to, and after the transfer, Franchisee's new Principals shall meet Franchisor's educational, managerial, and business standards; each shall possess a good moral character, business reputation, and credit rating; have the aptitude and ability to operate the Franchise, as may be evidenced by prior related business experience or otherwise; and have adequate financial resources and capital to operate the Franchise.

12.4.4. If a proposed transfer would result in a change in control of Franchisee, at Franchisor's option, Franchisee (or transferee) shall execute, for a term ending on the expiration date of this Agreement the form of franchise agreement then being offered to new System franchisees, and such other ancillary agreements required by Franchisor for the business franchised hereunder, which agreements shall supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, higher royalty and advertising fees.

12.4.5. If a proposed transfer would result in a change in control of Franchisee, and if so requested by Franchisor, Franchisee, at its expense, shall upgrade the Franchise to conform to the then current standards and specifications of new Franchises then being established in the System, and shall complete the upgrading and other requirements set forth in **Sections 5.1.6** and **5.2.5** within the time period specified by Franchisor.

12.4.6. All monetary obligations of Franchisee hereunder shall be paid in full on a current basis, and Franchisee must not be otherwise in default of any of its obligations hereunder including, without limitation, its reporting obligations.

12.4.7. The transferor shall remain liable for all of the obligations to Franchisor in connection with the Franchise that arose prior to the effective date of the transfer, and any covenants that survive the termination or expiration of this Agreement, and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability.

12.4.8. At Franchisee's expense, the transferee's Manager and other employees designated by Franchisor shall successfully complete (to Franchisor's satisfaction) all training programs required by Franchisor upon such terms and conditions as Franchisor may reasonably require (and while Franchisor will not charge a fee for attendance at such training programs, the transferee shall be responsible for the salary and all expenses of the person who attends training).

12.4.9. If a proposed transfer would result in a change in control of Franchisee, and to compensate Franchisor for Franchisor's legal, accounting, training, and other expenses incurred in connection with the transfer, Franchisee shall pay Franchisor a non-refundable transfer fee (per Territory) in an amount equal to the greater of $10,000 or 20% of the then-current franchise fee applicable to the Territory. One-half of the transfer fee shall be paid at the time Franchisee submits its request to Franchisor for consideration of the proposed transfer, and such amount shall be non-refundable. The balance of the transfer fee shall be paid at the time the transfer is consummated or closes. In addition, in the event a proposed transfer is not consummated or closed, for any reason except for disapproval by Franchisor, Franchisee or the proposed transferee shall reimburse Franchisor for all of its costs and expenses incurred in connection with its evaluation of the proposed transfer, including, without limitation, attorneys' and accountants' fees, background checks, site evaluation, and training, if applicable, to the extent the portion of the transfer fee paid when the transfer approval request was made does not cover those costs and expenses.

12.4.10. If the proposed transfer will result in a change in control of Franchisee, the terms of the proposed transfer will not adversely impact the continued operations of the Franchise, as determined in Franchisor's sole discretion.

12.4.11. The transferor must acknowledge and agree that the transferor shall remain bound by the covenants contained in **Sections 15.2** and **15.3**.

12.4.12 Franchisee shall be solely responsible for paying any broker fees and/or commissions involved with the sale or transfer of the Franchise regardless of whether Franchisee directly engages such broker or if, at Franchisee's request, Franchisor engages such broker to assist with the sale or transfer of the Franchised Business.

12.5. Right of First Refusal.

12.5.1. If Franchisee or any Principal desires to accept any *bona fide* offer from a third party to purchase Franchisee, any material assets of Franchisee, or any direct or indirect interest in Franchisee, Franchisee or such Principal shall promptly notify Franchisor of such offer and shall provide such information and documentation relating to the offer as Franchisor may require. Franchisor shall have the right and option, exercisable within 30 days after receipt of all such information, to send written notice (the "**Exercise Notice**") to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party. If Franchisor elects to purchase the seller's interest, the contract to purchase the Franchise (or interests or assets) shall be executed within 60 days after the Exercise Notice and the closing shall occur at the principal offices of Franchisor; provided, however, that in no event shall the closing occur later than 90 days following the execution of the definitive purchase agreement.

12.5.2. Any material change in the terms of the *bona fide* offer prior to closing shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of the third party's initial offer. Additionally, if Franchisor elects not to exercise its purchase right and Franchisee fails to complete the proposed sale within six months from the date Franchisor notifies Franchisee that Franchisor will not make the purchase, Franchisor shall again have the right of first refusal described in this **Section 12.5.** Failure of Franchisor to exercise the option afforded by this **Section 12.5** shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this **Section 12**, with respect to a proposed transfer, or a waiver of any subsequent offer.

12.5.3. In the event the consideration, terms, and/or conditions offered by a third party are such that Franchisor may not reasonably be required to furnish the same consideration, terms, and/or conditions, then Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, they must attempt to appoint a mutually-acceptable independent appraiser to make a binding determination. If the parties are unable to agree upon one independent appraiser, then an independent appraiser shall be promptly designated by Franchisor and another independent appraiser shall be promptly designated by Franchisee, which two appraisers shall, in turn, promptly designate a third appraiser; all three appraisers shall promptly confer and reach a single determination, which determination shall be binding upon Franchisor and Franchisee. The cost of any such appraisal shall be shared equally by Franchisor and Franchisee. If Franchisor elects to exercise its right under this **Section 12.5**, Franchisor shall have the right to set off all amounts due from Franchisee, and one-half of the cost of the appraisal, if any, against any payment to the seller.

12.6. Transfer Upon Death. Upon the death of a Principal, the deceased's executor, administrator, or other personal representative shall transfer the deceased's interest to a third party approved by Franchisor within 12 months after the death. If the distributee is not approved by Franchisor, then the distributee shall transfer the deceased's interest to a third party approved by Franchisor within 12 months after the deceased's death.

12.7. Transfer Upon Permanent Disability. Upon the permanent disability of any Principal with a controlling interest in Franchisee, Franchisor shall have the right to require such interest to be transferred to a third party in accordance with the conditions described in this **Section 12** within six months after notice to Franchisee, provided that no transfer fee shall be due for a transfer pursuant to this **Section 12.7.** "**Permanent Disability**" shall mean any physical, emotional, or mental injury, illness, or incapacity that would prevent a person from performing the obligations set forth in this Agreement for at least six consecutive months, and from which condition recovery within six consecutive months from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician upon examination of such person or, if such person refuses to be examined, then such person shall automatically be deemed permanently disabled for the purposes of this **Section 12.7** as of the date of refusal. The licensed practicing physician making such determination shall be chosen by the mutual agreement of a doctor selected by Franchisor and a doctor selected by Franchisee. Franchisor shall pay the cost of the required examination.

12.8. Notification Upon Death or Permanent Disability. Upon the death or permanent disability any Principal of Franchisee, such person or his representative shall promptly notify Franchisor of such death or claim of permanent disability. Any transfer upon death or permanent disability shall be subject to the same terms and conditions as any *inter vivos* transfer.

12.9. Exceptions for Entity Formed Convenience of Ownership or Transfer to Family Member. Notwithstanding anything to the contrary in this **Section 12**, if Franchisee is an individual and seeks to transfer this Agreement to an entity formed for the convenience of ownership or if Franchisee seeks to transfer this Agreement to a spouse, adult sibling or adult child (subject to compliance with all other provisions of the Transfer), the conditions of **Sections 12.4.4** (signing a new franchise agreement), **12.4.5** (upgrading the Franchise), **12.4.8** (initial training of new Manager), and **12.4.9** (transfer fee) shall not apply; provided however, that in lieu of a transfer fee, Franchisee shall reimburse Franchisor for its legal, accounting and other professional fees and other costs incurred in connection with the transfer if any, and Franchisee may undertake such transfer, provided that Franchisee (or their spouse, sibling or child as applicable above) owns 100% of the equity interest in the transferee entity, and the Franchisee and transferee personally guarantees, in a written guaranty satisfactory to Franchisor, the performance of the obligations of Franchisee under this Agreement.

12.10. No Waiver of Claims. Franchisor's consent to a transfer which is the subject of this **Section 12** shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

12.11. Insolvency. If Franchisee or any person holding any interest (direct or indirect) in Franchisee becomes a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, it is the parties' understanding and agreement that any transfer of Franchisee, Franchisee's obligations and/or rights hereunder, any material assets of Franchisee, or any indirect or direct interest in Franchisee shall be subject to all of the terms of this **Section 12**.

12.12. Securities Offerings. All materials for an offering of stock or partnership interests in Franchisee or any affiliate of Franchisee which are required by federal or state law shall be submitted to Franchisor for review as described below before such materials are filed with any government agency. Any materials to be used in any exempt offering shall be submitted to Franchisor for such review prior to their use. No offering by Franchisee or any affiliate of Franchisee shall imply (by use of the Marks or otherwise) that Franchisor is participating in an underwriting, issuance, or offering of the securities of Franchisee or Franchisee's affiliates; and Franchisor's review of any offering shall be limited solely to the relationship between Franchisor and Franchisee and affiliates, if applicable, and shall not constitute any opinion as to any legal requirement. Franchisor may, at its option, require the offering materials to contain a written statement prescribed by Franchisor concerning the limitations stated in the preceding sentence. Franchisee (and the offeror if not Franchisee), the Principals, and all other participants in the offering must fully indemnify Franchisor, its affiliates, successors, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in connection with the offering and shall execute any and all documents required by Franchisor to endorse such indemnification. For each proposed offering, Franchisee shall pay Franchisor an amount as is necessary to reimburse Franchisor for its reasonable costs and expenses (including legal and accounting fees) for reviewing the proposed offering. Franchisee shall give Franchisor written notice at least 30 days before the date that any offering or other transaction described in this **Section 12.12** commences. Any such offering shall be subject to all of the other provisions of this **Article 12**; and further, without limiting the foregoing, it is agreed that any such offering shall be subject to Franchisor's approval as to the structure and voting control of the offeror (and Franchisee, if Franchisee is not the offeror) after the financing is completed.

13. DEFAULT AND TERMINATION

13.1. Automatic Termination. Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or makes a general assignment for the benefit of creditors; or if a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee; or if Franchisee is adjudicated as bankrupt or insolvent; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for 30 days or longer (unless unappealed or a supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's business or property; or if suit to foreclose any lien or mortgage against the Franchise premises or equipment is instituted against Franchisee and not dismissed within 30 days; or if the real or personal property of Franchisee's Franchise shall be sold after levy thereupon by any sheriff, marshal, or constable.

13.2. Termination Upon Notice Without Opportunity to Cure. Franchisee shall be deemed to be in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon the delivery of written notice to Franchisee by Franchisor (in the manner set forth under **Section 20**), upon the occurrence of any of the following events:

13.2.1. If Franchisee fails to open the Franchise as provided in **Section 5.5**;

13.2.2. If Franchisee or other designated employee fails to complete the initial training program pursuant to **Sections 3.2** and **5.6** of this Agreement;

13.2.3. If Franchisee at any time ceases to operate or otherwise abandons the Franchise for three consecutive business days, or loses the right to possession of the Approved Location or otherwise forfeits the right to do or transact business in the jurisdiction where the Franchise is located;

13.2.4. If Franchisee or any Principal is convicted of a felony or engages in any other activity that Franchisor believes is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or Franchisor's interest therein;

13.2.5. If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Franchise;

13.2.6. If Franchisee or any Principal purports to transfer any rights or obligations under this Agreement or any interest to any third party in a manner that is contrary to the terms of **Section 12**;

13.2.7. If Franchisee or any Principal fails to comply with the covenants in **Section 15.2**;

13.2.8. If, contrary to the terms of **Sections** 7 or **8**, Franchisee discloses or divulges confidential information provided to Franchisee by Franchisor;

13.2.9. If Franchisee knowingly maintains false books or records, or submits any false reports (including, but not limited to, information provided as part of Franchisee's application for this franchise) to Franchisor, underreports Gross Sales by more than 5% or more for any period;

13.2.10. If Franchisee commits three or more defaults under this Agreement in any 12-month period, whether or not each such default has been cured after notice;

13.2.11. If Franchisee or any Principal makes any unauthorized or improper use of the Marks or contests the validity of Franchisor's ownership of the Marks or its right to use and to license others to use the Marks; and/or

13.2.12. If Franchisee or any Principal is in breach or default under any other agreement (whether existing as of the date of this Agreement or subsequently made) with Franchisor or any of its subsidiaries or Affiliates, and if such default is curable, fails to cure the default as required within the time permitted.

13.3. Termination With Opportunity to Cure. Except as otherwise provided in **Sections 13.1** and **13.2**, upon any other default by Franchisee of its obligations hereunder, Franchisor may terminate this Agreement only by giving written notice of termination (in the manner set forth under **Article 20**) setting forth the nature of such default to Franchisee at least 30 days prior to the effective date of termination (or, with respect to monetary defaults, five days); provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to Franchisor's satisfaction, and by promptly providing proof thereof to Franchisor, all within the 30 day period (or five day period with respect to monetary defaults). If any such default is not cured within the specified time, this Agreement may, upon Franchisor's election, be terminated without further notice to Franchisee effective immediately upon the expiration of the 30 day period (or five day period with respect to monetary defaults) or such longer period as applicable law may require.

13.4. Extended Notice of Termination. If any law applicable to this **Section 13**, requires a longer notice period prior to termination of this Agreement, or prior to a refusal to enter into a successor or renewal franchise, than is required hereunder, a different standard of "good cause", or the taking of some other action not required hereunder, the prior notice, "good cause" standard, and/or other action required by such law shall be substituted for the comparable provisions hereof.

13.5. Assignment Upon Bankruptcy. If, for any reason, this Agreement is not terminated pursuant to this **Article 13**, and this Agreement is assumed, or assignment of the same to any person or entity who has made a *bona fide* offer to accept an assignment of this Agreement is contemplated, pursuant to the United States Bankruptcy Code, then notice of such proposed assignment or assumption, setting forth: (i) the name and address of the proposed assignee; and (ii) all of the terms and conditions of the proposed assignment and assumption, shall be given to Franchisor within 20 days after receipt of such proposed assignee's offer to accept assignment of this Agreement, and, in any event, within 10 days prior to the date application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption, and Franchisor shall thereupon have the prior right and option, to be exercised by notice given at any time prior to the effective date of such proposed assignment and assumption, to accept an assignment of this Agreement to Franchisor itself upon the same terms and conditions and for the same consideration, if any, as in the *bona fide* offer made by the proposed assignee, less any brokerage commissions which may be payable by Franchisee out of the consideration to be paid by such assignee for the assignment of this Agreement. In the event Franchisor does not elect to exercise the options described in this **Section 13.5**, any transfer or assignment pursuant to the United States Bankruptcy Code shall be subject to the same terms and conditions of any other transfer or assignment set forth in **Article 12**.

13.6. Damages / Early Termination Fees (Liquidated Damages). In addition to any other claims Franchisor may have (other than claims for lost future Royalty Fees and Brand Fund Contributions), if Franchisor terminates this Agreement based on Franchisee's default or if Franchisee terminates this Agreement in violation of its terms (including abandonment or failure to open), Franchisee must pay Franchisor liquidated damages calculated as follows: the greater of (i) the average of Franchisee's monthly Royalty Fees and Brand Fund Contributions due for the last 12 months (or for such shorter period of time that the Franchise has been in operation) before termination, or (ii) the average monthly amount which would be due based on the minimum fees set forth in **Section 4.2** for a period 37+ months after the Effective Date, multiplied by the lesser of 24 or the number of months remaining in the then-current term under **Section 2.1**, discounted to present value using the then-current prime rate of interest quoted by Franchisor's principal commercial bank; (iii) or $150,000 per Territory. The parties hereto agree that calculation of damages if Franchisor terminates due to default or if Franchisee terminates this Agreement in violation of its terms will be difficult to measure and quantify, and the damages described in this **Section 13.6** are a reasonable approximation of such damages, and are not a penalty. Additional damages which may be charged include, but are not limited to, 36 months of the amounts due for the Technology Fee, reduction in Franchisor's enterprise value attributable to the loss of the Franchisee, value of future rebates based on average performance of all franchisees plus all other amounts and damages Franchisor could lawfully claim.

14. OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted hereunder to Franchisee shall forthwith terminate, and:

14.1. Cease Operations. Franchisee shall immediately cease to operate the Franchise, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

14.2. Cease Use of Marks. Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures and techniques associated with the System, the mark "Cabinet IQ" and all other Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all Cabinet IQ Vehicles, signs, advertising materials, displays, stationery, forms, and any other articles that display the Marks.

14.3. Cancellation of Assumed Names. Franchisee shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the mark "Cabinet IQ" and all other Marks, and/or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five days after termination or expiration of this Agreement.

14.4. Assign Lease; Modification of Premises. Franchisor, or any affiliate of Franchisor, shall have the right and option, but not the obligation, in Franchisor's sole discretion, to acquire the Lease, or otherwise acquire the right to occupy the Approved Location. Franchisor may assign or delegate this right or option to any affiliate or designee of Franchisor, without notice to, or request for approval from, the landlord or lessor of the Approved Location. If Franchisor or its assignee or delegatee does not elect or is unable to exercise any option it may have to acquire the Lease, or otherwise acquire the right to occupy the Approved Location, Franchisee shall make such modifications or alterations to the Approved Location operated hereunder immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of said premises from that of other Franchises, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose. If Franchisee fails or refuses to comply with the requirements of this **Section 14.4**, Franchisor (or its designee) shall have the right to enter upon the premises of the Franchise, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand.

14.5. Telephone, Etc. Franchisee shall cease use of, and if Franchisor requests, shall transfer to Franchisor, all telephone numbers, customer lists, and any domain names, websites, email addresses, and any other identifiers, whether or not authorized by Franchisor, used by Franchisee while operating the Franchise.

14.6. No Confusion. Franchisee agrees, if it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit copy, or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute Franchisor's rights in and to the Marks, and further agrees not to utilize any designation of origin, description, trademark, service mark, or representation which suggests or represents a present or past association or connection with Franchisor, the System, or the Marks.

14.7. Pay Monies Owed. Franchisee shall promptly pay all sums owing to Franchisor and its subsidiaries and affiliates (regardless of whether those obligations arise under this Agreement or otherwise). In the event of termination for any default of Franchisee, such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default.

14.8. Damages and Costs. Franchisee shall pay Franchisor all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this **Section 14**.

14.9. Return of Manuals. Franchisee shall immediately deliver to Franchisor the Manuals and all other manuals, records, and instructions containing confidential information (including without limitation any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be the property of Franchisor.

14.10. Option to Purchase Furnishings and Equipment. Franchisor shall have the option to purchase from Franchisee any or all of the Cabinet IQ Vehicles, furnishings, equipment, signs, fixtures, supplies, or inventory of Franchisee related to the operation of the Franchise, at the lesser of the fair market value or Franchisee's book value. Franchisor shall have 30 days from the expiration or termination of this Agreement to notify Franchisee that Franchisor will exercise its option under this Section 14.10, and another 60 days from such notice to complete such purchase. The book value of any such item shall be determined based upon a five-year straight-line depreciation of original costs. (each year or portion of a year shall decrease value by 20%) For equipment that is five or more years old, the parties agree that fair market value shall be deemed to be 10% of the equipment's original cost. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee as well as all amounts due to Franchisor's affiliates from Franchisee. Franchisee shall take all actions as necessary to ensure that any items purchased by Franchisor shall be free of all liens or other encumbrances at the time Franchisee sells such items to Franchisor. Items purchased hereunder shall be delivered, at Franchisee's expense, to the location reasonably specified by Franchisor or Franchisor's principal place of business. Book value as defined above shall be decreased by the amounts necessary to return the equipment or vehicles to a resalable condition (i.e. cost of replacing graphics, worn, broken or missing parts or goods). Franchisor shall inspect the items within 3 business days after they are delivered to Franchisor and shall notify Franchisee of all additional deductions and costs necessary to comply with the above.

14.11. Right to Enter and Operate. In order to preserve the goodwill of the System following termination, Franchisor (or its designee) shall have the right to enter the Approved Location (without liability to Franchisee, Franchisee's Principals, or otherwise) or to take possession of the Cabinet IQ Vehicle(s) used by Franchisee for the purpose of continuing the Franchise's operation and maintaining the goodwill of the business.

14.12. Close Vendor Accounts. Franchisee must close all accounts with vendors which were opened in connection with the opening and operation of the Franchise. Franchisor has the right to notify Franchisee's vendors that this Agreement has expired or been terminated and to require them to close Franchisee's accounts, if Franchisee fails to do so.

14.13. Security Interest. For the purpose of securing its obligations under this Agreement, Franchisee hereby grants Franchisor a security interest in all personal property related to the operation of the Franchise of any nature now owned or hereinafter acquired by Franchisee, including, but not limited to, all signs, logos bearing any of the Marks, inventory, equipment, Cabinet IQ Vehicles(s), trade fixtures, furnishings and accounts, together with the proceeds therefrom (the **"Security Agreement"**). Any event of default by Franchisee under this Agreement shall be deemed a breach of the Security Agreement. Franchisee covenants to execute and deliver to Franchisor any and all instruments Franchisor may reasonably request from time to time in order to perfect the security interest granted herein, including, without limitation, the appropriate UCC-1 Financing Statements.

15. COVENANTS

15.1. Full Time and Best Efforts. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee (or its Operating Principal if Franchisee is an entity) (or a Manager who will assume primary responsibility for the franchise operations and shall have been previously approved in writing by Franchisor) and a Salesperson shall devote full time, energy, and best efforts to the management and operation of the Franchise.

15.2. In-Term Covenants. Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or entity:

15.2.1. Divert or attempt to divert any business or customer of the Franchise or of any Franchise using the System 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 Franchisor's Marks and the System.

15.2.2. Unless released in writing by the employer, (a) employ or seek to employ any person who (i) is at that time employed by Franchisor, or (ii) who was, within six months prior to his/her employ by Franchisee, or any person acting for, on behalf of, or at the directions of Franchisee employed by Franchisor, or (b) otherwise directly or indirectly induce such person to leave his or her employment.

15.2.3. Except as otherwise approved in writing by Franchisor, own, maintain, operate, engage in, or have any interest in any "**Competitive Business**" in any location, which shall mean a business which offers cabinets evaluation, installation or removal, energy efficiency evaluations and improvements, and related services.

15.3. Post-Term Covenants. Franchisee covenants that, except as otherwise approved in writing by Franchisor, it shall not, for a continuous uninterrupted period of two years from the date of: (a) a transfer permitted under **Section 12**; (b) expiration or termination of this Agreement (regardless of the cause for termination); or (c) a final order of a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this **Section 15.3**; either directly or indirectly (through, on behalf of, or in conjunction with any persons or entity), own, maintain, operate, engage in, or have any interest in any Competitive Business which is, or is intended to be, located: (a) at the Approved Location; (b) within a 100 mile radius of the Territory; or (c) within a 100 mile radius of the territory of any other Franchises or company or affiliate-owned Cabinet IQ business in operation as of the time that the obligations under this **Section 15.3** commence.

15.4. Publicly-Held Corporations. **Section 15.3** shall not apply to ownership by Franchisee of less than 5% beneficial interest in the outstanding equity securities of any Publicly Held Corporation. As used in this Agreement, the term "**Publicly Held Corporation**" shall be deemed to refer to a corporation which has securities that have been registered under the Securities Exchange Act of 1934.

15.5. Individual Covenants. Franchisee shall require and obtain execution of covenants similar to those set forth in **Section 8 and** this **Article 15** (as modified to apply to an individual) from any or all of Franchisee's Principals, the Manager, any replacement Manager and other highly trained personnel as designated by Franchisor. The covenants required by this **Section 15.5** shall be in the form provided in **Exhibit D** to this Agreement.

15.6. Severability. The parties 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 the covenants in this **Section 15** is held to be unenforceable or unreasonable by any court, it is the intent of the parties that the court modify such restriction to extent reasonably necessary to protect the legitimate business interests of Franchisor.

15.7. Scope of Covenants. Franchisee understands and acknowledges that Franchisor shall have the right to reduce the scope of any covenant set forth in **Sections 15.2** and **15.3** in this Agreement, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof; and Franchisee agrees that it shall comply forthwith with any covenant as so modified.

15.8. Enforcement of Claims. Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this **Section 15**. Franchisee agrees to pay all costs and expenses (including without limitation reasonable attorneys' fees and all other costs) incurred by Franchisor in connection with the enforcement of this **Section 15**.

15.9. Irreparable Injury. Franchisee acknowledges that Franchisee's violation of the terms of this **Section 15** would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Franchisee accordingly consents to the issuance of an injunction prohibiting any conduct by Franchisee in violation of the terms of this **Section 15**.

16. TAXES, PERMITS, AND INDEBTEDNESS

16.1. Taxes. Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, income, unemployment, and sales taxes, and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the business franchised under this Agreement. Franchisee shall pay Franchisor an amount equal to any sales tax, gross receipts tax, or similar tax (other than income tax) imposed on Franchisor with respect to any payments to Franchisor required under this Agreement, unless the tax is credited against income tax otherwise payable by Franchisor.

16.2. Tax Disputes. In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchise, or any improvements thereon.

16.3. Compliance With Laws. Franchisee shall comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business franchised under this Agreement, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, and fire clearances.

16.4. Notification of Claims. Franchisee shall notify Franchisor in writing within three days of receipt of notice of any health or safety violation, the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, or within three days occurrence of any accident or injury which may adversely affect the operation of the Franchise or the financial condition of Franchisee, or give rise to liability or a claim against Franchisee or Franchisor.

17. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

17.1. Independent Contractors. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them; that Franchisee shall be an independent contractor; and, that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.

17.2. Identification as Independent Contractor. At all times during the term of this Agreement and any extensions hereof, Franchisee shall hold itself out to the public as an independent contractor operating the business pursuant to a franchise from Franchisor.

17.3. No Agency. It is understood and agreed that 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 that 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 act or omission of Franchisee in its conduct of the Franchise or for any claim or judgment arising therefrom against Franchisee or Franchisor.

17.4. Indemnification and Advancement. Franchisee shall immediately and unconditionally advance costs and expenses, indemnify and hold Franchisor and its affiliates, and their respective officers, directors, members, managers, employees, and agents harmless against any and all claims, obligations, and damages (as well as the costs, including attorneys' fees, of defending against them) arising directly or indirectly from, as a result of, or in connection with Franchisee's operation of the Franchise or Franchisee's breach of this Agreement, including, without limitation, those alleged to be caused by Franchisor's negligence or breach of this Agreement, but not including those claims, obligations, and damages that are determined to be caused solely by Franchisor's gross negligence or willful misconduct according to a final, unappealable ruling issued by a court with competent jurisdiction. In addition to the above and without regard to the final ruling on any matter, Franchisee and its respective Principals hereby agree to immediately and unconditionally advance, or pay directly to designated parties, any amounts which are incurred in connection with any claim against Franchisor or its affiliates, and their respective officers, directors, members, managers, employees, and agents arising from or relating to, directly or indirectly, Franchisee's operation of the Franchise or Franchisee's breach of this Agreement without regard to any defenses based on errors, omissions or conduct of Franchisor or its members, managers, shareholders, directors, affiliates or agents. If Franchisor incurs any costs or expenses, including, without limitation, legal fees, travel expenses, and other charges, in connection with any proceeding involving Franchisee in which Franchisor is not a party, Franchisee shall reimburse Franchisor for all such costs and expenses promptly upon presentation of invoices. Franchisee acknowledges and agrees that Franchisee's indemnification and hold harmless obligations under this **Section 17.4** shall survive the termination or expiration of this Agreement.

18. FORCE MAJEURE

Neither party shall be responsible to the other for non-performance or delay in performance occasioned by causes beyond its control, including without limiting the generality of the foregoing: (a) acts of God; (b) acts of war, terrorism, or insurrection; (c) strikes, lockouts, labor actions, boycotts, floods, fires, hurricanes, tornadoes, and/or other casualties; (d) the inability of Franchisor and/or its affiliates or suppliers to manufacture, purchase, and/or cause delivery of any products used in the operation of the Franchise; and (e) legislative changes and/or governmental orders affecting the sale of the products from Franchises. The inability of either party to obtain and/or remit funds shall be considered within control of such party.

19. APPROVALS AND WAIVERS

19.1. Approvals. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and such approval or consent must be obtained in writing.

19.2. No Warranties. Franchisee acknowledges and agrees that Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

19.3. Waivers. No delay, waiver, omission, or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising out of any breach or default by Franchisee or any other franchisee under any of the terms, provisions, covenants, or conditions of this Agreement, and no custom or practice by the parties at variance with the terms of this Agreement, shall constitute a waiver by Franchisor to enforce any such right, option, duty, or power as against Franchisee, or as to subsequent breach or default by Franchisee. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding or succeeding breach by Franchisee of any terms, provisions, covenants, or conditions of this Agreement.

20. NOTICES

All notices and other communications required or permitted under this Agreement will be in writing and will be given by one of the following methods of delivery: (i) personally; (ii) by certified or registered mail, postage prepaid; (iii) by overnight delivery service; or (iv) if to Franchisee, by email if an email address is designated on the Summary Page. Notices to Franchisee will be sent to the address set forth on the Summary Page. Notices to Franchisor must be sent to:

CABINET IQ FRANCHISING, LLC
2419 S. Bell Blvd.
Cedar Park, Texas 78613

Either party may change its mailing address by giving notice to the other party. Notices will be deemed received the same day when delivered personally or upon actual or attempted delivery when sent by registered or certified mail or overnight delivery service.

21. ENTIRE AGREEMENT AND AMENDMENT

This Agreement and all exhibits to this Agreement, constitute the entire agreement between the parties. This Agreement supersedes any and all prior negotiations, understandings representations and agreements. No representations have induced You to execute this Agreement with Franchisor. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require You to waive reliance on any representation that Franchisor made in the most recent disclosure document (including its exhibits and amendments) (the "FDD") that Franchisor delivered to You or Your representative, subject to any agreed-upon changes to the contract terms and conditions described in that disclosure document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement).

You acknowledge that you are entering into this Agreement as a result of your own independent investigation and not as a result of any representations (with the exception of those representations made in the FDD) made by Franchisor, its members, managers, officers, directors, employees, agents, representatives or independent contractors that are contrary to the terms set forth in this Agreement. You acknowledge that the FDD you received contained a copy of this Franchise Agreement and that you reviewed the FDD and Franchise Agreement at least fourteen (14) days (or such other time as applicable law requires) before you signed this Agreement. You further understand acknowledge and agree that any information you obtain from any Franchisor's franchisee, including relating to their sales, profit, cash flows, and/or expenses, does not constitute information obtained from Franchisor, nor does Franchisor make any representation as to the accuracy of any such information.

22. SEVERABILITY AND CONSTRUCTION

22.1. Severability. If any of the provisions of this Agreement may be construed in more than one way, one of which would render the provision illegal or otherwise voidable or unenforceable, such provision shall have the meaning which renders it valid and enforceable. The language of all provisions of this Agreement shall be construed according to its fair meaning and not strictly against any party. In the event any court or other government authority shall determine any provision in this Agreement is not enforceable as written, the parties agree that the provision shall be amended so that it is enforceable to the fullest extent permissible under the laws and public policies of the jurisdiction in which enforcement is sought and affords the parties the same basic rights and obligations and has the same economic effect. If any provision in this Agreement is held invalid or otherwise unenforceable by any court or other government authority or in any arbitration proceeding, such findings shall not invalidate the remainder of this Agreement unless in the reasonable opinion of Franchisor the effect of such determination has the effect of frustrating the purpose of this Agreement, whereupon Franchisor shall have the right by notice in writing to the other party to immediately terminate this Agreement.

22.2. No Other Rights. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or entity other than Franchisee, Franchisor, and such of Franchisee's and Franchisor's respective successors and assigns as may be contemplated (and, as to Franchisee, permitted by **Article 12**), any rights or remedies under or by reason of this Agreement.

22.3. Enforceability of Covenants. Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

22.4. Construction. All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

22.5. Importance of Timely Performance. Time is of the essence in this Agreement.

22.6. Survival of Provisions. All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, shall so survive the expiration and/or termination of this Agreement.

22.7. Additional Terms; Inconsistent Terms. The parties may provide additional terms by including the terms on the Summary Page. To the extent that any provisions of the Summary Page are in direct conflict with the provisions of this Agreement, the provisions of the Summary Page shall control.

23. APPLICABLE LAW AND DISPUTE RESOLUTION

23.1. Governing Law. This Agreement takes effect upon its acceptance and execution by Franchisor, and shall be interpreted and construed exclusively under the laws of the State of Texas, which laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of Texas choice-of-law rules). Nothing in this **Section 23.1** is intended by the parties to subject this Agreement to any franchise, business opportunity, consumer protection, or similar law, rule, or regulation of the State of Texas to which this Agreement would not otherwise be subject.

23.2. Arbitration.

23.2.1. Disputes Subject to Arbitration. Except as expressly provided to the contrary in this Agreement, any controversy or claim arising out of or relating to this Agreement or the relationship of the parties shall be settled by arbitration administered by the American Arbitration Association (the **"AAA"**) in accordance with its Commercial Arbitration Rules. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction. Any dispute as to whether this arbitration clause applies or whether any particular claim is subject to arbitration shall be decided by arbitration in accordance with this Article 23.

23.2.2. Arbitration Claims. The parties agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. The parties further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is waived and forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either party. The parties agree that arbitration will be conducted on an individual basis, that neither party shall pursue class claims nor multi-plaintiff actions, and that an arbitration proceeding between Franchisor and its affiliates, or any of them, on the one hand, and Franchisee and its affiliates and any of their respective officers, directors, managers, agents, representatives, employees, successors and assigns, on the other hand, may not be consolidated with any other arbitration proceeding to which Franchisor and/or its affiliates are a party. Notwithstanding the foregoing, if any court determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section, then the parties agree that this arbitration clause shall not apply to that dispute and that such dispute shall be resolved in a judicial proceeding. For purposes of this Section, Franchisor and its affiliates includes their respective shareholders, partners, members and other owners, officers, directors, managers, agents, representatives, employees, successors and assigns.

23.2.3. Location. The place of arbitration shall be the AAA office located nearest to Franchisor's principal place of business on the date the arbitration action is filed.

23.2.4. Confidentiality. All documents, information, and results pertaining to any arbitration will be confidential, except as required by law or as required for Franchisor to comply with laws and regulations applicable to the sale of franchises.

23.2.5. Performance During Arbitration. Franchisor and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration process.

23.3. Venue. For any matter which is not subject to the arbitration provisions of **Section 23.2**, each party hereto consents to personal jurisdiction in the federal or state courts located in the county in which Franchisor's principal place of business is located at the time that the action commences. Franchisee and its Principals hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

23.4. No Exclusive Remedies. No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

23.5. Injunctive Relief. Notwithstanding anything contained herein, Franchisor reserves the right to seek and obtain temporary restraining orders or other emergency temporary or preliminary equitable injunctive relief and file actions to collect royalties and other amounts owed by Franchisee to Franchisor (collection actions) from federal or state courts located in the state in which the Franchise is located. The parties acknowledge and agree that the rights of Franchisor under this Agreement with respect to the use of the Marks and the System and the enforcement of the in-term and post-term noncompetition covenants of Franchisor are of a specialized and unique nature and that immediate and irreparable damage will result to Franchisor if Franchisee fails or refuses to perform obligations under this Agreement, and, notwithstanding any election by Franchisor to claim damages from Franchisee as a result of such failure or refusal, Franchisor may, in addition to any other remedies and damages available, seek an injunction in any court of competent jurisdiction to restrain such failure or refusal.

23.6. Waiver of Jury Trial. Franchisor and Franchisee irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other, whether or not there are other parties in such action or proceeding.

23.7. Limitation of Actions. Any and all claims and actions arising out of or relating to this agreement, the relationship of Franchisee and franchisor, or Franchisee's operation of the Franchise (including any defenses or any claims of set-off or recoupment) must be brought or asserted before the expiration of the earlier of (a) the time period for bringing an action under any applicable state or federal statute of limitations; (b) one year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or (c) two years after the first act or omission giving rise to an alleged claim; or it is expressly acknowledged and agreed by all parties that such claims or actions shall be irrevocably barred. Claims of franchisor attributable to underreporting of sales, and claims of the parties for failure to pay monies owed and/or indemnification shall be subject only to the applicable state or federal statute of limitations.

23.8. Limitation on Damages. Franchisor and Franchisee hereby waive to the fullest extent permitted by law any right to or claim of any punitive or exemplary damages against the other, and agree that in the event of a dispute between them each shall be limited to the recovery of any actual damages sustained by it. In any action arising out of or relating to this Agreement or the relationship of the parties, in no event shall Franchisor be liable to Franchisee for more than the total Initial Franchise Fee.

23.9. Costs and Attorneys' Fees. If either Franchisor or Franchisee seeks to enforce this Agreement in an arbitration or a judicial or other proceeding, the prevailing party shall be entitled to recover its reasonable costs and expenses (including attorneys' fees, attorneys' assistants' fees, accountants' fees, expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel, room and board, salaries and benefits of those employees participating in such proceeding) incurred in connection with such judicial or other proceeding.

24. ACKNOWLEDGMENTS

24.1. Acknowledgments. Franchisee acknowledges that it has conducted an independent investigation of the business franchised hereunder, recognizes that the business venture contemplated by this Agreement involves business risks, and that its success will be largely dependent upon the ability of Franchisee and, if an entity, its owners as independent businesspersons. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received from Franchisor or any employee, representative or other party purporting to act on Franchisee's behalf, any warranty, promise or guarantee, express or implied, as to the potential sales volume, profits, or success of the business venture contemplated by this Agreement.

24.2. Receipt of Documents. Franchisee acknowledges that it received a copy of this Agreement, the exhibit(s) hereto, and agreements relating hereto, if any, with all of the blank lines therein filled in, prior to the date on which this Agreement was executed, and with sufficient time within which to review this Agreement, with advisors of its choosing. Franchisee further acknowledges that it received the franchise disclosure document required by the Federal Trade Commission's Franchise Rule at least 14 days prior to the date on which this Agreement was executed.

24.3. Representations and Warranties. Franchisee and its Principals represent and warrant to Franchisor that: (a) neither Franchisee nor any of its Principals have made any untrue statement of any material fact nor omitted to state any material fact in obtaining the rights granted herein; (b) neither Franchisee nor any of its Principals have any direct or indirect legal or beneficial interest in any business that may be deemed a Competitive Business, except as otherwise completely and accurately disclosed in its franchise application materials; and (c) Franchisee and its Principals have a legal right to own and operate the Franchise. Franchisee recognizes that Franchisor approved Franchisee in reliance on all of the statements Franchisee and its Principals have made in connection therewith, and that Franchisee has a continuing obligation to advise Franchisor of any material changes in these statements and representations made to Franchisor in this Agreement or in the franchise application.

24.4. Compliance with Executive Order 13224. Under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (**"Order"**), Franchisor is prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Order. Accordingly, Franchisee represents and warrants to us that, as of the date of this Agreement, neither Franchisee nor any person holding any ownership interest in you, controlled by you, or under common control with Franchisee is designated under the Order as a person with whom business may not be transacted by Franchisor, and that Franchisee: (a) does not, and hereafter will not, engage in any terrorist activity; (b) are not affiliated with and do not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and (c) are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

24.5. No Other Obligations. Each party represents and warrants to the others that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from: (a) negotiating and entering into this Agreement; (b) exercising its rights under this Agreement; and/or (c) fulfilling its responsibilities under this Agreement.

24.6. No Other Representations. Franchisee acknowledges Franchisor has not (and shall not be deemed to have) given any representation, promise, or guarantee of Franchisee's success.

24.7. Business Judgment. Franchisee understands and agrees that Franchisor may operate and change the System and its business in any manner that is not expressly and specifically prohibited by this Agreement. Whenever Franchisor has expressly reserved in this Agreement or is deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant Franchisee a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, Franchisor may make such decision or exercise its right and/or discretion on the basis of Franchisor's judgment of what is in Franchisor's best interests, including without limitation Franchisor's judgment of what is in the best interests of the franchise network, at the time Franchisor's decision is made or its right or discretion is exercised, without regard to whether: (a) other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by Franchisor; (b) Franchisor's decision or the action taken promotes Franchisor's financial or other individual interest; (c) Franchisor's decision or the action it takes applies differently to Franchisee and one or more other franchisees or Franchisor's company-owned or affiliate-owned operations; or (d) Franchisor's decision or the exercise of its right or discretion is adverse to Franchisee's interests. In the absence of an applicable statute, Franchisor will have no liability to Franchisee for any such decision or action. Franchisor and Franchisee intend that the exercise of Franchisor's right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Franchisee agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Franchisor the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations hereunder.

24.8. Consultation. Franchisee acknowledges that it has read and understands this Agreement, the exhibits hereto, and agreements relating thereto, if any, and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors (including attorneys) of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement.

24.9. Additional Terms. The parties may provide additional terms by including the terms on the Summary Page. To the extent that any provisions of the Summary Page are in direct conflict with the provisions of this Agreement, the provisions of the Summary Page shall control.

[Signatures Appear on the Following Page]

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Agreement on the day and year first above written.

CABINET IQ FRANCHISING, LLC

By:____________________________
Name:
Title:

[FRANCHISEE ENTITY]

By:____________________________
Name:
Title:

EXHIBIT A TO THE FRANCHISE AGREEMENT

TRADEMARKS

Trademark	Registration Date	Registration Number
CABINET IQ (word)	November 15, 2022	6902850

EXHIBIT B TO THE FRANCHISE AGREEMENT

LEASE RIDER TO LEASE AGREEMENT DATED ____________________

BY AND BETWEEN

______________________________________, AS "LANDLORD"

AND

____, AS "TENANT" FOR THE DEMISED PREMISES ("PREMISES") DESCRIBED THEREIN

This Rider and the provisions hereof are hereby incorporated into the body of the lease to which this Rider is attached (the "Lease"), and the provisions hereof shall be cumulative of those set forth in the Lease, but to the extent of any conflict between any provisions of this Rider and the provisions of the Lease, this Rider shall govern and control.

1. <u>Consent to Collateral Assignment to Franchisor</u>. If Franchisor takes possession of the Premises and confirms to Landlord that Franchisor has assumed the Lease as tenant thereunder, Landlord will recognize Franchisor as tenant under the Lease. Landlord agrees that in such event Franchisor may further assign the Lease to or enter into a sublease with a person or entity who agrees to assume the tenant's obligations under the Lease and is reasonably acceptable to Landlord and that, upon that assignment, Franchisor will have no further liability or obligation under the Lease as assignee, tenant or otherwise, other than to certify that the additional assignee or sublessee operates the Premises as a Franchise.

2. <u>Use of Premises</u>. Without limitation of uses permitted under the Lease, but in expansion thereof, the Premises may be used for the purpose of operation of a Cabinet IQ Franchise offering cabinets installation, removal, evaluation and related services.

3. <u>Compliance of Premises With Applicable Law</u>. Landlord represents and warrants that as of the date hereof the Premises are in compliance with all applicable law.

4. <u>Notice and Cure Rights to Franchisor</u>. Prior to exercising any remedies under the Lease (except in the event of imminent danger to the Premises), Landlord shall give Franchisor written notice of any default thereunder by Tenant, and commencing upon receipt thereof by Franchisor, Franchisor shall have the same length cure period as is given to Tenant under the Lease for such default, provided that in no event shall Franchisor have a cure period of less than (i) 10 days after Franchisor's receipt of such notice as to monetary defaults or (ii) 30 days after Franchisor's receipt of such notice as to non-monetary defaults. Landlord agrees to accept cure tendered by Franchisor as if the same was tendered by Tenant, but Franchisor has no obligation to cure such default. The initial address for notices to Franchisor is as follows:

CABINET IQ FRANCHISING, LLC
2419 S. Bell Blvd.
Cedar Park, Texas 78613
Attention: General Counsel

5. Non-disturbance from Mortgage Lenders. It is a condition of the Lease being subordinated to any mortgage, deed of trust, deed to secure debt or similar encumbrance on the Premises that the holder of such encumbrance agree not to disturb Tenant's rights under the Lease or Tenant's possession of the Premises, so long as Tenant is not in default of its obligations under the Lease beyond any applicable grace or cure period provided therein.

CHECK THE FOLLOWING PARAGRAPH THAT APPLIES. CHECK ONLY ONE. IF NONE IS CHECKED, THEN CLAUSE a) BELOW WILL BE APPLICABLE, AND CLAUSE b) BELOW WILL BE DEEMED DELETED

a)

AGREED and executed and delivered under seal by the parties hereto as of the day and year of the Lease.

LANDLORD:	TENANT:
______________________	______________________
By: ______________________	By: ______________________
Name: ______________________	Name: ______________________
Title: ______________________	Title: ______________________

EXHIBIT C TO THE FRANCHISE AGREEMENT

GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

As an inducement to CABINET IQ FRANCHISING, LLC, a Texas limited liability company ("Franchisor") to execute the Franchise Agreement between Franchisor and ________________, a [STATE] [ENTITY TYPE] ("Franchisee"), dated ____________, 2022 (the "Agreement"), the undersigned, jointly and severally, hereby unconditionally guarantee to Franchisor and Franchisor's successors and assigns that all of Franchisee's monetary and other obligations under the Agreement will be punctually paid and performed.

Each of the undersigned has had the opportunity to review the Agreement, and understands his or her obligations hereunder and thereunder.

Upon demand by Franchisor, the undersigned each hereby jointly and severally agree to immediately make each payment required of Franchisee under the Agreement and waive any right to require Franchisor to: (a) proceed against Franchisee for any payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee; (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee; or (d) give notice of demand for payment by Franchisee. Without affecting the obligations of the undersigned under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee, and the undersigned each hereby jointly and severally waive notice of same and agree to remain and be bound by any and all such amendments and changes to the Agreement.
The undersigned each hereby jointly and severally agree to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney's fees, reasonable costs of financial and other investigation, court costs, and fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement, any amendment thereto, or any other agreement executed by Franchisee referred to therein.

The undersigned each hereby jointly and severally acknowledge and expressly agree to be individually bound by all of the covenants contained in Sections 8, 12, 14, 15 and 17.4 of the Agreement, and acknowledge and agree that this Guarantee does not grant the undersigned any right to use the "Cabinet IQ" marks or system licensed to Franchisee under the Agreement. Each of the undersigned represents that he or she has received a copy of the Franchise Agreement and understands his or her obligations hereunder and thereunder.

Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

If Franchisor is required to enforce this Guarantee in a judicial or arbitration proceeding, and prevails in such proceeding, Franchisor shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, travel and room and board expenses, salaries and benefits of those of Franchisor's employee's participating in such proceeding, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guarantee, the undersigned shall reimburse Franchisor for any of the above-listed costs and expenses Franchisor incurs.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Sections 22 and 23 of the Agreement. This Guarantee shall be interpreted and construed under the laws of the State of Texas. In the event of any conflict of law, the laws of the State of Texas shall prevail (without regard to, and without giving effect to, the application of Texas conflict of law rules). Jurisdiction and venue shall be in the state or federal courts located nearest Franchisor's principal place of business at the time that the action is commenced, and the undersigned hereby waives any objection to such jurisdiction and venue. The arbitration provisions of Section 23 of the Agreement shall apply to this Guaranty.

Non-Owner Spousal Guarantee. If this Guarantee is executed by a spouse (or domestic partner or immediate family member) of the owner of a franchisee entity and such person has no equity or ownership in the franchisee entity or franchise, then this Guarantee shall only be enforceable against such non-owner spouse in the event that they receive a material transfer of assets from the spouse (or domestic partner or immediate family member) who has the ownership interest in the franchise or franchisee entity. This section is intended to ensure that one spouse cannot avoid liability under their guarantee by simply transferring assets to the other spouse.

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Agreement.

GUARANTOR(S)

Signed:____________________
(In his/her individual capacity)

Name: ___________________________________
Address: ___________________________________

EXHIBIT D TO THE FRANCHISE AGREEMENT

NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

THIS AGREEMENT ("**Agreement**") is made this_____day of________, 20__, by and Between_________________________________ (the "**Franchisee**"), and ___ ____, who is a principal, manager, supervisor, member, partner, or a person in a managerial position with, Franchisee (the "**Member**").

BACKGROUND:

A. Cabinet IQ Franchising, LLC, a Texas limited liability company ("**Franchisor**") owns a format and system (the "**System**") relating to the establishment, development and operation of an cabinets and related services business that operate under the name "Cabinet IQ" (or other names designated by Franchisor, the "**Marks**") and such additional or alternate services and/or products as Franchisor may designate from time to time (each a "**Franchise**").

B. Franchisor and Franchisee have executed a Franchise Agreement ("**Franchise Agreement**") granting Franchisee the right to operate a Franchise (the "**Franchise**") and to produce and distribute products and services approved by Franchisor and use the Marks in connection therewith under the terms and conditions of the Franchise Agreement;

C. The Member, by virtue of his or her position with Franchisee, will gain access to certain of Franchisor's Confidential Information, as defined herein, and must therefore be bound by the same confidentiality and non-competition agreement that Franchisee is bound by.

IN CONSIDERATION of these premises, the conditions stated herein, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties agree as follows:

1. Confidential Information. Member shall not, during the term of the Franchise Agreement or thereafter, communicate, divulge, or use for the benefit of any other person or entity, persons, partnership, entity, association, or corporation any confidential information, knowledge, or knowhow concerning the methods of operation of the business franchised thereunder which may be communicated to Member or of which Member may be apprised by virtue of Franchisee's operation under the terms of the Franchise Agreement. Any and all information, knowledge, knowhow, and techniques which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate came to its attention prior to disclosure thereof by Franchisor; or which, at or after the time of disclosure by Franchisor to Franchisee, had become or later becomes a part of the public

domain, through publication or communication by others.

2. Covenants Not to Compete.

(a) Member specifically acknowledges that, pursuant to the Franchise Agreement, and by virtue of its position with Franchisee, Member will receive valuable specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System.

(b) Member covenants and agrees that during the term of Member's employment with, or ownership interest in, Franchisee, and except as otherwise approved in writing by Franchisor, Member shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity:

(i) Divert or attempt to divert any business or customer of the Franchise or of any other System franchisee or unit operated by Franchisor (or an affiliate of Franchisor) to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and/or the System;

(ii) Employ or seek to employ any person who is at that time employed by Franchisor or Franchisee, or otherwise directly or indirectly induce such person to leave his or her employment; or

(iii) Own, maintain, operate, engage in, be employed by, or have any interest in any business which offers cabinets evaluation, cabinets removal, cabinets installation or related services.

(c) Member covenants and agrees that during the Post-Term Period (defined below), except as otherwise approved in writing by Franchisor, Member shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity, own, maintain, operate, engage in, or have any interest in any business which offers cabinets evaluation, cabinets removal, cabinets installation or related services and which business is, or is intended to be, located: (a) at the Approved Location or within a 100 mile radius of the Territory of the Franchise, which Territory includes the areas defined by the Summary Page of the Franchise Agreement and any amendments thereto; or (b) within a 100 mile radius of the territory any other System franchisee or Cabinet IQ business owned by Franchisor or its affiliate at the time that the obligations under this **Section 2(c)** commence;

(d) As used in this Agreement, the term **"Post-Term Period"** shall mean a continuous uninterrupted period of two years from the date of: (a) a transfer permitted under **Section 12** of the Franchise Agreement with respect to Member; and/or (b) termination of Member's employment with, and/or ownership interest in, Franchisee.

3. Injunctive Relief. Member acknowledges that any failure to comply with the

requirements of this Agreement will cause Franchisor irreparable injury, and Member agrees to pay all court costs and reasonable attorney's fees incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement.

4. Severability. All agreements and covenants contained herein are severable. If all or any portion of the covenants in this Agreement is held to be unenforceable or unreasonable by any court, then it is the intent of the parties that the court modify such restriction to extent reasonably necessary to protect the legitimate business interests of Franchisor.

5. Delay. No delay or failure by Franchisor or the Franchisee to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right provided herein, and no waiver of any violation of any terms and provisions of this Agreement shall be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

6. Third-Party Beneficiary. Member hereby acknowledges and agrees that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with Franchisee.

IN WITNESS WHEREOF, Franchisee and the Member attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on this__ day of_, 20_.

FRANCHISEE:	**MEMBER:**
________________________________	**Name:**
________________________	
Signature:______________________	**Signature:**
____________________	
Name: ________________________	
Title:__________________________	
	MEMBER:
	Name:
________________________	
	Signature:
	____________________

EXHIBIT E TO THE FRANCHISE AGREEMENT

GENERAL RELEASE

This General Release ("Release") is executed by the undersigned ("Releasor") in favor of Cabinet IQ Franchising, LLC., a Texas Limited Liability Company ("Franchisor").

Background Statement: Releasor wishes to dispose of all outstanding liabilities against Released Parties.

Releasor agrees as follows:

1. **Release.** Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the "Releasing Parties") hereby release Franchisor, its parent(s), affiliates, and each of their respective directors, officers, shareholders, members, employees, and agents (collectively, the "Released Parties") from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement or in connection with the franchise relationship, franchise sales process, misconduct, misrepresentation or fraud by any Released Party all of which are acknowledged and expressly included here (collectively, "Claims").

2. **Covenant Not to Sue.** Releasor (on behalf of all Releasing Parties) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.

3. **Representations and Acknowledgments.** Releasor represents and warrants that: (i) Releasor is the sole owners of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor's choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim. Releasor covenants not to claim in any future proceeding that there was insufficient consideration for the execution hereof or that it was not received.

4. **Miscellaneous.** If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that Franchisor reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof and has been executed in exchange for separate and sufficient

consideration paid in hand by Released Parties to Releasor and Releasor acknowledges receipt by executing below.

Executed by:

__________________________ Date: ____________

Name:
Personally, and on behalf of any entity through which (s)he has conducted business or otherwise interreacted with any Released Party

[notary acknowledgement to follow]

EXHIBIT C
FINANCIAL STATEMENTS OF CABINET IQ FRANCHISING, LLC

CABINET IQ FRANCHISING LLC

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED

DECEMBER 31, 2023, 2022 AND 2021

KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

CABINET IQ FRANCHISING LLC

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KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

Independent Auditor's Report

To the Members
Cabinet IQ Franchising, LLC
Austin, TX 78701

Opinion

We have audited the accompanying financial statements of Cabinet IQ Franchising, LLC, which comprise the balance sheets as of December 31, 2023, 2022 and 2021 and the related statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cabinet IQ Franchising, LLC as of December 31, 2023, 2022 and 2021 and the related statements of operations, members' equity and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

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

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

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

Restrictions on Use

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon by anyone for any other use.

Kezos & Dunlavy

St. George, Utah
March 5, 2024

CABINET IQ FRANCHISING LLC
BALANCE SHEETS
As of December 31, 2023, 2022 and 2021

	2023	2022	2021
Assets			
Current assets			
Cash and cash equivalents	$ 303,531	$ 974	$ 66,867
Deferred contract costs - current	82,360	-	-
Total current assets	385,891	974	66,867
Total assets	$ 385,891	$ 974	$ 66,867
Liabilities and Members' Interests			
Current liabilities			
Shareholder payable	$ -	$ 530,011	203,358
Accrued expenses	53,183	733	981
Deferred revenue - current	164,800	-	-
Total liabilities	217,983	530,744	204,339
Members' interests	167,908	(529,770)	(137,472)
Total liabilties and members' interests	$ 385,891	$ 974	$ 66,867

The accompanying notes to the financial statements are integral part of these financial statements

CABINET IQ FRANCHISING LLC
STATEMENTS OF OPERATIONS
For the years ended December 31, 2023, 2022 and 2021

	2023	2022	2021
Operating revenues	$ 13	$ -	$ -
Operating expenses			
General and administrative	159,895	174,982	46,247
Marketing and advertising	108,848	156,586	35,714
Professional fees	60,860	60,730	55,511
Total operating expenses	329,603	392,298	137,472
Operating loss	(329,590)	(392,298)	(137,472)
Net loss	$ (329,590)	$ (392,298)	$ (137,472)

The accompanying notes to the financial statements are integral part of these financial statements

CABINET IQ FRANCHISING LLC
STATEMENTS OF MEMBERS' INTERESTS
For the years ended December 31, 2023, 2022 and 2021

Balance at January 1, 2021	$	-
Net loss		(137,472)
Balance at December 31, 2021	$	(137,472)
Net loss		(392,298)
Balance at December 31, 2022		(529,770)
Net loss		(329,590)
Contributions		1,027,268
Balance at December 31, 2023	$	167,908

The accompanying notes to the financial statements are integral part of these financial statements

CABINET IQ FRANCHISING LLC
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023, 2022 and 2021

	2023	2022	2021
Net loss	$ (329,590)	$ (392,298)	$ (137,472)
Changes in operating assets and liabilities			
Shareholder payable	(530,011)	326,653	203,358
Accrued expenses	52,450	(249)	982
Cash flows provided by operating activities	(807,151)	(65,894)	66,868
Net change in cash and cash equivalents	(807,151)	(65,894)	66,868
Cash and cash equivalents at beginning of period	974	66,868	-
Cash and cash equivalents at end of period	$ (806,177)	$ 974	$ 66,868
Supplemental disclosures of cash flow			
Noncash contributions	$ 75,458	$ -	$ -

The accompanying notes to the financial statements are integral part of these financial statements

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

Cabinet IQ Franchising, LLC (the "Company") was organized in the State of Texas on June 16, 2021 as a limited liability company. The Company is the subsidiary of Cabinet IQ, LLC, which manufactures and distributes kitchen cabinets and countertops as well as performs kitchen remodeling services. The Company is the franchise concept of Cabinet IQ, LLC. The Company commenced franchise operations in 2023, with first franchise becoming operational in 2024.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year. The members' liability is limited to their equity.

(b) Accounting Standards Codification

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission (SEC), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of December 31, 2023, 2022 and 2021, the Company had cash and cash equivalents of $303,531, $974, and $66,867 respectively.

(e) Intercompany Payable

During the years ended December 2023, 2022 and 2021, related party and majority member of the Company incurred various operating costs on behalf of the Company. The amounts were due upon call and do not bear interest. As of December 31, 2023, 2022 and 2021, the Company had balances due to the member of $0, $530,011 and $203,358, respectively. During the year end of December 31, 2023, the member made the termination to forgive the payable and convert the outstanding balance to equity.

(f) Revenue Recognition

The Company's primary revenues consist of initial franchise fees and royalty fees (which are based on a percentage of franchisee gross revenues) from franchisees.

Upon commencement of operations, the Company adopted ASC 606, *Revenue from Contracts with Customers*. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluates all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue.

For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the transaction price, which includes an initial franchise fee, ongoing royalties, and the Company's performance obligations.

Upon evaluation of the five-step process, the Company has determined that this standard does not impact the recognition of royalties which are recognized at the time the underlying sales occur. ASC 606 does impact the process management uses to evaluate the recognition of the initial franchise.

In allocating the transaction price and recognizing the revenue associated with initial franchise fees, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. ASC 952-606 identifies the following general pre-opening services (which the Company may or may not provide) as eligible for inclusion in the single distinct performance obligation:

- 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.
- 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 about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

The Company has determined that the fair value of pre-opening services exceeds the initial fees received; as such, the initial fees are allocated to the pre-opening services, and are recognized as revenue when all pre-opening obligations are provided – which is generally upon commencement of operations.

(g) Income Taxes

The Company is structured as a limited liability company under the laws of the state of Texas. Accordingly, the income or loss of the Company will be included in the income tax returns of the member. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the member rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2023, the 2022 and 2021 tax years were subject to examination.

(h) Advertising Cost

The Company expenses advertising costs as incurred. Advertising expenses for the year ended December 31, 2023, 2022 and 2021, were $138,598, $156,586 and $35,714, respectively.

(i) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable, the carrying amounts approximate fair value due to their short maturities.

(j) Concentration of Risk

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(2) Deferred Contract Costs and Revenue

The Company's franchise agreements generally provide for the payment of initial fees as well as continuing royalties to the Company based on a percentage of sales. Under the franchise agreement, franchisees are granted the right to operate a location using the Cabinet IQ system for a period of ten years. Under the Company's revenue recognition policy, franchise fees and any corresponding commissions are recognized when the franchisee begins operations. For any franchisees that have not yet begun operations as of year-end, the Company defers both the revenues and commissions. All locations that are expected to begin operations within the following year are categorized as current, while all others are classified as non-current.

The Company has estimated the following current and non-current portions of deferred revenue as of December 31, 2023, and 2022:

	2023	2022	2021
Deferred revenue – current	$ 164,800	$ -	$ -
Deferred revenue – non-current	-	-	-
	$ 164,800	$ -	$ -

The Company has estimated the following current and non-current portions of deferred contract assets as of December 31, 2023, and 2022:

	2023	2022	2021
Deferred commissions – current	$ 82,630	$ -	$ -
Deferred commissions – non-current	-	-	-
	$ 82,630	$ -	$ -

(3) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involving such amounts of unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

CABINET IQ FRANCHISING, LLC
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

(4) Subsequent Events

Management has reviewed and evaluated subsequent events through March 5, 2024, the date on which the financial statements were issued.

EXHIBIT D
TABLE OF CONTENTS OF THE OPERATIONS MANUAL

EXHIBIT E
FRANCHISEE DISCLOSURE QUESTIONNAIRE

FRANCHISEE DISCLOSURE QUESTIONNAIRE

Cabinet IQ Franchising, LLC ("we", "us", or "our") and you are preparing to enter into a franchise agreement for the operation of a Cabinet IQ Franchise. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading and to be certain that you understand the limitations on legal claims you may make by reason of the purchase and operation of your franchise. Please review each of the following questions carefully and provide honest responses to each question.

1. Yes ____ No ____ Have you received and personally reviewed the Franchise Agreement and each attachment or schedule attached to it?

2. Yes ____ No ____ Have you received and personally reviewed the Franchise Disclosure Document we provided?

3. Yes ____ No ____ Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?

4. Yes ____ No ____ Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?

5. Yes ____ No ____ Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor or have you had the opportunity for such review and chosen not to engage such professionals?

6. Yes ____ No ____ Have you discussed the benefits and risks of developing and operating a Cabinet IQ Business with an existing Cabinet IQ franchisee?

7. Yes ____ No ____ Do you understand the risks of developing and operating a Cabinet IQ Business?

8. Yes ____ No ____ Do you understand the success or failure of your franchise 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 competition, interest rates, the economy, inflation, labor, and supply costs, and other relevant factors?

9. Yes ____ No ____ Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be litigated, mediated, and/or arbitrated in Texas, if not resolved informally or by mediation?

10. Yes ____ No ____ Do you understand that you must satisfactorily complete the initial training course before we will allow your Business to open or consent to a transfer?

11. Yes ____ No ____ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Cabinet IQ Business, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

12. Yes ____ No ____ Do you agree that no 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 Franchise Disclosure Document?

13. Yes ____ No ____ Do you agree that no 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 Cabinet IQ Business will generate, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

14. Yes ____ No ____ Do you understand that the Franchise Agreement and attachments to the Franchise Agreement contain the entire agreement between us and you concerning the franchise for the Cabinet IQ Business, meaning any prior oral or written statements not set out in the Franchise Agreement or the attachments to the Franchise Agreement will not be binding?

15. Yes ____ No ____ Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?

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.

<u>EXPLANATION OF ANY NEGATIVE RESPONSE</u>

(REFER TO QUESTION NUMBER)

Questionnaire Number	Explanation of Negative Response

Do not sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document. Sign and date this Questionnaire the same day you sign the Franchise Agreement and pay your franchise fee.

FRANCHISEE: ___________________________

Signature: ______________________________
Print Name: _____________._______________
Date: __________________________________

SPECIAL NOTE FOR RESIDENTS OF THE STATE OF MARYLAND AND FRANCHISED BUSINESSES LOCATED IN MARYLAND: Nothing in this Questionnaire will act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

EXHIBIT F

GENERAL RELEASE

This General Release ("Release") is executed by the undersigned ("Releasor") in favor of Cabinet IQ Franchising, LLC., a Texas Limited Liability Company ("Franchisor").

Background Statement: Releasor wishes to dispose of all outstanding liabilities against Released Parties.

Releasor agrees as follows:

1. **Release.** Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the "Releasing Parties") hereby release Franchisor, its parent(s), affiliates, and each of their respective directors, officers, shareholders, members, employees, and agents (collectively, the "Released Parties") from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement or in connection with the franchise relationship, franchise sales process, misconduct, misrepresentation or fraud by any Released Party all of which are acknowledged and expressly included here (collectively, "Claims").

2. **Covenant Not to Sue.** Releasor (on behalf of all Releasing Parties) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.

3. **Representations and Acknowledgments.** Releasor represents and warrants that: (i) Releasor is the sole owners of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor's choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim. Releasor covenants not to claim in any future proceeding that there was insufficient consideration for the execution hereof or that it was not received.

4. **Miscellaneous.** If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that Franchisor reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof and has been executed in exchange for separate and sufficient

consideration paid in hand by Released Parties to Releasor and Releasor acknowledges receipt by executing below.

Executed by:

__________________________ Date: ____________

Name:
Personally, and on behalf of any entity through which (s)he has conducted business or otherwise interreacted with any Released Party

[notary acknowledgement to follow]

EXHIBIT G
STATE SPECIFIC ADDENDA AND RIDERS

MICHIGAN ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW 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 sub-franchisor.

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the 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 endorsement by the attorney general.

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General
G. Mennen Williams Building, 7th Floor
525 W. Ottawa Street
Lansing, Michigan 48909
Telephone Number: (517) 373 7117

CALIFORNIA ADDENDUM TO THE
FRANCHISE DISCLOSURE DOCUMENT

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND BUSINESS OVERSIGHT AT WWW.DFPI.CA.GOV.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA.

REGISTRATION OF THIS FRANCHISE OFFERING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION.

ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE MARITAL ASSETS OF THE SPOUSES DOMICILED IN COMMUNITY PROPERTY STATES – ARIZONA, CALIFORNIA, IDAHO, LOUISIANA, NEVADA, NEW MEXICO, TEXAS, WASHINGTON AND WISCONSIN AT RISK IF YOUR FRANCHISE FAILS.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

   Neither franchisor nor any person or franchise broker in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

2. The following paragraph is added to the end of Item 6 of the Disclosure Document:

   With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

3. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

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

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

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

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

The Franchise Agreement requires binding arbitration. The arbitration will occur in *City*, *State*, with the costs being borne equally by Franchisor and Franchisee. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of *State*. This provision may not be enforceable under California law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise. See NASAA STATEMENT OF POLICY REGARDING THE USE OF FRANCHISE QUESTIONNAIRES AND ACKNOWLEDGMENTS. https://www.nasaa.org/wp-content/uploads/2022/11/sop-franchise-questionnaires.pdf.

California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

CALIFORNIA ADDENDUM TO THE FRANCHISE AGREEMENT

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

CABINET IQ FRANCHISING, LLC

By:___________________________
Name:
Title:

[FRANCHISEE ENTITY]

By:___________________________
Name:
Title:

FOR THE STATE OF HAWAII

In the State of Hawaii only, this Disclosure Document is amended as follows:

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities
335 Merchant Street
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: ____________________

2. A proposed registration or filing is or will be shortly on file in the following states: ______________________________

3. No states have refused, by order or otherwise to register these franchises.

4. No states have revoked or suspended the right to offer these franchises.

5. The proposed registration of these franchises has not been withdrawn in any state.

ILLINOIS ADDENDUM TO THE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the "Act"), this Disclosure Document and Franchise Agreement are amended as follows:

1. Governing Law. Illinois law governs the Agreement.

2. Waivers Void. In conformance with Section 41 of the Illinois Franchise Disclosure Act, notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

3. Jurisdiction. 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 occur outside of Illinois.

4. Termination/Non-Renewal. Franchisee's rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

CABINET IQ FRANCHISING, LLC

By:_______________________________
Name:
Title:

[FRANCHISEE ENTITY]

By:_______________________________
Name:
Title:

INDIANA ADDENDUM TO THE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

1. Definitions. Capitalized terms used but not defined herein have the meanings given in the Agreement. The "Indiana Acts" means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

2. Certain Provisions Modified. Any provision of the Agreement which would have any of the following effects is hereby modified to the extent required for the Agreement to be in compliance with the Indiana Acts:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or services or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer

shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

CABINET IQ FRANCHISING, LLC

By:____________________________
Name:
Title:

[FRANCHISEE ENTITY]

By:____________________________
Name:
Title:

MARYLAND ADDENDUM TO THE FRANCHISE AGREEMENT

1. Definitions. Capitalized terms used but not defined herein have the meanings given in the Agreement. The "Maryland Franchise Registration and Disclosure Law" means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.

2. Releases, Estoppels and Waivers of Liability. 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. The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Disclaimers. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming 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. Statute of Limitations. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

5. Jurisdiction. Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Registration and Disclosure Law in any court of competent jurisdiction in the State of Maryland.

CABINET IQ FRANCHISING, LLC

By:____________________________
Name:
Title:

[FRANCHISEE ENTITY]

By:____________________________
Name:
Title:

MARYLAND ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

In the State of Maryland only, this Disclosure Document is amended as follows:

The following is added to Item 17:

> 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.
>
> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
>
> You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.
>
> The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming 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 FRANCHISE AGREEMENT

1. Definitions. Capitalized terms used but not defined in this Rider herein have the meanings given in the Agreement. The "Minnesota Act" means Minnesota Statutes, Sections 80C.01 to 80C.22.

2. Amendments. The Agreement is amended to comply with the following:

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g).

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

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state "No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues."

CABINET IQ FRANCHISING, LLC

By:____________________________
Name:
Title:

[FRANCHISEE ENTITY]

By:____________________________
Name:
Title:

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g).

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

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

NEW YORK ADDENDUM TO THE FRANCHISE AGREEMENT

1. **Definitions.** Capitalized terms used but not defined herein have the meanings given in the Agreement.

2. **Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve Franchisor or any other person from any duty or liability imposed by New York General Business Law, Article 33 (the "New York Franchise Law").

3. **Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by Franchisor with any provision of the New York Franchise Law, or any rule promulgated thereunder, is hereby deleted.

4. **Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchise Law shall govern any claim arising under that law.

5. **Effective Date.** This Rider is effective as of the Effective Date.

CABINET IQ FRANCHISING, LLC

By:___________________________
Name:
Title:

[FRANCHISEE ENTITY]

By:___________________________
Name:
Title:

NEW YORK ADDENDUM TO THE DISCLOSURE DOCUMENT

In the State of New York only, this Disclosure Document is amended as follows:

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY ST. 21ST FLOOR, NEW YORK, NY 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

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

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

7. The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of contract by franchisor**":

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of law**": The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA ADDENDUM TO THE FRANCHISE AGREEMENT AND THE DISCLOSURE DOCUMENT

1. The North Dakota Securities Commission requires that certain provisions contained in the Agreement be amended to be consistent with North Dakota Law, including the North Dakota Franchise Investment Law, North Dakota Century Code Addendum, Chapter 51-19, Sections 51-19-01 et seq. Such provisions in the Agreement are hereby amended as follows:

☐ Under Sections 2.2, 12, and 13, the execution of a general release upon renewal, transfer, shall be inapplicable to Franchises operating under the North Dakota Franchise Investment Law to the extent that such a release excludes claims arising under the North Dakota Franchise Investment Law.

☐ Section 23.9 is amended to add that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorneys' fees.

☐ Sections 23.1 and 23.2 are amended to state:

If Franchisor or Franchisee is required to enforce this Agreement via judicial or arbitration proceedings, the prevailing party shall be entitled to reimbursement of its costs, including reasonable accounting and legal fees in connection with such proceeding.

☐ Section 15.3 is amended to add that covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.

☐ Section 23.1 is amended to state that in the event of a conflict of laws, North Dakota Law shall prevail.

☐ Section 23.2 is amended to add that any action may be brought in the appropriate state or federal court in North Dakota with respect to claims under North Dakota Law.

☐ Section 23.7 is amended to state that the statute of limitations under North Dakota Law shall apply.

☐ Sections 23.6 and 23.8 are deleted in their entireties.

☐ Section 23.2 is amended to state that arbitration involving a Franchise purchased in North Dakota must be held either in a location mutually agreed upon prior to the arbitration, or if the parties cannot agree on a location, the arbitrator will determine the location.

2. The Franchise Disclosure Document is further amended as follows:

☐ In Item 17(c), the term "release us" is hereby deleted.

☐ With respect to Item 17(r) of the FDD, covenants not to compete such as those mentioned in Item 17(r), and Section 15.3 of the Franchise Agreement. are generally considered unenforceable in the State of North Dakota."

☐ Item 17(u) and Item 17(v) is amended to add that any action may be brought in the appropriate state or federal court in North Dakota with respect to claims under North Dakota Law.

☐ In Item 17(w) is amended to delete the word "Texas" and replace it with the words "North Dakota."

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the North Dakota Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern

CABINET IQ FRANCHISING, LLC

By:____________________________
Name:
Title:

[FRANCHISEE ENTITY]

By:____________________________
Name:
Title:

RHODE ISLAND ADDENDUM TO THE FRANCHISE AGREEMENT

1. In recognition of the requirements of The Rhode Island Franchise Investment Act §19-28.1-14, the Franchise Agreement is amended as follows:

☐ Sections 2.2, 12, and 13 require Franchisee to sign a general release as a condition of renewal, transfer; such release shall exclude claims arising under The Rhode Island Franchise Investment Act.

☐ Sections 23 is amended to state that restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under The Rhode Island Franchise Investment Act.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

CABINET IQ FRANCHISING, LLC

By:___________________________
Name:
Title:

[FRANCHISEE ENTITY]

By:___________________________
Name:
Title:

VIRGINIA ADDENDUM TO THE DISCLOSURE DOCUMENT

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

The following statements are added to Item 17(h):

> Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do 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.
>
> Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

> 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.

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

CABINET IQ FRANCHISING, LLC

By:___________________________
Name:
Title:

[FRANCHISEE ENTITY]

By:___________________________
Name:
Title:

EXHIBIT H

Current Franchisees

Names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets:

None

Franchisees who had signed franchise agreements but were not yet open as of the end of our last fiscal year:

Alabama

Rocket City Design LLC, 1020 Wright DR SE, Huntsville, AL 35802; Colin Dorman

Florida

K2IQ LLC, 9349 Winterview Dr., Naples, FL 34109; Kevin Kirchner

Kansas

B&N Johnson Ventures LLC, 8100 Haskins St., Lenexa, KS 66215, Ralph and Brittany Johnsson

Former Franchisees

Name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date:

None

EXHIBIT I
SMALL BUSINESS ADMINISTRATION ADDENDUM

ADDENDUM TO FRANCHISE[1] AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on ________________, 20____, by and between ____ ("Franchisor"), located at ____, and ____ ("Franchisee"), located at ____.

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

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

CHANGE OF OWNERSHIP

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

FORCED SALE OF ASSETS

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

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

renewals) for fair market value.

COVENANTS

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

EMPLOYMENT

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

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

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

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

Authorized Representative of FRANCHISOR:

By: ______________________________

Print Name: _______________________

Title:_____________________________

Authorized Representative of FRANCHISEE:

By: ______________________________

Print Name: _______________________

Title:_____________________________

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

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

Receipt

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully. If Cabinet IQ Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Cabinet IQ Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

The franchise sellers for this offering are:

Name	Principal Place of Business	Telephone
Michael Hartel	2419 S. Bell Blvd., Cedar Park, Texas 78613	512-729-3982
Amie Hawk	16934 Frances Street, #105 Omaha, NE 68130	531-333-3278
Ben Rickord	16934 Frances Street, #105 Omaha, NE 68130	531-333-3278

Cabinet IQ Franchising, LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in that particular state. Issuance Date: April 23, 2024.

I received a Disclosure Document dated April 23, 2024, that included the following Exhibits:

A: List of State Franchise Administrators and Agents for Service of Process
B: Franchise Agreement and Exhibits
C: Financial Statements of Cabinet IQ Franchising, LLC
D: Table of Contents of the Operations Manual
E: Franchisee Disclosure Questionnaire
F: Form of General Release
G: State Specific Addenda and Riders
H: List of Franchisee Operators
I: Small Business Administration Addendum

Signature: ______________________
Print Name: _____________________
Date Received: ___________________

Keep this copy for your records

Receipt

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I: Small Business Administration Addendum

Signature: ______________________
Print Name: _____________________
Date Received: ___________________

Return this copy to us at by email to fddreceipts@cabinetiq.com