

## FRANCHISE DISCLOSURE DOCUMENT



### SHINE DEVELOPMENT INC.

a Texas corporation  
5550 Granite Parkway, Suite 195  
Plano, Texas 75024  
800-513-1794

[www.shinewindowcare.com](http://www.shinewindowcare.com)

[www.shineholidaylighting.com](http://www.shineholidaylighting.com)

You will own and operate a business as a residential and commercial window cleaning, pressure washing, house detailing, and holiday and outdoor lighting services. You will offer and sell window cleaning, pressure cleaning, screen cleaning, gutter cleaning, house and building detailing, and holiday and outdoor light hanging services for homes and businesses. You will provide the services and products operating under the Marks and using the System.

The total investment necessary to begin operation of a single Shine franchise consisting of a protected area of 50,000 to 100,000 households is \$111,390 to \$186,400. This includes \$74,900 which must be paid to us or our affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no 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 Franchise Administration Department at 5550 Granite Parkway, Suite 195, Plano, TX 75024 or [chris@shineinfo.com](mailto:chris@shineinfo.com).

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 27, 2023

## How To Use This Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

## Some States Require Registration

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

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. If applicable, see the Table of Contents for the location of the State Specific Addenda.

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Resolution.** The Franchise Agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation in Texas. Out-of-state arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate and arbitrate with us in Texas than in your home state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement even through your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Minimum Sales.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
4. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.
5. **Supplier Control.** You must purchase all or nearly all inventory and supplies necessary to operate. Your business from franchisor, its affiliates, or from suppliers that franchisor designates at prices that may be higher than you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.
6. **Financial Condition.** The Franchisor's financial condition as reflected in the financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

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

## MICHIGAN NOTICE

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel that deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise before 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 that 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 that 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 after 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 that 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 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 that permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the Franchisee unless provision has been made for providing the required contractual services.

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

Any questions regarding this notice should be directed to: Michigan Department of Attorney General, Consumer Protection Division, Franchise Section, 525 W. Ottawa Street, G. Mennen Williams Building, 1st Floor, Lansing, Michigan 48913 (517) 373-7117.

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### EXHIBITS:

- A -- Financial Statements
- B -- Franchise Agreement with Attachments
- C -- List of Current and Former Franchisees
- D -- Operations Manuals - Table of Contents
- E -- List of State Administrators and Agents for Service of Process
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## **Item 1. The Franchisor, and Any Parents, Predecessors and Affiliates**

To simplify this disclosure document, “we,” “Shine,” or “us” means Shine Development Inc., the franchisor. “You” means the franchisee and individuals who are personally responsible for the franchisee’s obligations, such as the owner of a sole proprietorship and the general partners of a partnership franchisee. These individuals are personally bound to the franchise agreement by virtue of their position with the franchisee.

If the franchisee will operate through a corporation, limited liability company, or limited partnership, the term “you” does not include the franchisee’s owners or partners. The term “Owners” refers to anyone with a beneficial ownership in the franchisee, but who is not personally responsible for the franchisee’s obligations. “Owners” include shareholders of a corporation, members of a limited liability company, and limited partners of a limited partnership. As described in Item 15, if the franchisee is a corporation, limited liability company, or limited partnership, the franchisee’s “Owners” must sign a personal guaranty and agree to be personally bound to the franchise agreement.

### **The Franchisor**

We were originally a Michigan corporation incorporated on October 8, 2010 but converted to a Texas corporation on April 26, 2017. We do business and intend to do business under the names SHINE, SHINE WINDOW CARE AND SHINE HOLIDAY LIGHTING, SHINE WINDOW CARE, and SHINE HOLIDAY LIGHTING. Our principal business address is 5550 Granite Parkway, Suite 195, Plano, TX 75024. Our agents for service of process are listed in Exhibit E to this disclosure document.

Our business is selling Shine franchises and providing training and other services to Shine franchisees. We have not had, nor do we now have, any other business activities. We do not offer franchises in any other line of business. We do not operate a business of the type being franchised. We have offered franchises since March 1, 2012.

### **Our Parents, Predecessors and Affiliates**

We have no parent.

Our affiliate and predecessor, Shine International, Inc. (“Shine International”), a Michigan corporation, was originally incorporated on August 11, 2000, under the name Golden Eagle Cleaning, Inc. The name change took place April 24, 2009. From August 2000 to 2012, Shine International operated two businesses of the type being franchised. Shine International no longer operates a business of the type being franchised and has never offered, and does not currently offer, franchises in this or in any other line of business. Shine International licenses to us the trademarks we sublicense to you for your use in your Shine Franchised Business.

Our affiliate LFB Franchising, LLC (“LFB”), incorporated in Texas on August 20, 2021. LFB operates, offers, and sells a residential and commercial waste bin cleaning, waste bin pressure washing, dumpster cleaning, deodorizing and sanitizing services. If you wish to operate an LFB franchise, you will be disclosed with a separate franchise disclosure document from our affiliate LFB. LFB shares our principal business address. LFB has never offered franchises in another line of business.

### **The Franchise Offered**

We franchise the right to operate a SHINE business providing residential and commercial window cleaning, pressure cleaning, screen cleaning, gutter cleaning, house and building detailing, and holiday light installation, storage, and removal services for homes and businesses. We do not currently offer franchises for a business that provide holiday lighting only.



You will operate the Franchised Business using our distinctive system that includes the use of eco-friendly and safe materials, specialized training, advertising and marketing specifications and requirements, and other proprietary standards, techniques, specifications, rules and procedures of operations that we designate, all of which we may change, improve, and further develop (the “Shine System”).

You will operate the Franchised Business under the SHINE, SHINE WINDOW CARE and SHINE HOLIDAY LIGHTING service mark, and other proprietary trademarks, service marks, our trade dress, and other indicia of origin that we designate to identify the businesses operating according to the Shine System (the “Marks”).

If we award you a franchise, you will sign a franchise agreement (see Exhibit B) and will develop and operate a franchise using our Shine System and Marks, at a location that you select and that we have accepted as meeting our minimum site criteria. We call this the “Franchised Business.”

### **Competition**

The window care, house and business cleaning, and light installation markets are well-established and very competitive. You will compete with other Shine franchisees and other businesses offering window cleaning, pressure cleaning, screen cleaning, gutter cleaning, and holiday, property, and landscape light installation, storage, and removal services. Your Franchised Business may operate in close proximity to major competitors, which may include franchised and non-franchised businesses, and third-party service providers. The market for your services is primarily residents of high-end neighborhoods and commercial businesses.

### **Laws Affecting Your Franchised Business**

There are no regulations known to us specific to the operation of a business that provides window cleaning, pressure cleaning, screen cleaning, gutter cleaning, house and building detailing, or light installation, storage, and removal services for homes and businesses. You may be subject to federal, state, and local environmental protection laws that govern your use and disposal of certain cleaning products.

Some jurisdictions may have ordinances and regulations for water usage, and some state and local jurisdictions have enacted laws, rules, regulations, and ordinances that may apply to the operation of businesses in general. There are federal and state anti-discrimination laws, federal wage and hour laws, National Labor Relations Act, and the Occupational Safety and Health Act, among others, that may require your compliance.

Some jurisdictions may have license requirements and regulations concerning outdoor lighting services. You should investigate whether there are regulations and requirements that may apply to the geographic area in which you are interested in locating your franchise and should consider both the effect and cost of compliance. You alone are responsible for complying with all applicable laws and regulations for the operation of your franchise.

You must follow local and state laws, orders, and ordinances, especially essential worker or mask requirements to address pandemic concerns. Further, you may want to consider relevant guidance issued by federal agencies such as the Center for Disease Control and Occupational Safety and Health Administration for the safety of your customers and employees.

## **Item 2. Business Experience**

### **Founder and Chief Executive Officer - Christopher Fisher**

Mr. Fisher has been our founder and Chief Executive Officer since October 2010. Mr. Fisher has also been President of Shine International, previously called Golden Eagle Cleaning, Inc., since

August 2000. While our principal office is located in Plano, Texas, Mr. Fisher currently conducts his duties from Kalamazoo, Michigan.

Fractional Chief Financial Officer – Ashley Ingle

Ms. Ingle has been our Fractional Chief Financial Officer since October 2019. She has also served as Chief Executive Officer for Profit Matters from August 2018 to present in Grapevine, Texas.

Vice President of Operations – John Blair

Mr. Blair has been our Vice President of Operations since April, 2020. He served as Chief Marketing Officer for Metro United Way in Louisville, Kentucky from March 2018 to March 2020. From January 2012 to March 2018, he served as Vice President for marketing and public relations for FranNet Corporate in Louisville, Kentucky.

Vice President of Franchise Development – Eric Stehle

Mr. Stehle has served as our Vice President of Franchise Development since February 2022 in Lakeland, Florida. Previously he has served as an Owner of 9Round Fitness from April 2016 through November 2021 in Lakeland, Florida.

**Item 3. Litigation**

*Shine of South Austin, LLC and Lee DeJonge (Individually), Westlake Home Run Services, LLC d/b/a Shine of Westlake and Downtown Austin and Wesley Mack (Individually), and Shine Development, Inc.* In December 2022, a dispute arose between two franchisees for alleged breaches of an Agreement for Sale and Purchase of Business Assets. Westlake Home Run Services, LLC d/b/a Shine of Westlake and Downtown Austin and Wesley Mack (individually) filed claims in the suit against Shine Development, Inc. alleging claims against its franchisor in connection with that sale. The parties entered into mediation in December 2022 and the case was settled in February 2023. Without admitting fault, Westlake Home Run Services, LLC d/b/a Shine of Westlake and Downtown Austin and Wesley Mack (individually) agreed to pay Shine of South Austin, LLC and Lee DeJonge (Individually) a settlement amount to resolve the case. Shine Development, Inc. did not pay Mr. Mack in connection with his claims against Shine and all parties paid their own attorney fees.

**Item 4. Bankruptcy**

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

**Item 5. Initial Fees**

Initial Franchise Fee.

The initial franchise fee is \$49,900 for the first franchise consisting of 50,000 to 100,000 households. If you choose to purchase two franchises at the same time, you will pay \$79,800, (\$49,900 for the first and \$29,900 for your second franchise). If you choose to purchase three or more franchises at the same time you will pay \$49,900 for the first and \$24,900 each subsequent franchise. Any subsequent franchise purchased individually after signing your franchise agreement is subject to our then-current initial franchise fee. Initial franchise fee paid and is fully earned upon receipt and non-refundable.

Each additional franchise is governed under a separate franchise disclosure document and franchise agreement.

Start-up Package.

Before you open your Franchised Business, you will be required to purchase a Start-Up Package for \$20,000. The Start-Up Package includes the start-up equipment and supplies you will need to operate your business. If you are purchasing two contiguous franchises, you only need to initially purchase one Start-Up Package to service both franchises until such time as volume necessitates the need to purchase a second Start-Up Package. If you are purchasing two territories that are not contiguous, you must purchase two Start-Up Packages to service two separate franchises.

Initial Training Fee

Our Initial Training Fee of \$5,000 is payable to us prior to opening your Franchised Business. This fee includes training for four individuals but does not include travel, lodging, meals or other out-of-pocket expenses that may be incurred. This fee is fully earned and non-refundable upon payment.

Veteran’s Discount

Veterans of the U.S. Armed Forces are eligible to receive a \$2,500 discount on their Initial Franchise Fee for the first franchise awarded. To qualify for the discount, the veteran must own at least a 50% interest in the franchise. “Veteran” means a recipient of an honorable discharge as evidenced by the U.S. Department of Defense. It is the veteran’s responsibility to send us the required documents in order to obtain the discount.

All of the fees described in this Item are each uniformly imposed, payable in lump sum and are non-refundable.

**Item 6. Other Fees**

<b>Type of Fee<sup>1</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
<b>Royalty Fee<sup>2</sup></b>	Greater of : (1) 7% of monthly Gross Revenues, or (2) \$10,500 for your first full calendar year, \$20,000 for the remainder of your term (“Minimum Royalty”).	Payable monthly by Electronic Funds Transfer (“EFT”) on or about the 30th of the month.	See Note 4 for the definition of “Gross Revenue” In the event you fail to meet the Minimum Royalty requirements, you must pay the balance due to us within 30 days of receipt of notice of such shortfall (“Royalty Shortfall Amount”).
<b>National Advertising Fee</b>	Up to 2% of Gross Revenues, currently 1% of Gross Revenues	Payable monthly by EFT on or about the 30th of the month.	We have the right to increase the National Advertising Fee to a maximum of 2% of Gross Revenues upon 60 days’ notice.
<b>Local Advertising Fee</b>	If Gross Revenues are \$500,000 or less annually, then 10% of Gross Revenue per month which includes \$500 per month, required spend for Pay Per Click	Payable monthly to vendors	All required spend in Local Advertising including the Pay Per Click digital advertising must be done according to our standards and specifications as we set forth in our written policies, and confidential operations Manual. If you fails to meet the Local Marketing

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
	<p>If Gross Revenues are at least \$500,001 up to \$750,000 annually, then 7% of Gross Revenue per month which includes \$500 per month, required spend for Pay Per Click</p> <p>If Gross Revenues are at least \$750,001 up to \$1,000,000 annually, then 5% of Gross Revenue per month which includes \$500 per month, required spend for Pay Per Click</p> <p>If Gross Revenues are at least \$1,000,001 and up annually, then 3% of Gross Revenue per month which includes \$500 per month, required spend for Pay Per Click</p>		<p>Requirement and/or fails to provide verification of your spend, you must pay us the difference between the required spend and actual amount spent on local advertising for your Franchised Business. We may utilize these amounts for National Advertising Fee program at our sole discretion. If we utilize the Local Advertising Fee for National Advertising, you will not be credited and this contribution is in addition to your obligation to pay into the National Advertising Fee.</p>
<b>Digital Marketing Fee</b>	Currently \$350 per month, which may increase up to the amount equal to your Local Advertising Fee (see above)	Payable monthly by EFT on the 15th of the month.	The Digital Marketing Fee will compensate us for providing you with the website content management services. The Digital Marketing Fee will count toward your required local advertising spend.
<b>Cooperative Marketing</b>	2% to 3% of Gross Revenues	When designated by cooperative	The National Advertising Fee and the cooperative marketing contribution may not cumulatively exceed 4% of monthly Gross Revenues. There are currently no plans for an advertising cooperative, but one may be formed in the future. Any percentage contribution would be set by the cooperative on a vote of a majority of its members.
<b>Transfer Fee</b>	\$10,000 per transfer	Before completing transfer	This fee applies, if during the first 12 months of the franchise term, you (as an individual) want to transfer all of your interest to a business entity for convenience of operation.

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
	Transfer of non-controlling interest: \$500	Before completing transfer	
<b>Audit (3% or more under reporting)</b>	1.5% per month interest on amount of underpayment plus the cost of the audit plus the amount of the underpayment	Immediately upon billing	Payable only if an audit reveals that you have under reported Gross Revenues by 3% or more, or if there are rescheduling or enforcement costs associated with getting the audit completed.
<b>Encroachment Fee</b>	\$1,000 per job performed to us and 50% of revenue generated from such sale to the franchisee whose protected area in which the sale was made.	Upon Demand	If you accept clients outside of your Protected Area, and if that area is another franchisee's protected area, you must pay us and the franchisee the Encroachment Fee.
<b>Renewal Fee</b>	\$5,000	At the time you sign the then-current Franchise Agreement	You must give us at least six months' and not more than twelve months' notice to renew and meet other renewal conditions.
<b>Additional Training<sup>3</sup></b>	\$500 per person per week of training plus travel and lodging expenses	Before training	If you obtain a new or replacement Manager, or if you have other staff to be trained, you will be responsible for the cost of initial training for each individual attending a pre-scheduled training. Additional training fee may be higher if we schedule a training particularly for your replacement Manager or employee.
<b>On-Site Training Cancellation Fee</b>	Our then-current on-site training cancellation fee	Upon demand	May vary depending upon the type of scheduled training program and how far in advance you notify us in writing of the cancellation.

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
<b>Late Charges</b>	18% per year or the maximum lawful rate	Immediately if payments not made when due.	This charge is in addition to other remedies such as late payment fees.
<b>Technology Fee<sup>4</sup></b>	Currently \$350 per month, however with 60 days prior notice may increase to an amount equal to that imposed on new franchisees (currently not to exceed \$500 per month)	Payable monthly by EFT on the 15th of the month.	The Technology Fee provides you access to our Online Manual Management, Digital Communication,, CRM Management and Communication Platforms and other technology as may be developed.
<b>Vendor Approval Fee</b>	\$500	As incurred.	We may impose a fee to review the practicality and quality of goods or services provided by a vendor you propose.
<b>Insufficient Funds Fee</b>	Our then current rate, currently \$100 per occurrence	As invoiced	Payable only if you have insufficient funds in your bank account for us to process electronic funds transfer. Our rate is subject to change.
<b>Administrative Fee</b>	\$500 plus our costs	Upon notice of infraction, we may collect by EFT.	Failure to operate in accordance with operating standards that may result in issuance of infractions. We charge you a base fee of \$500 plus our costs of obtaining your compliance, inspections, or other related costs.
<b>Failure to Submit Required Reports</b>	\$300 per report	Upon notice of infraction, we may collect by EFT.	Failure to submit required reports, including monthly profit and loss statements by the 15 <sup>th</sup> of the following month (or such date as we designate in our Manual).

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
<b>Required Training/ Convention Fee</b>	\$1,500	Upon notice, we may collect by EFT.	This fee is payable by you if you fail to attend required training or a Shine convention, unless you obtain our prior, written approval not to attend training/ convention. This fee will be billed and collected with the Royalty Fee on the next due date of the Royalty Fee.
<b>Insurance Premium Reimbursement</b>	Reimbursement of insurance premium plus reasonable administrative fee	On demand	Payable only if you fail to obtain or maintain required insurance, and we may (but need not) obtain it on your behalf. If we do, we will charge you a fee plus our expenses.
<b>Enforcement Costs</b>	Will vary	As incurred	You must pay our costs of enforcement (including attorneys' fees and costs) if you do not comply with the franchise agreement.
<b>Indemnification</b>	An amount equal to the value of all losses and expenses that we incur	On demand	You must indemnify us when certain of your actions result in loss to us.
<b>Default Fee</b>	\$1,500 per event of default, plus the cost of re-inspections and the costs of enforcing compliance	Within 3 days of our demand.	Applies if you are in default under this Agreement.
<b>Liquidated Damages on Confidential Information Disclosure only</b>	Greater of a) the sum of the average monthly Royalty Fees and the average monthly National Advertising Fees during the preceding twelve (12) months, multiplied by the number of months, or portion thereof, during which you violated disclosing our trade secrets or (b) one hundred percent (100%) of the Gross Revenues		Applicable if you disclose our confidential information in violation of your franchise agreement.

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
	received or receivable by you or any transferee of any Trade Secrets during every day, or portion thereof,		
<b>Liquidated damages</b>	An amount equal to Royalty fees and Marketing Fee Contributions for the lesser of (i) 24 months or (ii) the remaining weeks of the franchise term.	On demand	Payable if we terminate your franchise agreement because of your default, or if you terminate the franchise agreement without the right to do so.
<b>National Accounts Fee</b> <sup>5</sup>	May vary dependent upon the terms and conditions of the National Account project	Payable monthly by EFT on the 15th of the month.	We retain the right to charge the National Accounts Fee as a flat fee amount or based on % of Gross Revenues generated for the National Accounts sales.

**Notes:**

Note 1. All fees are uniformly imposed and collected by us, are payable to us, and are non-refundable, unless otherwise noted. We do not impose or collect any other fees or payment for any third party.

Note 2. We may, upon 30 days' prior written notice, require you to pay Royalty Fee by check, pre-authorized check, electronic funds transfer or similar mechanism. We may, upon notice, require you to pay your Royalty Fees on a different periodic basis.

Note 3. During your franchise term, we will provide initial training to you and one manager or crew leader as part of your Start-Up Package. You must also bear the cost of training additional personnel or managers. In all cases, you are solely responsible for all salaries, compensation, benefits, travel and related expenses for trainees.

Note 4. "Gross Revenues" means the full the price of all goods and services sold from or relating to the Franchised Business, whether or not you have received cash or other consideration. Gross Revenues does not include sales taxes or gift card redemptions. Gross Revenues includes payments received from gift cards and certificates at the time of sale of the gift cards or certificates. Gross Revenues are calculated at the time Franchisee sells the goods or services, without regard to when the Franchisee receives or expects to receive cash or other consideration therefore. Gross Revenues also includes barter and exchange transactions for which you furnish services or products in exchange for goods or services to be provided by the vendor, supplier or customer will be valued at the full retail value bartered in exchange for the good or services provided to you. Gross Revenues also includes the proceeds of any business interruption insurance paid to you. Gross Revenues also includes any payments you receive from vendors. Chargebacks are not deducted from Gross Revenues.

Note 5. We may market and negotiate National Account programs to serve clients across territories and often from multiple franchisees. If we negotiate such National Accounts and if you choose to participate in the National Accounts program, and if we successfully complete an agreement with a National Accounts program in your Protected Area, you will pay us a portion of the Gross Revenues you received from the completed project from the National Accounts



program assigned to you. This amount will be in addition to the monthly Royalty Fees collected and must be paid in the same manner and time as the Royalty Fee paid pursuant to signed franchise agreement. Additionally, if you choose to participate in the National Account program, and if we agree to terms with any National Account, you must provide products and services to all valid members of the National Account on those prices and terms as we may require. If you do not participate in the National Accounts program or refuse a National Accounts project in your Protected Area, we have the uninhibited right to utilize another SHINE franchisee or assign the project to our affiliate and you are not entitled to any compensation if we or another franchisee provides such services in your Protected Area. We do not offer any compensation or finder's fees to you with respect to either acquiring National Accounts, your participation in National Accounts, or another party fulfilling National Accounts projects in your Protected Area.

Currently we require you to participate in our National Associa Program. You must provide services for the National Associa Program pursuant to terms and conditions as specified in Attachment G of the franchise agreement.

**Item 7. Estimated Initial Investment**

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

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW ESTIMATE	HIGH ESTIMATE			
Initial Fee <sup>2</sup>	\$49,900	\$49,900	Lump Sum	Upon signing franchise agreement	Us
Start-Up Package <sup>3</sup>	\$20,000	\$20,000	Lump Sum	No later than the first day of training	Us
Grand Opening Advertising <sup>4</sup>	\$15,000	\$15,000	As Incurred	Before & after opening	Approved Vendors
Initial Training <sup>5</sup>	\$5,000	\$5,000	As Incurred	As Arranged	Us
Travel & Living Expenses While Attending Initial Training	\$1,000	\$3,000	As Incurred	Before, during & after training	Vendors, Airlines, Hotels, Car Rental Companies, etc.
Real Estate/ Improvements <sup>6</sup>	\$0	\$4,200	As agreed with Landlord or Lender	As Arranged	Landlord, Mortgage Lender, Contractors, Vendors
Office Furniture <sup>7</sup>	\$0	\$1,000	As incurred	As arranged	Vendors

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW ESTIMATE	HIGH ESTIMATE			
Sales Vehicle (3 months) <sup>8</sup>	\$500	\$1,700	As Incurred	As Arranged	Approved Vendor
Service Vehicle (3 months) <sup>8</sup>	\$3,000	\$3,000	As Incurred	As Arranged	Approved Vendor
Accounting/ Payroll Services	\$500	\$1,500	Lump Sum	Before Opening Business	Approved Vendor
Office Set-Up/Quickbooks/ Computer Equipment/ <sup>9</sup>	\$90	\$2,500	As Incurred	As Arranged	Vendors
Inventory	Included in Price of Start-Up Package	Included in Price of Start-Up Package	Lump Sum	No later than the first day of training	Shine Development Inc.
Equipment	Included in Price of Start-Up Package	Included in Price of Start-Up Package	Lump Sum	No later than the first day of training	Shine Development Inc.
Licenses and Permits	\$200	\$600	As Incurred	As Arranged	State, County, City
Professional Fees <sup>10</sup>	\$500	\$2,000	As Incurred	As Arranged	Attorney, Accountant
Insurance	\$700	\$2,000	As Arranged	As Arranged	Insurance Companies
Additional Funds (3 months) <sup>11</sup>	\$15,000	\$75,000	As Incurred	As Incurred	Employees, Vendors, Utilities, Taxing Agencies, Etc.
<b>TOTALS</b>	<b>\$111,390</b>	<b>\$186,400</b>			

**Notes:**

1. This table estimates the pre-opening expenses you would incur as a franchisee through the third month of operation for a Shine Franchised Business. None of the amounts listed above that are paid to us are refundable. The refundability of the other items listed above are dependent upon the terms and conditions offered by the party to whom the funds are paid.
2. The initial franchise fee is payable in full, in cash, upon signing the Franchise Agreement, and nonrefundable upon payment (refer to item 5). Neither we nor our affiliate offer direct or indirect financing for your initial franchise fee or for any other payments you must make or costs you must incur in starting and operating your business. The Initial Franchise Fee in the chart above does not account for any discounts offered by us. See Item 5 for more information on the discounts offered under this franchise disclosure document.

- 3.** No later than the first day of training, you will be required to purchase a Start-Up Package for \$20,000, plus applicable tax and shipping costs. The Start-Up Package includes the equipment you will need to start your business, such as a window cleaning package, a pressure cleaning package, and gutter cleaning equipment as outlined in Item 11.
- 4.** You are required to spend at a minimum \$15,000 towards a grand opening advertising campaign, which you must conduct as we instruct using the vendors we approve. A portion of this grand opening advertising may be conducted before you open, after you open, or a combination of both strategies. Regardless, you must spend a total of \$25,000 over the initial 9 months of your Franchised Business. You will pay this amount directly to third-party vendors.
- 5.** See Item 11 for more information about our initial training program. The amounts in the chart represent the estimated out-of-pocket costs (including travel to and from the training site, one double- occupancy hotel room, and dining expenses) for two individuals to attend training. The amount in the chart do not represent wages for these individuals attending the initial training.
- 6.** You are required to lease or purchase an office space that is at least 100 sq. ft. with a warehouse, vehicle parking and storage area that is at least 1,000 sq. ft. within 12 months from the conclusion of Shine Bright Start Training. You may not continue to operate out of your domicile past the initial 12 month period. You must paint the walls of your office and warehouse in the color and type of paint we require. You must also attach interior signage within your office, and you must include our logo on the wall of your office, according to our specifications. You must stock your office with swag we require, which includes blankets, pens, stickers, key chains, hats, and koozies. The amount of the first month's rent and security deposit will depend on the size, condition and locations of the premises, and the demand for the premises among prospective lessees. The lease may impose other charges for percentage rent, real estate taxes, utilities, maintenance, or other expenses. Your landlord may impose a security deposit. You should review your lease or purchase documents to evaluate the cost of real estate leasehold improvements. Lease situations will vary in rental amounts, lease terms, amount of space required and tenant improvements required. Size, configuration and landlord requirements will be major factors in cost. The lower amount assumes you are beginning operation of your Franchised Business from your home and the higher amount assumes a rented space that meets the requirements as listed above. Some landlords finance leasehold improvements by amortizing them over the lease term and charging a higher rental amount to cover the cost. You should attempt to determine your costs and financing options before selecting a location for the office of your Franchised Business. Even if you are taking over or continuing in an existing franchisee's premises or another existing facility, we may require that you remodel or make other changes to the premises to comply with our specifications, at your cost. You must maintain the premises, at your expense, in accordance with our specifications.
- 7.** We do not require you to purchase specific office furniture or furnishings. You may choose to use office furniture or furnishings you already own, in which case you will not incur any costs for these items. If you do not already own basic office furniture, you will be required to purchase some.
- 8.** You must have two vehicles in operation of your Franchised Business. One vehicle will be used for sales activities and providing estimates to you customers and the second vehicle will be your service vehicle. Both vehicles must be enhanced with SHINE Marks and the Service Vehicle must be fully equipped per our specifications. For Sales the lower amount assumes you already own required vehicle and the amount is your estimated cost of enhancing the vehicle with SHINE Marks per our specifications and the high range assumes 3-month cost of leasing your vehicle used in operation of your Franchised Business fully equipped and enhanced with SHINE Marks. The amount in the chart for Service Vehicle is our estimated cost of financing and purchasing a

vehicle from our designated or approved third party suppliers. Currently the cost of enhancement of the service vehicle is included in the vehicle expense; however, if we designate another Approved Supplier, we will provide you with a 30-day notice, upon which you must make additional payment to the Third-party supplier for the enhancement of your vehicle. If you choose to purchase your vehicle your total investment may be higher. You must enhance your approved vehicle with the graphic logo we require and racks for your ladders. You must comply with our standards and use our approved suppliers in adding the ladder rack and graphics to your approved vehicle.

**9.** The low estimate assumes you will already own a computer, printer, and smartphone that meets our standards. The high estimate assumes you will be purchasing this equipment prior to opening. See Item 11 for more information regarding the specifications for your computer/CRM software and hardware.

**10.** There is much variability in the market for attorney and accountant's fees. You may need an attorney to assist and advise you in setting up your business organization and reviewing contract documents. This estimate does not include any ongoing needs for legal services in connection with relationships with customers or vendors.

**11.** This category covers the initial expenses you will likely incur while you establish your business. Your expenditures will depend on factors such as your business skills and experience, general and local economic conditions, competition, the prevailing wage rate, and the volume of business you conduct during the initial period, how well your business is performing, and the number of hours you are willing to invest in your business. These expenses do not include any draw or salary for the owners of the business. This estimate includes the Technology Fee in the amount of \$350 per month for first three months of operation of your Franchised Business. These amounts are estimates only, and we cannot assure you that you will not have additional expenses. We base these estimates on our franchisees' experience in starting and operating their Shine franchise business during the last two fiscal years.

## **Item 8. Restrictions on Sources of Products and Services**

### Purchases from Approved Suppliers; Purchases According to Specifications

You must purchase from us or a supplier we approve certain marketing, equipment, supplies and inventory necessary to start or operate the Franchised Business. This could include, but not be limited to, equipment and products. As to other supplies and inventory, you may purchase them from the vendor(s) of your choice, so long as the item(s) meet our specifications. We supply various products to you with the ease of ordering from our online store. While we are not restricted by the Franchise Agreement to do so, it is our current company policy that only suppliers we approve to provide products or services, according to our standards, be the only approved supplier when (i) the items are proprietary, (ii) the items utilize our trademarks and commercial symbols, (iii) if we can negotiate a better price for our franchisees by leveraging the franchise system's bulk purchasing power, and/or (iv) we believe using our designated suppliers allows franchisees to benefit from the expertise developed by those suppliers in servicing our franchisees. We strive to maintain consistency, high quality, and uniformity within the System. Otherwise, unless a supplier is designated, we may provide recommended suppliers but you are free to choose your own supplier. No franchisor officer owns an interest in any supplier.

We require that you purchase certain items that utilize our trademarks from vendors we approve, including your postcards, business cards, yard signs, thank you cards, coffee mugs, pint glasses, window care materials, apparel, and Christmas lights. We currently have approved suppliers for postcards, business cards, yard signs, thank you cards, coffee mugs, pint glasses, window care materials, apparel, and Christmas lights. We issue specifications in writing and incorporate them

in the Manual. These specifications may include quality, installation, application, delivery, performance, design, brands, model, part numbers and appearance. In some instances, you must purchase items that comply in our reasonable subjective determination of whether such items meet the standards and comport with the Shine image. If we have not provided specifications, you may purchase any items that reasonably meet the requirements of the Franchised Business.

If you propose to purchase from an unapproved source any items for service for which we have identified designated or approved supplier(s), you must request our approval. We may require as a condition of granting approval that our representatives be permitted to inspect the supplier's facilities and that information, specifications, and samples, as we reasonably require, be delivered to us or to an independent, certified laboratory for testing. We may charge a fee for testing, which will be actual cost of the inspection and test, currently \$500. We will notify you within 30 days of your request as to whether you may purchase products from the proposed supplier. If we agree to evaluate a supplier, we will provide the supplier with our specifications and standards and our criteria for supplier approval.

If we have not identified an approved supplier or distributor for an item or service, you may purchase the item or service from a supplier of your choice, but they must meet our specifications, which may include brand requirements. You are not allowed to purchase items or services from vendors, suppliers, distributors, or other providers if we prohibit it.

We must consent to your business premises and lease terms before you sign a lease and before you are allowed to begin operations of your Franchised Business. If we deem necessary, we will require you to sign a lease rider as part of your lease, attached as Attachment F to the Franchise Agreement.

No later than the first day of training, you will be required to purchase from us a Start-Up Package for \$20,000 (plus applicable tax and shipping as described in the Manual). The Start-Up Package includes required supplies, and equipment. During the term of your Franchise Agreement, you will be required to purchase most of the equipment you use in the operation of your Franchised Business, including, if applicable, the window cleaning products, tools, equipment, apparel, and holiday lights, from vendors we approve.

You must have two vehicles in operation of your Franchised Business. One vehicle will be used for sales activities and providing estimates to you customers and the second vehicle will be your service vehicle. Both vehicles must be enhanced with SHINE Marks and the Service Vehicle must be fully equipped per our specifications. Your initial vehicles used in operation of your Franchised Business must be leased or purchased from our designated or approved supplier. Any additional vehicles used in operation of your Franchised Business must be a late model, full-sized truck or van that is in good condition from our designated or any other supplier we may approve. Such vehicle must be compliant, be equipped and enhanced with our current specifications.

You will be required to use our designated vendor for your accounting and payroll services. Your Technology Fee currently includes BPro CRM software; however, you are required to purchase and use computer software and/or hardware package from our approved suppliers. (See Item 11 for more information.) You must grant us and our approved accounting firm an independent access to Shine-specific data or reports generated from your QuickBooks, CRM software, or your POS system at any time. You must provide us with the login information for each of these software and systems.

You are required to use the credit card processing service we approve. Since you accept credit cards as a method of payment at your Franchised Business, you must comply with payment card

infrastructure (“PCI”) industry and government requirements. PCI security standards are technical and operational requirements designed to protect cardholder data. The standards apply to all organizations that store, process or transmit cardholder data and cover technical and operational payment system components involving cardholder data. Notwithstanding the credit card processing requirement, we do not represent, nor certify to you or your customers that the credit card processing service approved or provided by us or an affiliate is compliant, whether or not certified as compliant, with the PCI Data Security Standards. Your credit card processing provider should assist you with this compliance.

Though approved by us, we and our affiliates make no warranty and expressly and disclaim all warranties, including warranties of merchantability for any particular purpose with respect to fixtures, furniture, equipment (including without limitation, any and all required computer systems) supplies or other approved items.

### Insurance

You must obtain and maintain insurance policies protecting you and us against any demand or claim with respect to personal injury, death or property damage, or loss, liability, or expense related to or connected with the operation of the SHINE Franchised Business. All insurance must be provided by an approved vendor or an insurer with an A.M. Best rating of not less than an A-VIII (“excellent” and \$100,000,000 to \$250,000,000 in policy holder surplus) and are authorized to sell insurance in the state in which your Franchised Business is located. You must also provide us with a certificate of insurance and additional insured endorsement complying with the below requirements no less than 10 days prior to opening your Franchised Business for all other policies, and at least 30 days prior to any renewal providing the endorsements as noted below. If you do not comply with the insurance requirements we reserve the right, but not the duty, to force place insurance on your behalf and charge you the premium due along with any administration fee that might apply and which will be due immediately to us.

You must obtain and maintain insurance that meets our minimum insurance requirements, which currently are the following:

- (i) Commercial general liability insurance, including coverage for bodily injury, property damage, products/completed operations, and personal/advertising injury coverage with limits no less than \$1,000,000 per occurrence and \$2,000,000 in aggregate;
- (ii) Automobile liability coverage for owned, non-owned, and hired vehicles, with coverage in the amount of \$1,000,000 combined single limit;
- (iii) Employment practices liability insurance for \$25,000 per occurrence and naming Shine Development, Inc. as a co-defendant;
- (iv) Worker’s compensation insurance where required by law, statutory worker’s compensation insurance, including employer’s liability coverage, with limits not less than \$500,000; and
- (v) any other insurance required by the state or locality in which your Franchised Business is situated.
- (vi) We reserve the right to require you to obtain insurance policies to protect against cybersecurity threats, and accordingly, to require that we are named as additional insured on these cybersecurity insurance policies.

We recommend (but do not require) that you also carry voluntary property damage coverage and personal property of others coverage for your Franchised Business, at your insurance broker’s recommended limits.

We must be named as additional insured on all of these policies, except for worker's compensation insurance, and provide us with the additional insured endorsement for each policy. All insurance policies must include a waiver of subrogation in favor of us and our affiliates, and each company's officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants, and employees, and must include a 30-day notice of cancellation directed to both you and to us or the person we designate.

These are our minimum requirements. We have the right to establish and modify the minimum coverages required and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards, and other relevant changes in circumstances. You should consult with your own insurance advisor to determine whether they are appropriate and sufficient for your business and to protect your assets. Your landlord and lease may require more coverage, additional or different types of coverage.

### Vendor List

You must purchase from us or a vendor we approve all items used to start or operate your business that contain or bear the Marks. All items that you purchase from approved suppliers must meet our specifications. This includes advertising and marketing materials, forms, and promotional items. In addition, you must purchase the signs used to identify the Franchised Business and vehicles from a vendor we approve.

We publish a list of approved vendors and order procedures in the Manual. We may approve other vendors if you request it in writing or if a vendor requests it and if the vendor demonstrates to our satisfaction that it is financially stable and can provide product(s) or service(s) that meet our specifications and that are consistent with our image. We may charge a reasonable fee to cover our costs in evaluating a proposed vendor not to exceed \$500. We will give you a good faith estimate of our cost of evaluating a proposed vendor within a reasonable time after you make the request, but before we begin the evaluation process. We will normally make our decision within 60 days. If no decision is made within 60 days, we reserve the right to disapprove any previously approved vendor whose performance falls below our standards. We will make any approvals of new vendors or revoke approval of vendors in writing and will incorporate our decision in the Manual.

Certain vendors support our annual franchise conference by sponsoring the event. During 2022, we received \$ 14,230 from fees paid by vendors to sponsor and support our franchise conference, which represents 0.77% of our total 2022 revenue.

During our last fiscal year ended December 31, 2022, we received \$36,907 or 2% of our total revenue of \$1,853,523 from franchisee purchases from us or other approved suppliers. During our last fiscal year, our affiliate received no revenue from purchases made by our franchisees. We may negotiate and receive rebates, discounts, allowances or other material consideration from certain designated suppliers with whom you do business. We will retain all such revenue, rebates, discounts and material consideration and have no obligation to share such revenue received with you. We may, but are not required to negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees. Our officers do not own any interest in any of our approved suppliers.

We may negotiate purchase arrangements with suppliers for your benefit in the future, but we are not obligated to do so. There are currently no purchasing or distribution cooperatives in our franchise system. Except as described in this Item, we do not currently provide any material benefits to you based upon your use of designated or approved sources. We estimate that your purchases of goods and services in accordance with specifications will represent approximately 70 to 75% of your total purchases in connection with establishing Your Franchised Business and

approximately 75 to 85% of your total purchases in connection with operating Your Franchised Business.

### Item 9. Franchisee's Obligations

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Article 6	Item 11
b. Pre-opening purchases/leases	Article 6	Item 7
c. Site development and other pre-opening requirements	Article 6	Item 7
d. Initial and ongoing training	Articles 4, 10	Item 11
e. Opening	Article 6	Items 7, 8, 11
f. Fees	Articles 2, 15	Items 5, 6, 7, 8, 9, 10
g. Compliance with standards and policies/Operations Manual	Articles 1, 6, 7	Items 8, 11
h. Trademarks and proprietary information	Articles 1, 5	Items 13, 14
i. Restrictions on products/services offered	Article 7	Items 8, 16
j. Warranty and customer service requirements	Article 7	Items 11
k. Territorial development and sales quotas	Article 13	Item 12
l. Ongoing product/service purchases	Article 7	Item 8
m. Maintenance, appearance and remodeling requirements	Article 7	n/a
n. Insurance	Article 8	Item 7
o. Advertising	Article 2	Items 6, 7, 11
p. Indemnification	Article 8	Item 13
q. Owner's participation/management/staffing	Articles 4, 7	Item 15
r. Records and reports	Article 3	Items 8, 15
s. Inspections and audits	Article 3	Item 6
t. Transfer	Article 10	Item 6
u. Renewal	Article 1	Item 6



Obligation	Section in Agreement	Disclosure Document Item
v. Post-termination obligations	Articles 5, 15	Item 17
w. Non-competition covenants	Article 14	Item 17
x. Dispute resolution	Article 16	Items 9 & 17
y. Unlimited Guaranty	Article 9	Attachment C

### Item 10. Financing

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

### Item 11. Franchisor's Assistance, Advertising, Computer System & Training

#### Pre-Opening Obligations.

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

As set forth in Article 6 of the Franchise Agreement, after you sign your Franchise Agreement, but before you open your business, we will:

1. We will determine your Protected Area under the Franchise Agreement (Franchise Agreement – Article 1, Attachment B).
2. Provide to you, on loan, one copy of the SHINE Business Operations Manual(s), either in electronic or paper form. (the “Manual” or “Operations Manual”) (Franchise Agreement – Article 1).
3. Provide initial training for you as described in detail below (Franchise Agreement – Article 4).
4. You will be required to obtain our approval of your location (Franchise Agreement – Article 1, Attachment B).
5. We will provide you directly with the Start-Up Package. The Start-Up Package includes the start-up equipment, and supplies fulfillment you will need to operate your business. For all other items you will need, including other equipment, signs, fixtures, opening inventory, we will provide you with a list of our approved or recommended vendors and the specifications for all items you will need for your business. We deliver the Start-Up Package to you but do not otherwise install or deliver any of these items to you. (Franchise Agreement – Article 1).
6. Provide you a copy of our approved or recommended vendors. (Franchise Agreement – Article 1).

We are not required to provide you other supervision, assistance or services prior to the opening of the Franchised Business. However, if requested, we may advise on additional topics related to the opening of your Franchised Business (Franchise Agreement – Article 1).

#### After you open your Franchised Business, we will:

1. Take any actions we deem appropriate to protect or defend the Marks or System (Franchise Agreement - Article 1).

2. Manage any National Advertising Fees. (Franchise Agreement – Article 2.)
3. Provide a periodic training program. Please refer to Franchise Agreement - Article 4 for information regarding the frequency and number of training programs we may require you to participate in.
4. While we are not required to do so, from time to time we may offer conferences and other training courses relating to our industry and to the conduct of the Shine System. You must send at least one representative from your Franchised Business to our annual National Convention and any other trainings we require. These courses may be conducted by our employees and/or by other trainers and will address various aspects of our business and other topics of interest to you or us. We have the right to charge you a tuition fee of up to \$500 for each attendee, whether or not the attendee is required to attend or actually attends the conference, convention, or training courses. Additionally, you will be responsible for all transportation, lodging, food, and other costs incurred by your manager in attending such conference or training. If you do not attend a scheduled required event, we have the right to increase your Royalty by 1% Gross Revenue for the remainder of the calendar year (Franchise Agreement – Article 4). We also expect to be in regular contact with you to discuss your operation of the Franchised Business and to generally be of assistance; you are required to participate in these discussions and coaching sessions.

## **Operations Manual**

Our Operations Manual may be in digital format to view on a web platform or PDF format available for download. The Operations Manual contains specifications and mandatory and suggested standards and procedures. This Operations Manual is confidential and remains our property. We will modify the Operations Manual, but the modifications will not alter your status and rights under the Franchise Agreement. Currently our Field Operations Manual is located within our Shine University platform that is digitally based only; our Operations Policy Manual is available in PDF format. Exhibit D includes a representation of the Table of Contents of the Operations Manual. The Operations Manual is comprised of approximately 113 pages.

## **Initial Training**

Initially, you must have a minimum of two people to operate and provide the services of the Franchised Business. Of these two, one must be you or another operating principal. You or a designated manager (“Manager”) must work full time and use his/her best efforts in the business operations and management.

Our Initial Training cost includes training for you and three additional individual. If you or another operating principal are the Manager, then you (or the operating principal serving as Manager) and a technician must attend and complete our initial training to our satisfaction. If you or another operating principal are not the Manager, then you (or another operating principal), the Manager, and a technician must attend and complete our initial training to our satisfaction. Initial Training Fee must be at the time you execute your franchise agreement in the amount of \$5,000 and this fee does not include any out-of-pocket expenses such as travel, lodging, food or wages you may incur. This fee is fully earned and non-refundable upon payment nor is it reduced in lower than four individuals attend the initial training.

Our initial training program is provided under the supervision of John Blair who has been with us for three years, and has over 21 years’ experience in the industry. We may designate individual from our Shine Home Office team to train you provided that any individual training you will be conducted by an individual with minimum one year experience in the industry or under direct supervision of John Blair. Our initial training is generally scheduled on an as needed basis. We will decide whether you successfully complete the initial training program based upon knowledge test results and our observations of your ability to use the knowledge effectively. You must

successfully complete the initial training no more than 30 days before the scheduled opening of your Franchised Business. You are responsible for all salaries, compensation and travel related expenses of your attendees receiving training, both initial training and ongoing training.

In all cases, you are solely responsible for all salaries, compensation, benefits, travel and related expenses for trainees

The Operations Manual will be the primary instructional material.

You or your Manager will train all your other employees. All newly hired full-time employees must successfully pass the required training before beginning work in the field. For further information regarding training of employees, please review Franchise Agreement – Article 4.

### Ongoing Training

While we are under no obligation to do so, we plan to provide additional, ongoing training for you and your manager(s) and employees at no additional charge if the training is already on our schedule. You would be responsible for salaries, compensation, benefits, and living and travel expenses of trainees attending any ongoing training.

#### TRAINING PROGRAM – SHINE BRIGHT START 1,2, & 3 (BS 1, 2, & 3)

(for Owners and Managers)

TOPIC	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
<b>5-6 WEEKS PRIOR TO HQ ON SITE TRAINING - Shine University ~ BS1</b>			
Self-directed virtual modules, Zoom calls & 3x weekly coaching calls – Their Location-Virtual			
<b>DAY ONE – CULTURE-BRAND, LEADERSHIP, TECHNOLOGY, SALES-CRM ~ BS2</b>			
Culture/Brand	1		Support Center Kalamazoo, Michigan; or any other physical or virtual location including Shine University, as we designate
Leadership	1		Support Center Kalamazoo, Michigan; or any other physical or virtual location including Shine University, as we designate
Technology	3		Support Center Kalamazoo, Michigan; or any other physical or virtual location including Shine University, as we designate
Sales/CRM	3		Support Center Kalamazoo, Michigan; or any other physical or

TOPIC	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
			virtual location including Shine University, as we designate
<b>DAY TWO – MANAGEMENT, FINANCIAL, OPERATIONS~ BS3</b>			
Management	1		Support Center Kalamazoo, Michigan; or any other physical or virtual location including Shine University, as we designate
Financial/Estimating	3		Support Center Kalamazoo, Michigan; or any other physical or virtual location including Shine University, as we designate
Operations	4		Support Center Kalamazoo, Michigan; or any other physical or virtual location including Shine University, as we designate
<b>DAY THREE – BUSINESS DEVELOPMENT MANAGER (SHADOW)</b>			
GM Shadow		8	Support Center Kalamazoo, Michigan; or any other physical location we designate
<b>DAY FOUR – ACT AS BUSINESS DEVELOPMENT MANAGER (LEAD)</b>			
GM Lead /Operations		8	Support Center Kalamazoo, Michigan; or any other physical location we designate
<b>DAY FIVE – ACT AS BUSINESS DEVELOPMENT MANAGER (LEAD)</b>			
GM Lead /Operations		8	Support Center Kalamazoo, Michigan; or any other physical location we designate
<b>OFFICE, ON SITE, &amp; VIRTUAL TRAINING</b>			
Shine University- Sales, Leadership, Financials, Marketing, Operations, Technology	10		Their Location-Virtual

TOPIC	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
<b>TRAINING TOTALS</b>			
Leadership/Management		2	Their Location-Virtual
Technology		3	
Office Operations	12		
Operational-On Site	4	24	
<b>Totals</b>	<b>26</b>	<b>29</b>	

All times are approximate and we may customize them based upon your experience and rate of learning and suited to your schedule. The locations of the training are as indicated in the chart above and the designated location. Franchise Agreement – Article 4.

If our representative is scheduled to conduct on on-site training program at your Franchised Business and you subsequently cancel the scheduled training program, then you must pay us our then current on -site training cancellation fee (“On-Site Cancellation Fee”). The On-Site Training Cancellation Fee may vary depending upon the type of scheduled training program and how far in advance you notify us in writing of the cancellation.

You agree that we are not obligated to provide any training or assistance to your particular level of satisfaction, but as a function of our experience, knowledge and judgment. You also acknowledge that we are not obligated to provide any services to you that are not set forth in this agreement. If you believe we have failed to adequately provide any pre-opening services to you or to your employees, whether with respect to site selection, selection and purchase of equipment and supplies, training or any other matter affecting the establishment of your Franchised Business, you must notify in writing within 30 days following the opening of your Franchised Business or you will be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by us were sufficient and satisfactory in your judgment and complied with all representations made to you.

### Site Selection

You may begin operation of your Franchised Business from your domicile ; however no later than within twelve (12) months after signing your Franchise Agreement and completion of your Shine Bright Start training, you must purchase or lease a commercial location for your Franchised Business (“Premises”), subject to our approval. You will not sign a lease, sub-lease or other obligation until after you have received our approval of the Premises and lease or sub-lease in writing. We will not unreasonably withhold approval. If we do not approve your request in writing within 30 days following our receipt, the site will be deemed to have not been approved. We consider factors such as demographics and the general makeup of the surrounding area, including competitors, when considering sites for the franchise.

We do not plan to own any of the sites where our Franchised Businesses will be located and do not lease office space to franchisees.

Approval of the Premises or the lease or sub-lease by us does not constitute a representation or warranty that the Premises will be good and does not constitute a legal or other opinion as to any term of the lease or sub-lease or the safety or legal compliance of the Premises. You acknowledge and agree that failure to select an approved location within 60 days after signing

your Franchise Agreement is cause for termination of the Franchise Agreement. Franchise Agreement -- Article 6. We do not generally own the premises or lease directly to franchisees.

You are required to lease or purchase an office space that is at least 100 sq. ft. with a warehouse and storage area that is at least 1,000 sq. ft. You must paint the walls of your office and warehouse in the color and type of paint we require. You must also attach interior signage within your office, and you must include our logo on the wall. You are required to lease or purchase an office space that is at least 100 sq. ft. with a warehouse and storage area that is at least 1,000 sq. ft. of your office, according to our specifications. You must stock your office with advertising and marketing materials we require, which includes blankets, pens, stickers, key chains, hats, and koozies. You must purchase these items from us or our affiliate, or from other vendors we designate.

If you request that we send a person to your Protected Area (as defined in Item 12 below) to assist in identifying, selecting or negotiating the terms of a lease or purchase of or otherwise in connection with your selection of Premises, we may send such person to assist you provided that you arrange for appropriate transportation, hotels and meals and reimburse them for all reasonable out-of-pocket expenses incurred in visiting your Protected Area and assisting with the selection of your Premises.

Other than those things described in Item 8 or Item 11 of this disclosure document, we do not provide assistance with conforming the premises to local ordinances and building codes and obtaining any required permit, and/or constructing, remodeling, or decorating the premises, and or hiring and training employees.

### Marketing and Promotions

All marketing and promotion must be conducted in a professional and dignified manner and must conform to our specified standards and requirements. All marketing and promotional materials, including product identification materials, point-of-purchase promotional materials, promotion memorabilia, and merchandise and prizes, will either be provided for you, or be made available to you for purchase through us.

We may create and license to you, social media accounts, e-mail marketing software accounts and other electronic accounts that use the Marks or any portion of them, used by you with any Internet directory, website, platform, or similar item in the operation of your Franchised Business. You may not create websites, social media accounts, e-mail marketing software accounts or other comparable accounts outside of those which we license to you. You will operate your Franchised Business so that it is clearly identified and advertised as a SHINE franchise. You will use the trademark "SHINE" and the other Marks which now or hereafter may form a part of the System, on all signs, suppliers, business cards, uniforms, advertising materials, Technology platforms, signs and other articles in the identical combination and manner as we may prescribe in writing and you will supply to us samples and photographs of the same up on our request. You will comply with all trademark, trade name, service mark and copyright notice marking requirements and you will supply to us samples or photographs upon our request.

### **National Advertising Fee**

We utilize the National Advertising Fee to pay for the creation of national, regional, and local advertising as we see fit. The current contribution is 1% of your Gross Revenues. The National Advertising Fee may be raised by us to 2% of your Gross Revenues. Other franchisees' National Advertising Fees may be calculated at a different rate or on a different basis and, under limited circumstances, certain franchisees may not be required to pay National Advertising fees. We have

the sole discretion to settle or forgive any accrued and unpaid National Advertising Fees owed by a franchisee.

We have the sole discretion how and where the National Advertising Fees are spent to promote, enhance, or further the growth of the system, including, without limitation, promotional marketing, public relationships, and advertising expenses, hiring marketing, public relations and advertising agencies and in-house personnel to assist in developing the Shine brand name and average unit volumes, expenses associated with listings in telephone books and online directories, subsidies designed to garner media attention and promote the brand name, travel expenses in connection with promotions and marketing meetings, training, development of trademarks and trademarked materials, production of circulars, media, advertisements, coupons, and promotional materials (including point of purchase materials) and for any other use we may determine. Additionally, we may use the National Advertising Fees to pay for expenses incurred in developing and maintaining non-franchise sales portion of the website, social media pages, SEO software or services for the brand and technology development and services for the brand. Materials developed from proceeds from the National Advertising Fees available all franchisees may include video and audio recordings, digital prototypes, mats, posters, banners, and miscellaneous point-of-sale items. You will be responsible for implementing any advertising programs or placing any advertising content we create, at your own expense. You will receive one sample of each at no charge. If you want additional copies, you must pay duplication costs.

We may occasionally provide for placement of advertising on behalf of the entire franchise system. However, you are responsible for expenditure of the Local Advertising Fee and utilizing the advertising content we provide in your local Protected Area. Most placement of advertising would be on a local or regional basis, typically by local or regional advertising agencies hired by individual franchisees or advertising cooperatives. We have no obligation to spend any amount of the National Advertising Fee or any other marketing monies in your area of Protected Area.

We will not use National Advertising Fee monies for creating or placing any advertisement that is principally a solicitation for new franchisees, but may include in all advertising prepared using these monies (including Internet advertising) information concerning franchise opportunities, and a portion of National Advertising Fee monies may be used to create and maintain one or more pages on our web site devoted to advertising franchise opportunities and identifying and screening inquiries and applications submitted by franchise candidates.

We do not, and have not, used the National Advertising Fees to specifically solicit and sell franchises, however, some amount may be used to maintain the Shine website, which contains a page that discusses the Shine franchise opportunity.

There is no requirement that the National Advertising Fee monies be audited. We will have an accounting of the National Advertising Fee monies prepared each year and we will provide you with a copy if you request it. The National Advertising Fee account is not a trust and we assume no fiduciary duty in administering the National Advertising Fee monies. Company-owned Shine businesses are not required to contribute to National Advertising Fees on the same basis as other franchisees.

During our fiscal year ending December 31, 2022, we collected \$91,414 in National Advertising Fee contributions. The following is a percentage breakdown of the use of the National Advertising Fees for our 2022 fiscal year:

Production	82%
Administrative Expenses	18%
TOTAL	100%

We currently sponsor the Shine Advisory Council. The council consists of five franchisee members that advises us on advertising policies. Participation in the advisory council is mandatory. The advisory council does not have decision-making power; it is advisory only. We have the right to form, change or dissolve any advisory council as well as to increase or decrease the number of participants involved. You can reach the Shine Advisory Council by contacting us at 5550 Granite Parkway, Suite 195, Plano, Texas 75024 or 800-513-1794.

### **Grand Opening Advertising**

You are required to spend at least \$15,000 in Grand Opening Advertising in a manner that we require. You may choose to spend more, but any additional amount spent must conform with our requirements. We may require this amount to be spent before opening, within a certain number of days after opening, or a combination thereof. You will pay this amount directly to approved third-party vendors, as we require. The Grand Opening Advertising obligation is in addition to other advertising obligations, and does not count towards the National Advertising Fee or the Local Advertising Fee obligations.

### **Local Advertising**

You must spend minimum 10% of Gross Revenue on local advertising until you reach Gross Revenues of \$500,000; if your Gross Revenues is between \$500,001 to \$750,000 you will be obligated to spend minimum 7% of Gross Revenue on local advertising. if your Gross Revenues is between \$750,001 to \$1,000,000 you will be obligated to spend minimum 5% of Gross Revenue on local advertising and upon achieving Gross Revenues of over \$1,000,001 you will be obligated to spend minimum 3% on local advertising. Regardless of your minimum spend identified in this section, you must Local Advertising spend must include \$500 per month on pay-per click digital advertising. We may require you to spend this money with vendors we designate. All required spend in Local Advertising including the Pay Per Click digital advertising must be done according to our standards and specifications as we set forth in our written policies, and confidential operations Manual. If you fails to meet the Local Marketing Requirement and/or fails to provide verification of your spend, you must pay us the difference between the required spend and actual amount spent on local advertising for your Franchised Business. We may utilize these amounts for National Advertising Fee program at our sole discretion. If we utilize the Local Advertising Fee for National Advertising, you will not be credited and this contribution is in addition to your obligation to pay into the National Advertising Fee.

We are not obligated to spend any amount on advertising in your Protected Area.

### **Local or Regional Advertising Cooperatives**

We do not currently require you to participate in any local or regional advertising cooperatives. We have the exclusive right to require that advertising cooperatives be formed, changed, dissolved, or merged. If you are required to participate in an advertising cooperative, you will be required to contribute your share of the cooperative's budget as determined by the cooperative's members.



Each required local advertising cooperative must adopt written governing documents. Each cooperative may determine its own voting procedures; however, each company-owned Shine business will be entitled to one vote in any local advertising cooperative. The members and their elected officials are responsible for administration of the cooperative. Advertising cooperatives must prepare quarterly and annual financial statements prepared by an independent CPA and must be made available to all franchisees in the advertising cooperative.

Any cooperative formed is not a trust fund. We have no fiduciary duty to your or any franchisee in connection with the collection or use of the cooperative monies or any aspect of the operation of the Cooperative.

You may not engage in sales through alternative distribution channels or the Internet without our prior written approval. We are not required to give you such approval. You shall not engage in marketing on any social media websites, including but not limited to Facebook and Twitter without prior written consent from us. You may not include any photos on your website that contain any Shine Window Care or Shine Holiday Lighting logos on gear or articles of clothing.

### **Computer System/CRM System**

We require you to use certain computer equipment and software. You may not select any computer hardware that does not meet or exceed our current minimum requirements. You must also have a late-model smart phone and other technology we require from time to time. It is your responsibility to have our required software installed on your laptop in order to be eligible for training. You are responsible for maintaining and repairing your hardware and for installing necessary updates and upgrades to the operating system software necessary. We estimate the annual cost of these updates and upgrades would be about \$500 per year. We may recommend or require additional hardware, software, licensed services, or devices. The computer system and/or CRM for your Franchised Business will be dedicated for the operation of your Shine franchise and used for no other purpose. All sales must be processed through the approved CRM systems and reported as gross revenue and no other supplemental or secondary CRM system may be used.

We currently require you to use the following computer software: Better Software (BPro) (“CRM”) software; you must only use the software we designate and it must be purchased from our approved or designated supplier; Shine approved communication and coaching platforms; and Google Drive/Emails. You must purchase separately a QuickBooks Online Plus subscription from INTUIT and operate using QuickBooks continuously; your QuickBooks subscription must include a budgeting software component and you must reconcile your books each month. Your Technology Fee currently includes the cost of your BPro CRM software; however, at our sole discretion we may charge additional fee for the cost of CRM software or designate an Approved Supplier for the CRM software. If we implement a separate fee or designate an Approved Supplier, we will provide you with a 30-day notice, upon which you must make additional payment to us or the third-party supplier.

You must pay us a Digital Marketing Fee, which will cover the website content management services we provide to you. We have the right to add or delete services and increase this fee at any time.

We and our approved accounting firm are to be allowed access to the Shine-specific portion of your QuickBooks and CRM software at any time. You may be required to share login information with us.

As scheduling, report preparation and processing software and accounting programs become more sophisticated, we may require you to upgrade, replace, or supplement hardware and related items. We anticipate the cost to purchase or lease the computer system and all required software

to be \$2,000. You must upgrade your computers, modems and printers and purchase any additional equipment we specify to accommodate the software, or to improve the overall effectiveness and competitiveness of your business. There are no contractual limitations on the frequency or the costs you may incur to upgrade or update the system. Neither we nor our affiliate nor other third parties have any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer hardware or software. We will have independent and unlimited access to the information that will be generated or stored in any electronic cash register or computer system. There are no contractual limitations on our right to access the information.

### Information Systems/Technologies

We may designate the information system used in your Franchised Business, including the computer hardware, software other equipment and enhancements (the "Information System"). If you suspect or know of a security breach, you must immediately give notice of such security breach and promptly identify and remediate the source of any compromise of security breach at your expense. You assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the franchise business unless otherwise directed by us.

You are solely responsible for protecting yourself from disruptions, Internet Access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and you waive any and all claims you may have against us or our affiliates as the direct or indirect result of such disruptions, security breach and promptly identify and remediate the source of any compromise of security breach at your expense. You assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the Franchise Business, unless otherwise directed by us.

You hereby release and agree to hold us and our affiliates and our respective officers and directors, harmless from and against any and all claims, liability, damages or causes of action of any nature arising from or in connection with the installation, maintenance or operation of the Information System and its billing and payment processing, except to the extent arising from such party's gross negligence or intentional acts.

All of the information we or our affiliates obtain from you or about your Franchised Business, and all information in your records or our concerning the members of your Franchised Business ("the Information") and all revenues we derive from the Information will be our property. However, you may at any time during the term of your franchise agreement, use in the operation of your Franchised Business (but for no other purpose), to the extent lawful and at your sole risk and responsibility, any information that you acquire from third parties in operating your Franchised Business, such as customer data. The information (except for information you provide to us or our affiliates with respect to you and your affiliates, including your respective officers, directors, shareholders, partners or equity members of your entity) will become our property which we may use for any reason as we deem necessary or appropriate in our discretion. You hereby authorize your payment processor to release the information to us at any time. Following termination or expiration of this Agreement you will no longer use any of the Information, except to comply with your post-term obligations under this Agreement and you authorize your payment processor to release the Information exclusively to us and/or our designees

### **Time to Open**

The typical length of time between when you sign the Franchise Agreement or pay the initial franchise fee and the time when your Franchised Business opens will generally be 60 to 90 days after signing the Franchise Agreement. The factors that may increase or decrease the time

periods discussed above are: the amount of time and effort you commit to the site selection process for your office and the upfit of your office; the availability of acceptable sites within the geographical area you choose; your ability to obtain a lease, financing and building permits; your credit and personal financials; and zoning and licensing requirements within your Protected Area. Delays or a lack of effort by you, your contractors or your prospective landlord will increase these time periods. If you do not open within 90 days of signing the Franchise Agreement, we reserve the right to terminate your Franchise Agreement.

### **Item 12. Territory**

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You may not solicit directly or indirectly with the use of other channels of distribution such as the Internet, catalog sales, telemarketing, or other direct marketing, orders from consumers outside your Protected Area.

We will grant you a protected geographic area (“Protected Area”), which we will describe in Attachment B to the Franchise Agreement. We will not operate or license another to operate a Shine business of the same type as the one you operate in your Protected Area. Generally, a Protected Area will have a minimum of 50,000 households up to 100,000 households, and will be defined by zip codes; although we have the right to grant you a Protected Area with fewer households if you and we so agree.

The initial franchise fee is \$49,900 for the first franchise consisting of 50,000 to 100,000 households. If you choose to purchase two franchises at the same time, you will pay \$79,800, (\$49,900 for the first and \$29,900 for your second franchise). If you choose to purchase three or more franchises at the same time you will pay \$49,900 for the first and \$24,900 each subsequent franchise. Any subsequent franchise purchased individually after signing your franchise agreement is subject to our then-current initial franchise fee. Initial franchise fee paid and is fully earned upon receipt and non-refundable. Any subsequent franchise purchased individually after signing your franchise agreement is subject to our then-current initial franchise fee. Each additional franchise is governed under a separate franchise disclosure document and franchise agreement.

You may accept orders outside your Protected Area. If you accept clients outside of your Protected Area, and we award the area containing those clients to another franchisee, you must relinquish those clients outside of your Protected Area to the new franchisee. If you accept clients outside of your Protected Area, and if that area is another franchisee’s protected area, you must pay us and the franchisee the Encroachment Fee of \$1,000 per job performed and 50% of revenue generated from such sale to the franchisee whose protected area in which the sale was made. We do not grant you a right of first refusal or any other rights for orders originating in areas that are not in your Protected Area, and while we do not require it, we encourage you to buy additional Protected Areas adjacent to your Protected Area if you want to secure those clients.

If you are not in breach of the Agreement, we will not locate or open another Shine business of the same type you operate under the Marks and using the System in your Protected Area, either company-owned or franchised, during the term of the Agreement. We reserve the right to review your Protected Area with the intent of confirming the current demographics and/or population changes. If the population has increased by 20% or more since the effective date of your signed franchise agreement, we reserve the right to reduce your Protected Area to align with the household specifications as listed above.

Other than as described in this Item 12, we will not adjust your Protected Area during the initial term of your franchise agreement; however, we retain the right to adjust your Protected Area at

the time you sign a renewal agreement in our sole discretion for if the population and demographics change or for any other reason.


You are permitted to operate the Franchised Business only at one location, which must be within your Protected Area. You may not relocate the Franchised Business without our prior written approval which we will not unreasonably withhold. We do not grant you any options, rights of first refusal, or similar rights to acquire additional franchises except as set forth in this Item. In determining the original size and boundaries of your Protected Area, we will consider demographic and other factors that we deem appropriate, including the number of people living within the market area, the number and size of competitors, traffic patterns, the competitive situation, natural determinants, and economic data. We will not necessarily give any single factor or combination of factors controlling weight. Your Protected Area will not be identical to that of any other franchise and you must make your decision whether to purchase the franchise based upon your knowledge of your proposed Protected Area. You may not market your goods and services over the Internet or through other alternative distribution methods such as catalog sales, telemarketing or other direct marketing without our prior written approval.



We also reserve the right, to enter into agreements with specific regional or national customers in order to establish a National Account, in any area, including in the Protected Area. If we establish a National Account in your Protected Area you agree to service the National Account under the same terms, pricing, and provisions negotiated for the National Account. Under certain circumstances if we determine in our sole discretion that you are not capable of servicing the National Account, or if the volume of services exceed demand at the time, we may authorize other SHINE franchisees or other qualified third-parties to provide the services. We and our affiliates reserve the right to use other channels of distribution, such as the Internet, catalogue sales, telemarketing, or other direct marketing sales, to make sales within your Protected Area using our principal trademarks or other unrelated marks. You will not be entitled to any compensation from us for soliciting or accepting orders from inside your Protected Area.

You must maintain a minimum sales volume of \$150,000 during your first year, \$250,000 per year beginning in year two through year four and \$500,000 beginning year five and thereafter, calculated on an annual, rolling basis (“Minimum Sales Volume”). If you fail to maintain the Minimum Sales Volume, we have the right in our sole decision to terminate your franchise agreement, reduce your Protected Area, require increased marketing unless you take action to develop with us a workout plan (also known as a corrective action plan) and follow the requirements of the workout plan. Except for achieving Minimum Sales Volume, your rights to the Protected Area granted under the Franchise Agreement are not contingent upon achieving a certain sales volume, market penetration, nor any other contingency and cannot be altered.

### Item 13. Trademarks

Our affiliate, Shine International, owns and has registered the following trademark (“Marks”) on the Principal Register of the United States Patent and Trademark Office. All required affidavits have been filed.

Mark	Registration Number	Registration Date	International Class
 (Design plus words, letters, and/or numbers)	4101249	February 21, 2012	037

Mark	Registration Number	Registration Date	International Class
 (Design plus words, letters, and/or numbers)	4018935	August 30, 2011	037
SHINE (standard character)	5891144	October 22, 2019	037
 (Design plus words, letters, and/or numbers)	5891132	October 22, 2019	037

By a license agreement effective October 8, 2010, Shine International granted us the exclusive license to use and sublicense all of Shine International’s intellectual property that is or may be associated with the system or the proprietary marks (the “Shine International License Agreement”). The trademarks and service marks listed below and any additional trademarks and service marks are referred to herein as the “Proprietary Marks” or “Mark”. The Shine International License Agreement grants us the right to sublicense the Proprietary Marks to franchisees. All rights in and goodwill from the use of the Proprietary Marks ultimately accrue to Shine International as the trademark owner. Upon execution of our Franchise Agreement, we will sublicense to you the nonexclusive limited right to use certain Marks. The term of the Shine International License Agreement is perpetual, unless otherwise terminated by Shine International. There are no infringing uses actually known to us that could materially affect your use of the Marks, we have not conducted an exhaustive search of users of names which may be the same or similar to our Marks.

We give you the right to use the trademarks “Shine,” “Shine Window Care” and “Shine Holiday Lighting” and other trade names, trademarks, service marks, trade dress and logos we currently use or which we may adopt or approve (the “Marks”) in the Franchised Business. You must follow our rules when you use the Marks. You may only use the Marks exactly as we specify. You may not use any of the Marks in connection with the offer or sale of any unauthorized product or service.

There are no currently pending or concluded determinations of the USPTO, the Trademark Trial and Appeal Board, any state trademark administrator or any court, or any other pending interference, opposition, or cancellation proceedings that would impact a potential franchisee’s use of the above-referenced Marks for the services franchised. There is no pending material federal or state court litigation regarding our use or ownership rights in any Mark. There are no currently effective agreements that significantly limit our right to use or license the use of the Marks listed in this section in a manner material to the Franchised Business. We know of no superior prior rights or infringing uses of the Marks that could materially affect your use of the Marks.

You may use only the Marks that we designate, must use them only in the manner that we authorize and permit, and must use them with the symbols, “®”, “™”, or “SM”, as appropriate. You may use the Marks only in connection with the operation and promotion of the Franchised Business and only in the manner we prescribe. You may not contest ownership or validity of the Marks or any registration of the Marks or our right to use or to sublicense the use of the Marks.

You must sign all documents that we require in order to protect the Marks and to maintain their validity and enforceability.

You may not use the Marks or any part of the Marks in your corporate name, and you may not use them to incur any obligation or indebtedness on our behalf.

You may not use the Marks or any part or derivative of the Mark on the Internet, except as expressly permitted in writing. This prohibition includes use of the Marks or any derivative of the Marks as part of any URL or domain name, as well as their registration as part of any user name on any gaming website or social networking web site (such as FACEBOOK, INSTAGRAM, or TWITTER) or as part of any unauthorized email address.

You must promptly notify us of any suspected unauthorized use of, or any challenge to the validity of the Marks or Copyrighted Works (defined below in Item 14), or any challenge to our ownership of, or license to use and to license others to use, or your right to use, the Marks or Copyrighted Works. We have the right to direct and control any administrative proceeding or litigation or other adjudicative proceeding involving the Marks or Copyrighted Works, including any settlement of the proceeding. We or our affiliate has the right, but is not obligated, to take action against uses by others that may constitute infringement of the Marks or Copyrighted Works. We will defend you against any third-party claim, suit, or demand arising out of your use of the Marks or Copyrighted Works. If we determine that you have used the Marks and Copyrighted Works according to the terms of the Franchise Agreement, we will pay the cost of the defense, including the cost of any judgment or settlement. If we determine that you have not used the Marks and Copyrighted Works according to the terms of the Franchise Agreement, you must pay the cost of the defense, including the cost of any judgment or settlement. If there is any litigation regarding your use of the Marks or Copyrighted Works, you must sign all documents that we require and do all things that we consider necessary to carry out the defense or prosecution, which may include becoming a nominal party to any legal action. Unless the action is the result of your use of the Marks or Copyrighted Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket litigation costs in doing such acts.

We have the right to designate new, modified and/or replacement Marks for your use and to require you to use the new, modified or replacement Marks in addition to or in lieu of any previously designated Marks. You must comply with the directive, at your expense, within 60 days following your receipt of written notice of the change

#### **Item 14. Patents, Copyrights and Proprietary Information**

We do not currently own any patents. We claim copyright protection and will continue to claim copyright protection of the Operations Manual and revisions of all manuals and handbooks and construction plans loaned to you, and all training materials we provide or sell to you and your employees. We have not registered any copyrights, but may in the future.

The Operations Manual(s), the contents of each, and certain other information we will provide to you, including certain methods, marketing and sales strategies and annual reports on marketing funds expenditures, if required, are all confidential trade secrets. All information we provide to you or which you develop in the course of performing under the Franchise Agreement, which is not generally available to the public, and which a competitor might find valuable are trade secrets. If we designate something as a "Trade Secret," you must treat it as a Trade Secret whether or not it would otherwise meet any definition of "Trade Secret." You are responsible for protecting all trade secrets and other confidential and proprietary information and you cannot transfer them or sell them to anyone at any time. You must require your Manager(s) and other employees who have access to Trade Secrets to comply with your obligations under the Franchise Agreement to

protect our Trade Secrets. The Franchise Agreement does not require us to take any action to protect our copyrighted information.

If you or your principals, officers, managers, or employees conceive, invent, create, design and/or develop any ideas, techniques, methods, processes or procedures, recipes, formulae, products, packaging or other concepts and features relating to the operations, business practices or the manufacturing, production, marketing or sale of window cleaning, pressure cleaning, screen cleaning, gutter cleaning and holiday light hanging services for homes, or related goods and services in connection with the Franchised Business (the “Innovations”), you (or they) will be deemed to have assigned all of your (or other) rights, title and interests in the Innovations, including any intellectual property rights, to us. You and your Principals, officers, managers and employees also must cooperate with us in connection with protecting the Innovations.

If you reproduce any items or materials suitable for copyright protection, you must make sure that each item bears a copyright notice in the form specified by us. You must use the proprietary information only in the manner required by us and in no other manner. This information is strictly confidential, and you may not disclose to any person, or use any of that information for any purposes, except disclosure to a person who has signed and delivered to us a confidentiality agreement and only as necessary in connection with the operation of your Franchised Business. In addition, you must fully and strictly comply with all security measures required by us for maintaining the confidentiality of all information designated by us as trade secrets.

You will not have the exclusive right to use the Innovations or any of our patents or patent applications, copyrights or proprietary information, nor will you acquire, by use or otherwise, any right, title or interest in or to the Innovations, the copyrights or the proprietary information, other than as expressly contained in, and limited by, the Franchise Agreement. Your right to use the Innovations, the claimed subject matter of any patents or patent applications, the copyrights and the proprietary information is limited and temporary. Upon expiration or termination of the Franchise Agreement, you may not, directly or indirectly, use the Innovations, the claimed subject matter of any patents or patent applications, the copyrights or the proprietary information in any manner or for any purpose whatsoever.

You must immediately notify us of any conduct that could constitute infringement of or challenge to the Innovations, the patents or patent applications, the copyrights and the proprietary information. We will decide, in our sole discretion, whether to institute any action in connection with infringement of or challenge to the Innovations, the patents or patent applications, the copyrights and the proprietary information, and will control any proceedings and litigation. We are not required to protect your right to use the Innovations, the patents or patent applications, the copyrights or the proprietary information. We will indemnify you for all damages for which you are held liable in any lawsuit arising out of your use of our Innovations, claimed subject matter of any patents or patent applications, copyrights and proprietary information in compliance with the Franchise Agreement.

We may, in our sole discretion, modify or discontinue use of the Innovations, the claimed subject matter of any patents or patent applications, the copyrights and the proprietary information and/or use other information and/or rights in their place. If we decide to modify or discontinue use of the Innovations for any reason, you must do so also, at your expense.

During the term of the Franchise Agreement, you must maintain, to the extent collected, a current list of the names, home addresses, work addresses, e-mail addresses and telephone numbers of the customers who supply you this information (the “Customer List”). You must provide the Customer List to us upon request. The Customer List will be our property at all times, and you must not disclose the Customer List to any person or entity other than us, or sell the Customer List (or any portion of it) to any person or entity without our express written consent.

### **Item 15. Obligation to Participate in the Actual Operation of the Franchised Business**

You must devote your full time and best effort to managing the Franchised Business if you operate one location. If you operate more than one location, you must either devote your full time and effort to managing and operating the Franchised Business or delegate its management or operation to a responsible person. You must reserve and exercise ultimate authority and responsibility over operation and management of the Franchised Business. If you delegate management and operation to a Manager, the Manager must successfully complete our initial training program, to our satisfaction, within 60 days after assuming the role of manager. The Manager, or any other on-premises supervisor, is not required to have any equity in the franchised business or franchisee.

You must notify us promptly if your Manager cannot continue to serve or no longer qualifies as a Manager. You will have 60 days from the date of the notice (or from any date that we independently determine the Manager no longer meets our standards) to take corrective action, including having the replacement Manager complete our training to our satisfaction, up to and including any training we require.

You, if the Franchisee is an individual, or the shareholders, officers, directors, partners, and members, if the Franchisee is a legal entity, and all such persons' spouses, must sign our form of non-competition and non-disclosure agreements, as well as personal guarantees of performance in which they will guarantee the performance of the Franchised Business's obligations to us. We also require you, if the Franchisee is an individual, or the others of Franchisee, if Franchisee is a legal entity, to agree to be bound personally by the terms and conditions of the Franchise Agreement. We may also require that your managers sign non-competition and non-disclosure agreements in the form we require. All of your employees, contractors, or agents who have access to our confidential information must sign non-disclosure agreements in the form we require and we are third-party beneficiary to those agreements which allows to enforce them if we choose.

We do not impose any anti-poaching restrictions that prohibits you, or any other franchisee, from soliciting or hiring any person currently employed or previously employed within the SHINE System. However, if you hire another franchisee's employees within one year of the employee attending our training program, you are required to reimburse the other franchisee the then-current training fee and its costs associated with sending that employee to training.

### **Item 16. Restrictions on What the Franchisee May Sell**

You may offer for sale only and all products and services we approve. We currently allow you to offer only window cleaning, pressure cleaning, screen cleaning, gutter cleaning, house detailing, holiday light installation, event lighting, outdoor landscape lighting, storage, and removal services for homes and businesses operating under our Marks and following our System and of a type, quality and variety consistent with the Shine System and brand standards. You must promote, advertise, and sell all products and services as we direct. You must obtain your supplies and equipment from us or from suppliers we select or approve. We have sole discretion in determining what aligns with our brand standards. The standards are constantly evolving as markets services and technology change and evolve. You may not engage in sales through alternative distribution channels such as telemarketing, computer marketing, internet sales, including mobile apps without our prior written approval. We are not required to give you such approval.

We may change the System or any part of the System at any time, and as changed it will remain the System. We own any improvements or changes in the System whether we, you or other franchisees develop them and have the right to adopt and perfect such improvements or changes without compensating you. If we modify the System, you must, at your own expense, adopt and use the modification(s) as if they were part of the System at the time you signed the Agreement.



There are no restrictions on our right to modify the types of goods and services you will offer except that we will remain primarily offering and selling window care, house and building detailing, and holiday and outdoor lighting services, and complementary exterior building services.

**Item 17. Renewal, Termination, Transfer and Dispute Resolution**

**THE FRANCHISE RELATIONSHIP**

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

	<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
a.	Length of the Franchise Term	Article 1	10 years
b.	Renewal or extension of the term	Article 1	If you are in good standing and we continue the franchise system in your area, we may permit you to renew for two consecutive 5 year terms under the then-current agreement, which may be materially different than the agreement we are now offering.
c.	Requirements for Franchisee to renew or extend	Article 1,13	Be in good standing with us, sign then current form of Franchise Agreement, which may contain materially different terms, including higher fees than the form attached to this disclosure document, update or replace signs and equipment, retain Premises, give 12 months' notice. You may be asked to sign a contract with materially different terms and conditions than your original contract. The royalty rate and protected area could be different, but will be no greater than the royalty and protected area we then impose on similarly situated renewing franchises. You must acknowledge by returning a receipt that you have received the then-current disclosure document.
d.	Termination by Franchisee	Article 13	For cause, if we breach a material provision of the contract and fail to cure 90 days after written notice then you can terminate upon notice of termination to us. Also, upon expiration of the franchise term if you do not exercise your option to renew.
e.	Termination by Franchisor without cause	Not Applicable	Not Applicable
f.	Termination by Franchisor with cause	Article 13	We may terminate only for cause. We may, in lieu of terminating your franchise, terminate your territorial rights and leave your franchise in full force and effect; however, terminating your territorial rights does not limit our rights thereafter to terminate your franchise for the same or a different cause.

	<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
g.	“Cause” defined—curable defaults	Article 13	You have 72 hours to cure: failure to pay us or our affiliate or another Shine franchisee; unauthorized assignment; abandonment (even if unintentional); you become insolvent; failure to pay any taxes before delinquent; sublicensing of Marks; impasse among owners of Franchise; refusal to permit an audit; violation of any law or rule (including any health codes, rules or regulations); conviction of a felony; failure to operate properly using the Marks; unethical or dishonest business dealings; failure to maintain insurance; failure to timely deliver estoppel certificate; or termination of any other agreement between you and us for cause. You have 30 days to cure any breach of the Agreement for which the Agreement does not specify a shorter period.
h.	“Cause” defined—non-curable defaults	Article 13	Non-curable defaults: repeated defaults, even if cured; you are adjudged bankrupt; assignment for benefit of creditors; abandonment of business; convicted or plead guilty to violating law relating to Franchised Business; failure to meet the Minimum Sales Volume, repeated defaults (even if cured) in any time frame, and two or more default notices within 12 month time frame.
i.	Franchisee's obligations on termination/non-renewal	Articles 13, 14, 15	No further use of Marks, telephone numbers, telephone listings, computer software, trade secrets or the Operations Manual; certain notification obligations; payment of sums due to us including damages, liquidated damages; we have option to lease or assume lease for your Premises; sign document(s) to transfer telephone numbers; continuing royalties on pending sales, if any; and we have option to purchase any part of your business assets. If we elect to assume your lease and to operate a Shine business from your Premises, you must cooperate in a changeover procedure, including notifying the landlord of the change of tenant, conducting an inventory, permitting us to use your furniture, fixtures and equipment for up to 60 days, permitting us to communicate directly with your employees, vendors and customers in order to facilitate a smooth transition and pay the balance of royalties due for the remainder of the term.

	<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
j.	Assignment of contract by Franchisor	Articles 10	No restriction on our right to assign except that if our assignee assumes all of our obligations to you then we are free of further liability to you.
k.	“Transfer” by Franchisee—defined	Articles 10, 11, 12	Includes any assignment, transfer, sale, sublease or encumbrance of the Agreement, the Franchise, the assets of your business, the Premises, or of any ownership interest in the Franchisee if you are a corporation, partnership or limited liability company or other form of Entity.
l.	Franchisor approval of transfer by franchisee	Articles 11, 12, 13 & 14	Franchisor has the right to approve or disapprove all transfers.
m.	Conditions for Franchisor approval of transfer	Article 10	You are current in all fees to us; you are not in material breach of the Agreement; you have paid all debts of your business; new Franchisee signs release of claims against us for representations you made; you and your owners sign a release of claims against us; we receive a transfer fee of 50% or 100% of the then-current Initial Franchise Fee, as applicable (see Item 6); new Franchisee signs the then-current form of Agreement (except preserving your financial terms for balance of your term); new Franchisee qualifies; new Franchisee successfully completes initial training program; new Franchisee obtains rights to your Premises lease, if applicable; and we receive 30 day right of first refusal. The fee to transfer to an entity with identical ownership is \$500.
n.	Franchisor's right of first refusal to acquire Franchisee's business	Articles 11 & 15	We have a 45-day right of first refusal to purchase your Franchised Business. We may assign this right to another.
o.	Franchisor's option to purchase Franchisee's business	Article 15	On termination, we may purchase any part of your business at the fair market value of the tangible personal property purchased.
p.	Death or disability of Franchisee	Articles 11 & 12	Your heirs or personal representative must, within 90 days, either (i) request the right to continue to operate the business, subject to Article 13 of the Agreement except that no transfer fee will be payable, or (ii) sell the Franchised Business to a third party, subject to Article 13 of the Agreement. If we deny a request to continue to operate the business, the 90 days to sell begins on the date of our denial. The same applies if you become disabled as defined in Article 13.03 of the Agreement.

	<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
q.	Non-competition covenants during the term of the franchise	Article 14	No involvement in any competing business within a 20-mile radius of a Shine location.
r.	Non-competition covenants after the franchise is terminated or expires	Articles 14 & 16 (if applicable)	For 24 months, you must not compete with us within a 20 mile radius of a Shine location, solicit or divert any of our customers or vendors or customers or vendors of any other franchisee, disclose any trade secrets. For 24 months, you will not be employed by or in business with any person or entity that does any of those things (subject to state law).
s.	Modification of the agreement	Article 18	Only by written agreement; we may modify the Operations Manual at any time.
t.	Integration/merger clause	Article 18	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises or agreements may not be enforceable. No provision of the Franchise Agreement may disclaim or require the Franchisee to waive reliance on the representations made in the disclosure document.
u.	Dispute resolution by arbitration or mediation	Article 16	Except for actions for the sole purpose of collecting unpaid monies, including franchise fees, royalties or National Advertising Fees or to enforce trademark or trade secret rights and covenants against competition, we will settle all disputes with you by Arbitration, which will only occur after the parties try informally to resolve the dispute and participate in mediation.
v.	Choice of forum	Articles 16 & 18	Litigation or arbitration must be in the State of Texas (subject to applicable state law). See the State Specific Addenda attached to this disclosure document.
w.	Choice of law	Article 18	Texas law applies (subject to applicable state law). See the State Specific Addenda attached to this disclosure document

### **Item 18. Public Figures**

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

### **Item 19. Financial Performance Representations**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchises and franchisor-owned outlets, if there is a reasonable basis

for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

### **Historical Financial Performance Representation**

As of December 31, 2022, there were total 49 franchised businesses in operation (the “Franchised Units”) and 0 affiliate-owned business in operation (the “Affiliate Unit”). As explained in more detail below, this historical financial performance representation includes certain performance information reported to us by certain of the Franchised Units.

The results presented in this Item 19 are not audited and are based on information reported to us by the Franchised Units. We have not independently audited the reported results.

### **SYSTEM REVENUE**

	<b>2022<sup>1</sup></b>	<b>2021<sup>2</sup></b>	<b>2020<sup>3</sup></b>
<b>System Revenue</b>	\$18,763,439	\$17,225,235	\$11,934,155
<b>Total Jobs Completed</b>	40,014	31,809	25,333

**Notes :**

The above chart discloses the total system-wide revenues from all Shine window cleaning services for the 2020, 2021, and 2022 Calendar Years, rounded to the nearest thousand, as reported to us by the Franchised Units and the Affiliate Unit through our electronic reporting system.

1. All 49 Franchised Units operating during the fiscal year end December 31, 2022 are included in this System Revenue data represented on the table above.
2. All 47 Franchised Units operating during the fiscal year end December 31, 2021 are included in this System Revenue data represented on the table above.
3. All 38 Franchised Units operating during the fiscal year end December 31, 2020 are included in this System Revenue data represented on the table above.

### **FRANCHISED BUSINESSES**

This financial performance representation discloses historical information regarding the Gross Revenue and Gross Profit of 35 out of 49 Shine outlets located in Michigan, Texas, Florida, Georgia, New York, North Carolina, Colorado, Illinois, Minnesota, Nebraska, Ohio, and Tennessee. Each of the outlets included in this representation were operated from at least January 1, 2022 through December 31, 2022 (“Measurement Period”). The outlets included in this financial performance representation are substantially similar to the Franchised Business for which we are offering franchises in this disclosure document, and their services are substantially similar to those to be offered and sold by the business you would operate. For purposes of this Item 19, the Units represented encompass one SHINE Protected Area, and a distinction was made between territories and franchisees because some franchisees own more than one Protected Area.

14 out of 49 Units that were operating in 2022 were excluded for the following reasons:

- i. 4 Units maintained inaccurate books or books that the Franchisor could not verify;

- ii. 7 Units were not operating during the full Measurement Period;
- iii. 3 Units offered only holiday lighting services and not window care and house detailing services; this option is no longer being offered as a franchise; and

**The following chart represents 22 Franchised Units not consolidating books operating during the Measurement Period**

	Average <sup>1</sup>	Low <sup>2</sup>	Median <sup>3</sup>	High <sup>4</sup>
<b>Total Gross Revenue</b>	579,921	93,751	409,200	1,656,565
<b>COGS</b>	229,542	42,088	169,182	628,451
<b>Gross Profit</b>	350,379	36,544	269,188	1,063,041

Note 1: 9 (or approximately 41%) Units attained or surpassed this result.

Note 2: 21 (or approximately 95%) Units attained or surpassed this result.

Note 3: 14 (or approximately 64%) Units attained or surpassed this result.

Note 4: 1 (or approximately 5%) Units attained or surpassed this result.

**Following chart represents 5 SHINE franchisees operating 13 Franchised Units under common ownership (or 100%) with Multiple Territories, One Set of Books - attained or surpassed this Performance During 2022**

Sales by Consolidated Franchisee	Total Revenue	Total COGS	Gross Profit	# Of Units Operated
Consolidated Franchisee 1	293,997	168,493	125,504	3
Consolidated Franchisee 2	1,183,094	622,854	560,240	3
Consolidated Franchisee 3	355,488	305,175	50,313	3
Consolidated Franchisee 4	1,317,725	520,536	797,189	2
Consolidated Franchisee 5	519,891	170,803	349,088	2

### Definitions

“Annual Fees Paid to Franchisor” include the Royalties, Technology Fees, National Advertising Fees, and Digital Marketing Fees that you would pay to us if you were to achieve the gross revenue numbers listed in the first table in this Item. *The amounts listed in the second table are not the actual amounts paid by our existing franchisees.* Because we have increased and modified some of our required fees over the past few years, some of our existing franchisees pay less than what you would pay for Royalties, Technology Fees, National Advertising Fee, or Digital Marketing Fees.

“COGS” means the cost of goods sold or the cost of providing the services performed by the Franchised Businesses (non-franchise owner labor costs).

“Gross Revenue” means total income to the franchise less applicable sales taxes, discounts and refunds. Gross Revenue does not include the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross sales figures to determine net income or profit.

“Gross Profit” means Gross Revenue minus COGS. Gross Profit does not include the costs of operating expenses or other costs or expenses that must be deducted from the gross sales figures to determine net income or profit.

The second chart in the representation shows the Royalties, Technology Fee, and Digital Marketing Fee you would be paying if you were to attain the average, high, low, and median revenue numbers reported by the franchisees in this representation.

You should conduct an independent investigation of the costs and expenses you will incur in operating your shine franchise. Franchisees or former franchisees, listed in this disclosure document, may be one source of this information. We recommend that you make your own independent investigation to determine whether or not the franchise may be profitable, and consult with an attorney and other advisors prior to executing the franchise agreement.

Neither we nor our certified public accountants have audited the numbers reported to us by our franchisees, but we have no reasonable basis to question their reliability. Written substantiation for the financial performance representation will be made available to you upon reasonable request.

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

Other than the preceding financial performance representations, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing franchise outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of future income, you should report it immediately to our franchisor management by contacting Chris Fisher at 5550 Granite Parkway, Suite 195, Plano, TX 75024, chris@shineinfo.com and 800-513-1794, the Federal Trade Commission and the appropriate state regulatory agencies.

**Item 20. Outlets and Franchisee Information**  
**TABLE NO. 1**  
**Systemwide Outlet Summary**  
**For years 2020 to 2022**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2020	34	38	+4
	2021	38	47	+9
	2022	47	49	+2
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	34	38	+4
	2021	38	47	+9
	2022	47	49	+2

**Notes:**

1. Three outlets in Pennsylvania, Tennessee, and in Westchester New York offer holiday lighting services only (See Exhibit C). We no longer offer holiday lighting only franchises.

2. For purposes of this Item 20, the number of franchised outlets are based on Protected Areas serviced by the franchisees whether under a single franchise agreement or multiple franchise agreements.

**TABLE NO. 2**  
**Transfers of Outlets from Franchisees to New Owners**  
**(other than the Franchisor)**  
**For years 2020 to 2022**

State	Year	Number of Transfers
Michigan	2020	0
	2021	2
	2022	2
Texas	2020	1
	2021	0
	2022	6
TOTALS	2020	1
	2021	2
	2022	8

**TABLE NO. 3**  
**Status of Franchised Outlets**  
**For years 2020 to 2022**

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS - OTHER REASONS	OUTLETS AT END OF THE YEAR
Colorado	2020	0	0	0	0	0	0	0
	2021	0	3	0	0	0	0	3
	2022	3	1	0	0	0	0	4
Florida	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
Georgia <sup>2</sup>	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Illinois	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Minnesota	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Michigan	2020	9	0	0	0	0	0	9
	2021	9	0	0	0	0	0	9
	2022	9	2	0	0	0	1	10
Nebraska	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New York <sup>2</sup>	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3



STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS - OTHER REASONS	OUTLETS AT END OF THE YEAR
North Carolina	2020	0	2	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Ohio	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Oklahoma	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Oregon	2020	1	0	1	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Pennsylvania	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
South Carolina <sup>3</sup>	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	2	1
Tennessee <sup>2</sup>	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Texas	2020	10	1	0	0	0	0	11
	2021	11	3	0	0	0	0	14
	2022	14	0	0	0	0	0	14
TOTALS	2020	34	5	1	0	0	0	38
	2021	38	9	0	0	0	0	47
	2022	47	5	0	0	0	3	49

Notes:

1. For purposes of this Item 20, the number of franchised outlets are based on Protected Areas serviced by the franchisees whether under a single franchise agreement or multiple franchise agreements.
2. These three franchised businesses offer holiday lighting services only.
3. One franchisee operated two holiday lighting services franchised businesses; in 2022 he terminated his two holiday lighting only businesses and opened one full service Shine franchise.

**TABLE NO. 4**  
**Status of Company-Owned Outlets**  
**For years 2020 to 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
All States	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
TOTALS	2020	0	0	0	0	0	0

2021	0	0	0	0	0	0
2022	0	0	0	0	0	0

**TABLE NO. 5**  
**Projected Openings As of December 31, 2022**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In This Fiscal Year	Projected New Company-Owned Outlet In This Fiscal Year
Colorado	0		0
Florida	0		0
Georgia	0		0
Illinois	0		0
Indiana	0		0
Maryland	0		0
Michigan	0		0
Minnesota	0		0
Nebraska	0		0
New York	0		0
North Carolina	0		0
Ohio	0		0
Oklahoma	0		0
Tennessee	0		0
Texas	0		0
Utah	0		0
Virginia	0		0
Wisconsin	0		0
TOTAL	0		0

No franchisees have signed confidentiality clauses during the last three fiscal years. There are no trademark-specific franchisee organizations associated with our franchise system.

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

Exhibit C contains a list of past and current franchisees.

#### **Item 21. Financial Statements**

Attached as Exhibit A are our audited balance sheets as of December 31, 2022, 2021 and 2020, and the related statements of operations, changes in stockholders' equity, and cash flows for the years then-ended.

Historically our fiscal year ends on December 31. We anticipate our fiscal year end will change in 2023.

## **Item 22. Contracts**

We urge you to read all of the contracts and agreements carefully. This disclosure document cannot possibly contain all of the terms of the various agreements. It is important that you understand all of those terms. We have attached the following contracts and agreements:

Exhibit B - Franchise Agreement, with:

Attachment A – State Specific Amendment

Attachment B – Key Terms

Attachment C – Unlimited Guaranty and Assumption of Obligations

Attachment D – Telephone Number and Website URL Assignment Agreement

Attachment E – Nondisclosure and Noncompetition Agreement

Attachment F – Lease Rider

## **Item 23. Receipts**

A receipt for this disclosure document is attached at the end of this document (see Exhibit L). You must remove one copy, sign it and return it to us.

**EXHIBIT A**  
**FINANCIAL STATEMENTS**



**CDM Financials, LLC**

Certified Public Accountants, Business Advisors

### **Independent Auditor's Report**

***To the Shareholders of  
Shine Development, Inc.***

#### ***Opinion***

We have audited the financial statements of Shine Development, Inc., which comprise the balance sheets as of December 31, 2022, 2021 and 2020, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Shine Development, Inc. as of December 31, 2022, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Shine Development, Inc.'s ability to continue as a going concern for one year from the date that the financial statements are issued.

#### ***Auditor's Responsibilities/or the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report

that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, *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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Shine Development, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Shine Development Inc's ability to continue as a going concern for a reasonable period of time.

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

*CDM Financials, LLC*

CDM Financials, LLC  
Fairburn, GA  
March 20, 2023

SHINE DEVELOPMENT, INC.  
BALANCE SHEET  
AS OF DECEMBER 31, 2022, 2021, and 2020

ASSETS

	2022	2021	2020
<b>CURRENT ASSETS</b>			
Cash	303,290	525,837	168,726
Certificate of Deposit	100,000	-	-
Accounts Receivable	66,994	165,236	226,268
Due from Affiliates	20,050	11,307	-
Deferred Broker Cost	-	40,000	40,000
Prepaid Expense	8,721	27,561	11,891
Inventory	6,730	-	-
<b>TOTAL CURRENT ASSETS</b>	<u>505,785</u>	<u>769,941</u>	<u>446,885</u>
Fixed Assets, net	8,487	6,955	6,135
Lease Deposit	500	2,510	2,510
Website Cost, net	53,965	76,934	2,083
<b>TOTAL ASSETS</b>	<u>\$ 568,737</u>	<u>\$ 856,340</u>	<u>\$ 457,613</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

<b>CURRENT LIABILITIES</b>			
Accounts Payable	26,715	25,119	61,299
Accrued Expenses	13,400	39,878	22,508
Deferred Revenue	-	124,800	209,800
Note Payable, current	30,120	30,120	-
Other Current Liabilities	48,044	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<u>\$ 118,279</u>	<u>\$ 219,917</u>	<u>\$ 293,607</u>
<b>LONGTERM LIABILITIES</b>			
Note Payable, net of current portion	497,600	479,552	150,000
<b>TOTAL LIABILITIES</b>	<u>\$ 615,879</u>	<u>\$ 699,469</u>	<u>\$ 443,607</u>
<b>EQUITY</b>			
Common Stock, Authorized 60,000 Shares; Issued and Outstanding 28,800 Shares and 30,000 Shares at December 31, 2022, 2021 and 2020	70,163	70,163	70,163
Additional Paid in Capital	16,573	16,573	16,573
Retained Earnings/(Accumulated Deficit)	(133,878)	70,135	(72,730)
<b>TOTAL EQUITY</b>	<u>(47,142)</u>	<u>156,871</u>	<u>14,006</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 568,737</u>	<u>\$ 856,340</u>	<u>\$ 457,613</u>

SHINE DEVELOPMENT, INC.  
STATEMENT OF OPERATIONS  
FOR THE PERIODS ENDED DECEMBER 31, 2022, 2021, and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>			
Continuing Franchise Fees	\$ 1,052,423	\$ 1,126,230	\$ 811,550
Initial Franchise and Start-Up Package Fees	162,300	288,746	255,640
Merchandise Sales	-	36,907	33,387
Event Sponsorship	4,250	14,230	11,526
Marketing Income	256,612	225,043	157,975
Other	225,560	162,366	-
<b>TOTAL REVENUES</b>	<u>\$ 1,701,145</u>	<u>\$ 1,853,522</u>	<u>\$ 1,270,078</u>
<b>OPERATING EXPENSES</b>			
Salary and Wages	645,114	593,806	506,936
Advertising Expense	221,862	241,657	214,706
Franchise Expense	189,109	169,070	101,831
Technology Expense	143,574	113,648	94,932
Broker Fees and Commission	30,000	202,277	70,000
Consulting Expense	49,961	37,723	67,992
Professional Fees	149,272	112,024	65,147
Meals and Entertainment	10,174	12,788	39,542
Payroll Taxes	51,103	43,921	37,892
Cost of Merchandise Sold	-	1,157	33,135
National Conference	97,096	47,949	32,622
Continuing Education	5,831	2,823	28,072
Rent	24,461	26,356	21,644
Office Expense	25,465	60,465	20,184
Insurance	14,094	14,674	13,118
Auto Expense	35,389	32,134	12,418
Depreciation and Amortization	33,686	20,201	9,108
Dues and Subscriptions	49,575	18,224	7,553
Miscellaneous	84,197	641	7,035
Tax and Licenses	11,523	1,991	5,914
Telephone	6,550	9,498	5,396
Utilities	3,643	2,843	2,618
Charitable Contributions	1,793	13,410	1,706
Bank Fees	3,716	2,287	1,257
Bad Debt Expense		2,321	-
<b>TOTAL OPERATING EXPENSE</b>	<u>\$ 1,887,188</u>	<u>\$ 1,783,888</u>	<u>\$ 1,400,758</u>
<b>OPERATING INCOME/(LOSS)</b>	<u>\$ (186,043)</u>	<u>\$ 69,634</u>	<u>\$ (130,680)</u>
<b>OTHER INCOME (EXPENSE)</b>			
Grant Income	\$ -	\$ 83,825	\$ 93,700
Vender Rebates	-	-	32,089
Interest Income	80	37	473
Interest Expense	(18,050)	(10,631)	(13,769)
<b>TOTAL OTHER EXPENSES</b>	<u>(17,970)</u>	<u>73,231</u>	<u>112,493</u>
<b>NET INCOME/(LOSS)</b>	<u>\$ (204,013)</u>	<u>\$ 142,865</u>	<u>\$ (18,187)</u>



SHINE DEVELOPMENT, INC.  
BALANCE SHEET  
AS OF DECEMBER 31, 2022, 2021, and 2020

	<u>Common Stock</u>	<u>Additional Paid in Capital</u>	<u>Retained Earnings</u>	<u>Total Equity</u>
Balance December 31, 2020	70,163	16,573	(72,730)	14,006
Net Income	-	-	142,865	142,865
Balance December 31, 2021	<u>\$ 70,163</u>	<u>\$ 16,573</u>	<u>\$ 70,135</u>	<u>156,871</u>
Net Loss	-	-	(204,013)	(204,013)
Balance December 32, 2022	<u><u>\$ 70,163</u></u>	<u><u>\$ 16,573</u></u>	<u><u>\$ (133,878)</u></u>	<u><u>\$ (47,142)</u></u>

SHINE DEVELOPMENT, INC.  
STATEMENT OF CASH FLOWS  
AS OF DECEMBER 31, 2022, 2021, and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>OPERATING ACTIVITIES</b>			
Net Income/(Loss)	\$ (204,013)	\$ 142,865	\$ (18,187)
Adjustments to reconcile net loss to net cash from operating activities:			
Depreciation and Amortization	33,686	20,201	9,108
Changes in operating assets and liabilities:			
Accounts Receivable	98,242	61,032	(52,308)
Deferred Broker Cost	40,000	-	(40,000)
Prepaid Expenses	18,840	(15,670)	19,449
Lease Deposit	2,010	-	(500)
Inventory	(6,730)	-	-
Accounts Payable	1,596	(36,180)	26,227
Deferred Revenue	(124,800)	(85,000)	148,960
Accrued Expenses	(26,478)	17,370	(27,546)
Other Current Liabilities	48,044	-	-
Net Cash Provided by Operating Activities	<u>\$ (119,603)</u>	<u>\$ 104,618</u>	<u>\$ 65,203</u>
<b>INVESTING ACTIVITIES</b>			
Repayment from (Advances to) Franchisee	-	-	7,500
Advance to Affiliate	(8,743)	(11,307)	-
Advance to Stockholder	-	-	(10,000)
Change in Fixed Assets	(2,840)	(820)	-
Website Cost	(9,409)	(95,052)	-
Change in Investments	(100,000)	-	-
Net Cash Used for Investing Activities	<u>(120,992)</u>	<u>(107,179)</u>	<u>(2,500)</u>
<b>FINANCING ACTIVITIES</b>			
Net (payments on) Proceeds from Line of Credit	-	-	4,241
Net (payments on) Proceeds from Loan Payable	-	-	(150,000)
Proceeds from Note Payable	18,048	359,672	150,000
Redemption of Stock	-	-	(20,000)
Net Cash Provided by/ (Used for) Financing Activities	<u>18,048</u>	<u>359,672</u>	<u>(15,759)</u>
Net Change in Cash	(222,547)	357,111	46,944
Cash at Beginning of Period	525,837	168,726	121,782
Cash at End of Period	<u>\$ 303,290</u>	<u>\$ 525,837</u>	<u>\$ 168,726</u>
Cash Paid for Interest Expense	<u>18,050</u>	<u>10,631</u>	<u>13,137</u>

SHINE DEVELOPMENT, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE PERIOD ENDING DECEMBER 31, 2022, 2021 and 2020

Note 1 - Nature of Business

Shine Development, Inc. (the “Company”) was formed October 8, 2010 in the State of Texas for the primary purpose of marketing, selling, and licensing franchise rights under the trade names Shine Window Care and Shine Holiday Lighting. The Company provides training, marketing and general business assistance for the franchisees in exchange for an initial fee and monthly royalty fees.

At December 31, 2022 the number of franchises sold and open by location were as follows:

<u>Location</u>	<u>Franchise Sold</u>	<u>Franchise Open</u>
Texas	14	0
Georgia	2	0
Michigan	11	1
North Carolina	2	0
Minnesota	1	0
Florida	5	0
New York	3	1
Oklahoma	1	0
Tennessee	2	0
Colorado	4	0
Illinois	1	0
Nebraska	1	0
Ohio	1	0
Pennsylvania	1	0
South Carolina	1	0
Total	<u>50</u>	<u>2</u>

Note 2 - Summary of Significant Accounting Policies

**Basis of Accounting**

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally acceptable in the United States (“GAAP”). Under this method income is recorded when earned and expenses are recorded when incurred.

SHINE DEVELOPMENT, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE PERIOD ENDING DECEMBER 31, 2022, 2021 and 2020

Note 2 - Summary of Significant Accounting Policies (continued)

Reporting Period

For reporting purposes, the Company operates on a calendar year consisting of a full twelve months beginning with January 1 and ending December 31.

Use of Estimates

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

Cash and Cash Equivalents

The Company considers cash on hand, cash in banks and other short-term securities with maturities of three months or less when purchased as cash and cash equivalents.

Fixed Assets

Fixed assets are carried at cost less accumulated depreciation. Assets are depreciated using the straight-line method over the estimated useful life of the assets. Expenditures that materially extend the life of the asset are capitalized; normal repairs and maintenance are charged to expense. For the years ending December 31, 2022, 2021 and 2020; depreciation expense was \$1,308, \$774, and \$774 respectively.

Accounts Receivable

Accounts receivable consist of amounts due from franchisees and vendor rebates. Management considers all amounts to be collectable; thus, an allowance for doubtful accounts has not been recorded.

Revenue Recognition

The Company adopted ASU 2014-09 Revenue from Contracts with Customers and all subsequent amendments to the ASU (collectively, "ASU 606") which creates a single framework for recognizing revenue from contracts with customers that fall within its scope. In adopting ASC 606 the full retrospective method was used to determine revenue under the current standard. Completion of the implementation analysis resulted in no adjustment to the beginning retained earnings balance.

Initial franchise fees and initial start-up fees are used to secure the franchisees designated territory and cover the necessary training and orientation. Management has assigned a value to each performance obligation related to these fees. Revenue is recognized as the Company satisfies its performance

SHINE DEVELOPMENT, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE PERIOD ENDING DECEMBER 31, 2022, 2021 and 2020

Note 2 - Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

obligations to the franchisee. Any revenue assigned to performance obligations that have not been satisfied by December 31 of the current year are recorded as deferred revenue. Accordingly, for the year ending December 31, 2022, 2021 and 2020, deferred revenue was \$0, \$124,800, and 209,800 respectively.

Provision for income tax

The Company has elected S Corporation status under the Internal Revenue Service code. Under this provision, all corporate income is passed through to its owners who are liable for paying income tax on the related income. Thus, no income tax provisions have been made at the corporate level.

Advertising Expense

The Company has established a National Advertising Fund which is funded by a percentage of franchisee gross sales; currently 1%. The Company disburses these funds for advertising expense at its sole discretion.

The Company accounts for advertising expense in accordance with SOP 93-7 'Reporting of Advertising Cost'. Accordingly, advertising that does not provide a future benefit should be expensed as incurred. Advertising expense for December 31, 2022, 2021 and 2020 was 221,862, \$241,657, and \$214,706 respectively.

Deferred Broker Cost

The reported amount represents the deferred cost incurred for obtaining certain new franchisees. At December 31, 2021, deferred broker cost was \$40,000.

Note 3- Intangible Assets

Intangible assets represent cost associated with the development of the Company's website. These costs are subject to amortization over the useful life of the website as determined by management. At December 31, 2022, amortization expense was \$32,378.

SHINE DEVELOPMENT, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE PERIOD ENDING DECEMBER 31, 2022, 2021 and 2020

Note 4 - Note Payable

At December 31, 2021, note payable consisted of the following:

	2022	2021	2020
Note payable to US Small Business Administration (SBA Monthly payments of \$2,510 due monthly. Loan incurs interest at a rate of 3.75%.	\$527,720	\$509,672	\$150,000
Less Current Maturities	(30,120)	(30,120)	-
Note Payable, net of current portion	\$497,600	\$479,552	\$150,000

Note 5 – Stock Redemption

During 2020, the Company purchased 1,200 shares of the Company’s common stock from one of its stockholders for \$20,000.

Note 6 – Related Party Transactions

At December 31, 2022, multiple franchise locations were owned by a shareholder of the Company.

Note 7 – Subsequent Events

The Company has evaluated subsequent events through the date which the financial statements were available to be issued, and no such events have occurred.

**EXHIBIT B**  
**FRANCHISE AGREEMENT**  
**Shine Development Inc.**

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Franchisor Initial

---

Franchisee Initial

**FRANCHISE AGREEMENT**  
**Shine Development Inc.**

**SUMMARY PAGE**

**EFFECTIVE DATE:** \_\_\_\_\_

**FRANCHISEE(S):** \_\_\_\_\_

**TYPE OF BUSINESS ENTITY:** \_\_\_\_\_

**FRANCHISEE ADDRESS FOR NOTICES:** \_\_\_\_\_

**TELEPHONE NUMBER:** \_\_\_\_\_

**FACSIMILE NUMBER:** \_\_\_\_\_

**E-MAIL ADDRESS:** \_\_\_\_\_

**INITIAL FRANCHISE FEE:** [ ] \$49,900 for the first Franchised Business  
[ ] \$79,800 for two Franchised Businesses (\$49,900 for the first and \$ 29,900 for the second)  
[ ] \$104,700 for three Franchised Businesses(\$49,900 for the first and \$ 24,900 for the second)  
[ ] \$47,500 (includes Veteran discount)  
[ ] \$\_\_\_\_\_ (four or more Franchised Businesses)

**INITIAL TRAINING:** \$5,000 (Refer to Section 4.01)

**START-UP PACKAGE:** \$20,000

**GRAND OPENING:** \$15,000

**ROYALTY :** The greater of 7% of Gross Sales or the applicable Minimum Royalty (Refer to Section 2.02)

**NATIONAL ADVERTISING FEE:** Up to 2% of Gross Revenue (refer to Section 2.05)

**RENEWAL FEE:** \$10,000

**FRANCHISOR ADDRESS FOR NOTICES:** SHINE DEVELOPMENT, INC.  
Attention: Chief Executive Officer  
5550 Granite Parkway, Suite 195  
Plano, Texas 75024

\_\_\_\_\_  
Franchisor Initial

\_\_\_\_\_  
Franchisee Initial



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**SHINE DEVELOPMENT INC.**  
**SHINE FRANCHISE AGREEMENT**

Franchise Agreement No.: \_\_\_\_\_

THIS FRANCHISE AGREEMENT (the "Agreement") is made and entered into as of the \_\_\_\_\_ date of \_\_\_\_\_ by and between SHINE DEVELOPMENT INC., a Texas corporation ("Franchisor"), with its principal address of 5550 Granite Parkway, Suite 195, Plano, TX 75024, and \_\_\_\_\_, a \_\_\_\_\_, with its principal business address of \_\_\_\_\_ ("Franchisee").

**RECITALS**

**WHEREAS**, Franchisor has expended time, money and effort to develop a unique system for operating businesses offering window care, pressure washing, house detailing, and holiday lighting services (the methods of operation are referred to herein as the "System");

**WHEREAS**, the distinguishing characteristics of the System include the names "**Shine Window Care®**," "**Shine Holiday Lighting®**" and "**Shine**" (interchangeably and collectively referred to herein as "Shine"), a recognized and superior level of customer service and attention to detail; exceptional values and commitment to service; the use of unique eco-friendly and safe materials; uniformity of products and services offered; and proprietary standards, specifications, rules and procedures of operations, techniques, all of which may be improved, amended and further developed by Franchisor from time to time;

**WHEREAS**, Franchisor identifies its goods and services with certain service marks, trade names and trademarks, including, but not limited to "**Shine**," "**Shine Window Care®**" and "**Shine Holiday Lighting®**" and related logos and marks and trade dress and certain other trademarks, service marks, slogans, logos and emblems which have been and which may hereafter be designated by Franchisor for use in connection with the System (the "Marks");

**WHEREAS**, Franchisee recognizes the advantages and value of the System and Marks and desires to obtain a license from Franchisor for use of the Marks and the System solely for the operation of a business in the Protected Area listed below (the "Franchised Business") and Franchisee desires to use the Marks and the System, and to obtain and use the methods, know how, experience and form of operation acquired, devised and/or established by Franchisor and other benefits derived from this license relationship strictly in accordance with the provisions set forth below;

**WHEREAS**, Franchisee recognizes the necessity and value of maintaining high standards and uniformity of appearance, image, products, services and customer relations in conformity with the System as Franchisor may reasonably modify it from time to time;

**WHEREAS**, Franchisee is aware of the risks, business and otherwise, associated with owning a Franchised Business and has independently evaluated those risks without relying upon any representations from Franchisor or Franchisor's agents regarding revenues, profits or probability of success, excepting only those representations and accompanying cautions contained in Franchisor's disclosure document, revenues, profits or probability of success being affected primarily by factors beyond Franchisor's control, including Franchisee's skill, personality, diligence and dedication and general regional or local economic or demographic conditions; and

**WHEREAS**, Franchisor, in reliance upon Franchisee's representations, is willing to provide certain training and other services and to grant a license, but only on the terms of this Agreement,

which terms Franchisee understands and accepts and both parties acknowledge to be reasonable and material;

**NOW THEREFORE**, for and in consideration of the mutual covenants herein set forth, and other good and valuable consideration, the receipt and sufficiency of which each party hereby acknowledges, and each party fully intending to be legally bound hereby, Franchisor and Franchisee mutually agree as follows:

## **Article 1 - System**

### 1.01 Grant.

Subject to the terms and conditions of this Agreement, Franchisor grants to Franchisee a nonexclusive license (“License”) to operate one (1) Franchised Business at the location (“Location”) specified in the Key Terms attached hereto as Attachment B, within the Protected Area, as set forth in the same Attachment B, for the Term. The terms of Attachment B are hereby incorporated into this Agreement by reference. Franchisee agrees to identify its Franchised Business and all of its products and services only by the Marks. Franchisee has no right to use the System or the Marks for any purpose other than as expressly provided herein.

Franchisor and Franchisor’s affiliates reserve any and all rights not expressly granted to Franchisee under this Agreement, including, without limitation, Franchisor reserves to itself all other rights in and to use the Marks, including the right: (a) to own and operate and to grant others the right to own and operate SHINE business outside the Protected Area; (b) to operate Shine business and license the use of the Marks and System in outside the Protected Area; and (c) the right to distribute products and services identified by the Marks, such as pre-packaged products, through alternative channels of distribution. Franchisor further retain the right to operate and to grant others the right to operate similar or competing businesses under a different trademark inside and outside the Franchisee’s Protected Area, see. The Franchised Business’ activities are confined to retail transactions only. Franchisee shall not enter into any wholesale transactions for sale of Shine products without first obtaining Franchisor’s written consent, which may be withheld at Franchisor’s sole discretion.

Franchisor further reserves the right, to enter into agreements with specific regional or national commercial customers in order to establish a National Account, in any area, including in your Protected Area including but not limited to the National Associa Program. If Franchisor establishes a National Account in your Protected Area Franchisee shall service the National Account under the same terms, pricing, and provisions negotiated for the National Account. Under certain circumstances if Franchisor determine in its sole discretion that Franchisee is not capable of servicing the National Account, or if the volume of services exceed demand at the time, Franchisor may at its sole discretion authorize other franchisees or other qualified third-parties to provide the services. See Section 7.14 of this Agreement for more information on the National Accounts.

1.02 Initial Term. The initial term of this Agreement shall commence upon the Effective Date and shall expire at midnight on the day preceding the tenth (10th) anniversary date of the Effective Date (the “Term” or the “Initial Term”), unless this Agreement has been sooner terminated in accordance with the terms and conditions herein.

### 1.03 Renewal.

Upon expiration of the Initial Term, if Franchisor has made a business decision, in Franchisor's sole discretion, to continue the Shine System in Franchisee’s area, Franchisee will be permitted to renew Franchisee's Franchise Agreement for two consecutive renewal terms of five (5) years from the date of expiration of the Initial Term (the “Renewal Term”), but only upon the following terms and conditions:

1.03.01 Franchisee shall give written notice to Franchisor at least six (6) months, but not more than twelve (12) months, prior to the end of the Initial Term of Franchisee's desire to renew;

1.03.02 Franchisee must not be in material breach of this Agreement or of any other agreement between Franchisor and Franchisee both at the time Franchisee gives notice of its intent to exercise its rights under the terms of this Paragraph 1.03.02 and at the commencement of the Renewal Term and must have substantially complied with the operating standards and other criteria contained in the Manual or otherwise communicated in writing by Franchisor;

1.03.03 Franchisee shall pay a renewal fee in the amount specified on the Summary Page of this Agreement.

1.03.04 Franchisee shall execute the then current form of Franchise Agreement, which may differ in material ways that are not reasonably foreseeable at this time, but may include material differences in territorial boundaries and economic terms, including the amount of royalties and National Advertising Fees or entirely new categories of fees or mandatory expenses;

1.03.05 Franchisee has not received more than three (3) notices of default during any consecutive twelve-month (12) month period during the Initial Term;

1.03.06 Upon receipt of the Disclosure Document and the form of Shine Franchise Agreement then being offered to new franchisees, Franchisee will acknowledge such receipt by executing the acknowledgement of receipt form contained in the Disclosure Document and returning it to Franchisor;

1.03.07 Franchisee executes and delivers to Franchisor a general release, in the form prescribed by Franchisor, releasing, to the fullest extent permitted by law, all claims that Franchisee may have against Franchisor and its affiliates and subsidiaries, and their respective officers, directors, shareholders and employees in both their corporate and individual capacities in a form and content satisfactory to Franchisor;

1.03.08 Franchisee must not, during the Initial Term, have engaged in any business dealings in relation with the Franchised Business or the Franchisee which are unethical, dishonest or otherwise could cause harm to the Marks, Franchisor, any other Franchisee, the goodwill associated with the Marks, or to any customer, client or vendor of Franchisee, Franchisor or of another Franchisee; and

1.03.09 Franchisee shall make or provide for in a manner satisfactory to Franchisor, such re-equipping of the Franchised Business as Franchisor may require, including, without limitation, replacement, renovation, or upgrading of signs, vehicles, vehicle wraps, tools, supplies, equipment, technology, or computer hardware or software to reflect the then-current standards and image of the System.

1.03.10 If Franchisee fails to perform any of the acts set forth in Paragraphs 1.03.1 through 1.03.09 in a timely fashion, such failure will be deemed an election by Franchisee not to exercise its right to renew, and will cause Franchisee's right to renew to expire without further notice or action by Franchisor.

1.03.11 Renewal of the franchise after the Initial Term shall not constitute a renewal or extension of this Agreement, but shall be conditioned upon satisfaction of the above provisions and shall, upon expiration of the Initial Term, be governed by the Franchise Agreement then executed by Franchisee. If Franchisee fails to meet any of the conditions under Paragraph 1.03 with respect to renewal of the franchise, then the franchise shall automatically expire at the end of the Initial Term.

1.03.12 Unless Franchisee exercises its option to renew the franchise granted under this agreement in accordance with this Paragraph, Franchisee has no right to continue to operate the Franchised Business after the expiration date of the Initial Term (“Expiration Date”). If Franchisor permits Franchisee to continue to operate the Franchised Business after the Expiration Date, but before the execution by Franchisee of a new Franchise Agreement for a new term as required by Paragraphs 1.03.1 through 1.03.09 above, then the temporary continuation of the Franchised Business will be on a month-to-month basis, and will be terminable at Franchisor’s will by giving Franchisee written notice of termination at least thirty (30) days before the termination is effective. If the law of the jurisdiction in which Franchisee is located requires a longer notice period, the thirty (30) day period will be deemed modified to be the shortest notice period required by the laws of such jurisdiction. If Franchisor permits Franchisee to continue to operate the Franchised Business on a month-to-month basis after termination, expiration, or non-renewal of this Agreement, then Franchisee must pay to Franchisor monthly an additional fee equal to One Thousand Dollars (\$1,000) for every month of month-to-month operation after the Expiration Date, up to Franchisor’s then-current initial franchise fee, which fee shall be in addition to Royalties, National Advertising Fees, and any other payments due to Franchisor under this Agreement.

#### 1.04 Location and Protected Area.

Subject to the provisions of this Paragraph 1.04, provided Franchisee is not in default, Franchisor agrees to grant Franchisee a Protected Area as defined in the attached Franchise Rider, subject to the following provisions. Franchisor reserves all rights not otherwise granted to Franchisee in this Agreement or the Franchise Rider.

1.04.01 Franchisee shall at all times operate the Franchised Business from the Location and no other business. Franchisor is not obligated to assist Franchisee in locating a site for the Location. Within twelve months after the Effective Date of this Agreement, Franchisee shall acquire or lease, at Franchisee’s expense, commercial real estate that is properly zoned for the operation of the Franchised Business. Failure by Franchisee to acquire or lease a site for the Franchised Business within the time required herein shall constitute a default under this Agreement, and Franchisor, in its sole discretion, may terminate the Franchise Agreement. If Franchisee intends to lease the premises where the office and storage area of the Franchised Business will be operated (the “Premises”), Franchisee shall submit up to three (3) site locations for Franchisor’s approval, which approval shall not be unreasonably withheld. Franchisor reserves the right to require Franchisee to execute a lease rider providing certain rights to Franchisor as related to the lease. If Franchisor does not approve Franchisee’s request in writing within 30 days following Franchisor’s receipt, the site will be deemed to have not been approved. Franchisee shall submit to Franchisor executed copies of all such leases immediately after execution and at such other times as Franchisor may request. The term of the leases plus all options for Franchisee to renew shall together equal or exceed the Term. At Franchisee’s request, Franchisor shall offer assistance to Franchisee in selecting a site for the location and advising Franchisee in negotiating an acceptable lease agreement for the site. Franchisor shall not represent Franchisee in a legal capacity and advises Franchisee to seek independent legal counsel in the review and negotiation of its lease agreement. If Franchisee intends to own the Premises, Franchisee shall obtain approval of the Premises from Franchisor and furnish Franchisor proof of ownership prior to the date Franchisee commences any construction, build-out or remodeling of the Premises. **FRANCHISEE EXPRESSLY ACKNOWLEDGES AND AGREES THAT FRANCHISOR’S APPROVAL OF A SITE FOR FRANCHISEE’S LOCATION IS NOT AND SHALL NOT BE CONSTRUED AS A GUARANTEE OR ASSURANCE THAT THE BUSINESS WILL BE PROFITABLE.**

1.04.02 Franchisee is solely responsible for the construction of the Premises and the Franchised Business. Franchisee will commence any required construction promptly after execution of a lease for or closing on the purchase of the Premises. Franchisee shall maintain continuous construction of the Franchised Business and Premises until completion. Franchisee will complete construction in accordance with the plans and specifications for the Franchised Business which have been approved in advance by Franchisor and will not deviate, except as permitted below, from such plans and specifications without the prior written consent of Franchisor. Franchisee agrees that it will construct or remodel the Premises at the approved Location in accordance with Franchisor's construction or remodel plans and design, layout and other physical characteristics, rentals, lease terms including duration, and general conditions for use as a Shine Franchised Business ("Standard Plans") or in accordance with plans approved by Franchisor. Additionally, Franchisor may provide Franchisee with Franchisor's specifications for the construction and design of the Premises ("Spec. Sheet"). The Standard Plans, if provided, will be provided by Franchisor at no cost to Franchisee. Franchisee shall purchase or lease all equipment, displays, fixtures, and furnishings that Franchisor designates. Such Standard Plans shall not contain the requirements of any federal, state or local law, code or regulation, including those concerning the Americans With Disabilities Act ("ADA") or similar rules governing public accommodations for persons with disabilities, nor shall such plans contain the requirements of, or be used for, construction drawings or other documentation as may be necessary to obtain permits or authorization to build a specific Premises ("Applicable Law"). It is Franchisee's sole responsibility to make sure that the design and construction of the Franchised Business and the Premises are in compliance with all Applicable Laws including without limitation, the Americans with Disabilities Act. Franchisee shall indemnify and hold Franchisor harmless against any and all claims, actions, causes of action, costs, fees, fines and penalties, of every kind and nature, should the design and/or construction of the Franchised Business fail in any way to comply with any Applicable Laws, including, without the limitation, the Americans with Disabilities Act. If provided, Franchisee shall make no changes to any building plan, design, layout or decor, Spec Sheet, or any equipment or signage except as necessary to comply with Applicable Law without the prior written consent of Franchisor. Franchisee shall maintain the interior and exterior decor in such manner as may be prescribed from time to time by Franchisor. Franchisee acknowledges the specifications on the Spec. Sheet may exceed the requirements of Applicable Law. In the event of Franchisee's delay, refusal, or failure to make repairs or modifications to the Premises as specified by this Article, Franchisor or its agents may enter the Premises, without further notice and without liability for trespass or other tort and with Franchisee's complete cooperation, and remove, repair, and/or replace, at Franchisee's expense, any items which do not conform to Franchisor's then-current standards and specifications or which are not in conformity with Franchisee's obligation to maintain the Franchised Business and the Premises in the highest degree of repair and condition. In addition to any and all other remedies that Franchisor may have in law or in equity, Franchisee shall reimburse Franchisor for all out-of-pocket expenses incurred by Franchisor in connection with any refurbishing work performed by Franchisor pursuant to this Article, plus an administrative fee of fifteen percent (15%) of the total aggregate amount of expenses incurred by Franchisor. In the event that Franchisee fails to reimburse Franchisor within seven (7) days of the date Franchisee is billed for all such amounts, Franchisee authorizes Franchisor to collect all amounts due, including interest, at the rate of eighteen percent (18%) per annum or the maximum amount permitted by law, whichever is lower, and an additional ten percent (10%) late fee on the entire amount due, through electronic banking transfers as specified in this Agreement.

1.04.03 Franchisee shall prominently display, at its own expense, both on the interior and exterior of the Premises, advertising signs in such form, color, number, location and size, and containing such Marks, logos and designs as Franchisor shall designate. Franchisee will be



responsible for ordering any required signage, including an exterior sign, for the Premises from an approved vendor at Franchisee's expense. Franchisor may, on Franchisee's behalf and at Franchisee's expense, direct and control placement of the exterior sign on Franchisee's Location, working with Franchisee's landlord or tenant association, if necessary. Franchisee shall obtain all permits and licenses required for such signs and shall also be responsible for ensuring that all signs comply with all laws and ordinances. Franchisee shall not display in or upon the Premises any sign or advertising of any kind to which Franchisor objects. Franchisee shall remove all signs and other items and indicia which serve, directly or indirectly, to identify the Premises as associated with the Franchised Business or Shine brand within ten (10) days of the expiration or termination of this Agreement. In the event Franchisee does not comply with this requirement, Franchisor may enter the Premises, without being guilty of trespass and without incurring any liability to Franchisee, to remove all signs and other items identifying the Premises as a Shine business and to make such other modifications as are reasonably necessary to protect the Marks and Franchisor, and to distinguish the Premises from Shine businesses.

1.04.04 Franchisor reserves the right to require Franchisee to generally refurbish the Franchised Business and/or the Premises at Franchisee's expense, in order to conform to the building design, trade dress, color schemes and presentation of the Marks in a manner consistent with the then-current image for Shine franchises and may include, without limitation, structural changes, installation of new materials and equipment, remodeling, redecoration, changing color schemes, and modifications and/or repairs to existing improvements. Such remodeling and re-equipping may include, without limitation, replacing worn out, obsolete, or dated equipment, fixtures, furnishings and signs; structural modifications, redecorating; or purchasing more efficient or improved equipment. Franchisor may require Franchisee to perform remodeling and to purchase equipment at such times as Franchisor, in its sole discretion, deems necessary and reasonable. FRANCHISEE ACKNOWLEDGES THAT EQUIPMENT, ALTERATIONS AND RENOVATIONS REQUIRED BY FRANCHISOR MAY INVOLVE SUBSTANTIAL ADDITIONAL INVESTMENT BY FRANCHISEE DURING THE TERM OF THIS AGREEMENT.

1.04.05 Regardless of whether the Premises are owned or leased, it shall be the responsibility of Franchisee to determine that the Premises can be used, under all applicable laws and ordinances, for the purposes provided herein and that the Premises can be constructed or remodeled in accordance with the terms of this Agreement. Franchisee shall obtain all permits and licenses that may be required to construct, remodel and operate the Franchised Business. Franchisee agrees that the Premises will not be used for any purpose other than the operation of the Franchised Business in compliance with this Agreement.

1.04.06 Franchisee shall not, without first obtaining Franchisor's written consent, which shall not be unreasonably withheld: (i) relocate the Location; or (ii) renew or materially alter, amend or modify any lease, or make or allow any transfer, sublease or assignment of its rights pertaining to the Premises.

1.04.07 Franchisor hereby grants to Franchisee the right to operate the Franchised Business and to use the Marks in the operation of its Franchised Business. Franchisee agrees and acknowledges that the right to use said Marks is restricted exclusively to the Protected Area set forth herein. During the term of this agreement, Franchisor will not operate or license others to operate a window care or holiday lighting business within the Protected Area, either company-owned or franchised, under the **Shine®**, **Shine Window Care®** or **Shine Holiday Lighting®** Marks during the term of this Agreement, so long as Franchisee is not in breach of this Agreement. Franchisor will not adjust the Protected Area during the Initial Term of the Agreement; however, upon expiration of Franchisee's Initial Term if Franchisee signs an agreement for the Renewal Term, subject to other terms and conditions of this Agreement, Franchisor retains the right in their sole discretion to adjust the Protected Area for the Renewal Term. Franchisor does not warrant

or represent that no other Shine Franchised Business will solicit or make any sales within the Protected Area, and Franchisee hereby expressly acknowledges and agrees that such solicitations or sales may occur within the Protected Area. Franchisor shall have no duty to protect Franchisee from any such sales, solicitations, or attempted sales. Franchisee recognizes and acknowledges that (i) it will compete with other Shine businesses which are now, or which may in the future be, located near or adjacent to Franchisee's Protected Area, and (ii) that such Shine businesses may be owned by Franchisor, its affiliates, and/or third parties. Franchisee understands and agrees that Franchisor has the right, either directly or through affiliated entities, to operate or franchise or license others to operate businesses other than Shine businesses of the kind being franchised herein, whether operating under the Marks or not, and Franchisee agrees that Franchisor and its affiliates may do so within the Protected Area. Franchisee understands and agrees that Franchisor has the right, directly or through third parties, to manufacture or sell, or both, within Franchisee's Protected Area, services and products which are the same as or similar to those sold or provided by the Franchised Business using brand names which are the same as or similar to the Marks, provided that such items are not sold through Shine window care and/or holiday and outdoor lighting businesses located within Franchisee's Protected Area. Specifically, and without limitation, Franchisor, or an affiliate of Franchisor, may operate an e-commerce site utilizing the Marks that sells services or products that are the same as or similar to those sold or provided by the Franchised Business. Franchisee agrees that in the event Franchisor inadvertently assigns Franchisee a Protected Area contained in another Franchisee's protected area or assigns a portion of Franchisee's Protected Area to another franchisee, that it would be difficult, if not impossible, to determine what damages may arise from such action by Franchisor. Therefore, the parties expressly agree that the liquidated damages from such an inadvertent assignment of territories to two or more franchisees shall entitle the affected franchisees to a partial refund of the Initial Franchise Fee as damages, which damages shall not exceed a pro-rata refund of the portion of the Initial Franchise Fee allocated on a population basis to the affected area. Franchisee agrees that the liquidated damages described herein are Franchisee's sole and exclusive remedy in the event of an inadvertent assignment by Franchisor.

1.04.08. Franchisee may accept orders outside the Protected Area. However, if the Franchisee accept clients outside of the Protected Area, and the Franchisor subsequently awards such protected area or if that protected area belongs to another franchisee, the Franchisee shall immediately relinquish those clients outside of the Protected Area to the new franchisee. If the Franchisee accept clients outside of the Protected Area, and if that area is another franchisee's protected area, the Franchisee shall pay Encroachment Fee to the Franchisor in the amount of \$1,000 per job performed and 50% of revenue generated from such sale per job performed to the franchisee whose protected area in which the sale was generated. Upon Franchisor's notice of your encroachment of the Franchisee's protected area , if the Franchisee continues to make sales into another franchisee's protected area , the Franchisee shall be in default of this Agreement, and the Franchisor reserves any rights the Franchisor may have including the right to impose the Encroachment Fee and terminate the Franchisee's Agreement. 1.04.09. Franchisor may, in its sole and absolute discretion, require that Franchisee submit the lease for the Location to Franchisor for its written consent before Franchisee executes the lease, and require that Franchisee execute the lease rider substantially in the form attached hereto as Attachment F. The parties acknowledge and agree that Franchisor' approval of a lease does not mean that the economic terms of the lease are favorable; it means only that the lease contains the lease terms that Franchisor requires. The lease also must contain the terms reflected in the lease rider in the form attached hereto as Attachment F, including Franchisor's option to assume the lease in the event of expiration or termination of this Agreement without the payment of additional consideration, and without liability for any obligations of Franchisee accrued as of the date of the assignment of the lease. In addition, each lease must be for the same term as this Agreement.

Franchisee shall provide to Franchisor a fully executed copy of the Location's lease and Attachment F within 10 days after its execution.

#### 1.05 System and Marks.

1.05.01 Franchisee agrees to operate the Franchised Business only according to the System and only under the Marks pursuant to the Manual. Franchisee acknowledges that Franchisor owns all rights to the System and the Marks and Franchisee has only such rights as this Agreement grants. For purposes of this Agreement, the "System" includes the rights and obligations set forth in this Agreement, the Manual furnished to the Franchisee as amended from time to time, Franchisor's name, training, methods of operation, reputation, advertising, system and similar benefits pursuant to which the Franchisee operates the Franchised Business.

1.05.02 Franchisor and its affiliates shall have and retain all rights associated with the Marks other than those expressly licensed herein, including, but not limited to the following: (a) to use the Marks in connection with selling products and services; (b) to grant licenses to others to use the Marks, in addition to those licenses already granted to existing Franchisees; (c) to develop and establish other systems using the Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to Franchisee; and (d) to sell and distribute cleaning supplies and other items and services via alternate distribution channels bearing the Marks. Franchisee acknowledges that any unauthorized use of the System or the Marks is and shall be deemed an infringement of Franchisor's rights. Franchisee shall execute any documents deemed necessary by Franchisor or its counsel for the protection of the System and the Marks or to maintain their validity or enforceability, or to aid Franchisor in acquiring rights in or in registering any of the System and the Marks or any trademarks, trade names, service marks, slogans, logos and emblems subsequently adopted by Franchisor. Franchisee shall not use the Marks in any manner not specifically approved by Franchisor, including, without limitation, as part of any domain name or other address on any portion of the Internet or any new medium, including as part of any meta tag(s) or similar use. Franchisee shall immediately notify Franchisor, in writing, if Franchisee learns of any attempt by any person to infringe the Marks or to wrongfully appropriate the System or any part of it. Franchisor may, in its sole discretion, take whatever action it deems appropriate to protect or defend the Marks or System but is not obligated to take any action whatsoever.

Franchisee shall cooperate with Franchisor in any suit, claim or proceeding involving the System or the Marks or their use to protect Franchisor's rights and interest in the System and the Marks. In the event of any settlement, award or judgment rendered in favor of Franchisor relating to the use or ownership of the System or the Marks, such settlement, award or judgment shall be the sole property of Franchisor and Franchisee shall not be entitled to or make any claim for all or any part of it.

In the event that the trademark law is amended so as to render inapplicable any of the provisions of this Agreement, Franchisee shall sign any documents and do such other act and thing as in the opinion of Franchisor may be necessary to effect the intent and purpose of the provisions of this Agreement.

During the term of this Agreement or thereafter, directly or indirectly, Franchisee shall not commit any act of infringement or contest or aid in contesting the validity or ownership of the System or the Marks, or take any other action to disparage them. Franchisee shall use the Marks only in connection with the operation of the Franchised Business within the Protected Area specified herein, and shall use them only in the manner authorized by Franchisor. Franchisee shall prominently display the Marks in the manner prescribed by Franchisor on all signs, vehicles, uniforms, and other supplies and materials designated by Franchisor. Franchisee shall not fail to perform any act required under this Agreement, or commit any act which would impair the value

of the Marks or the goodwill associated with the Marks. Franchisee shall not at any time engage in any business or market any products or service under any name or mark which is confusingly or deceptively similar to any of the Marks. Franchisee shall not use any of the Marks as part of its corporate or trade name and shall not use any trademark, trade name, service mark, logo, slogan or emblem in connection with the Franchised Business that has not been authorized by Franchisor. Franchisee shall obtain such fictitious or assumed name registrations as may be required by Franchisor or applicable state law. Franchisee shall not attempt to register or otherwise obtain any interest in any Internet domain name, website or URL containing or utilizing any of the Marks or any other word, name, symbol or device which is likely to cause confusion with any of the Marks. Franchisee also acknowledges that its use of the Marks pursuant to this Agreement does not give Franchisee any ownership or other interest in or to the Marks, except the License granted by this Agreement.

1.05.03 Franchisor has the right to change, revise, or substitute different Marks for use in identifying the System, the Franchised Business, and the products sold or offered for sale through the Franchised Business, if Franchisor, in its sole discretion, determines that change, revision, or substitution of different Marks will be beneficial to the System. In such circumstances, the use of the substitute proprietary marks shall be governed by the terms of this Agreement. Franchisee shall comply with each such change, revision, or substitution and bear all expenses associated therewith. In the event that a court of competent jurisdiction should order, or if Franchisor in its sole discretion should deem it necessary or advisable, Franchisee shall modify or discontinue use of any Mark. Franchisee shall comply with Franchisor's directions regarding any such Mark within thirty (30) days after receipt of notice from Franchisor or, if such modification or discontinuance is court-ordered, immediately. Franchisor shall not be obligated to compensate Franchisee for any costs or expenses incurred by Franchisee in connection with any such modification or discontinuance. Franchisee shall also use such additional or substitute Marks as Franchisor shall direct.

1.05.04 Franchisor may change the System or any part of the System at any time, and as changed it shall remain the System pursuant to this Agreement. Franchisor shall own any improvements or changes in the System whether developed by Franchisor, by Franchisee or by other Franchisee(s) and shall have the right to adopt and perfect such improvements or changes without compensation to Franchisee or other Franchisees. If Franchisor modifies the System, Franchisee shall, at Franchisee's own expense except to the extent specifically provided in this Agreement, adopt and use such modification(s) as if it were part of the System at the time of execution of this Agreement.

1.05.05 Franchisee acknowledges that as between Franchisee and Franchisor, any and all present or future copyrights relating to the System or the Shine concept, including, but not limited to, the Manuals, plans and specifications and marketing materials, (collectively, the "Copyrights") belong solely and exclusively to Franchisor. Franchisee has no interest in the Copyrights beyond the nonexclusive License granted in this Agreement.

1.05.06 All inventions, ideas, applications, trademarks, service marks, enhancements, modifications, improvements or other processes, methods and designs, technologies, computer software, electronic code, original works or authorship, formulas, patents, copyrights, marketing and business plans and ideas, and all improvements and enhancements thereto that Franchisee may develop, invent, discover, conceive or originate, alone or in conjunction with any other person or persons during the Term that relate in any way, either directly or indirectly, to the Franchised Business and/or the System (collectively referred to as "Inventions and Ideas") developed by the Franchisee and/or any personal guarantors, either in whole or in part during the Term, shall be the exclusive property of Franchisor. Franchisee must promptly disclose the existence of any and all Inventions and Ideas to Franchisor. Franchisee and all guarantors of this Agreement hereby

assign to Franchisor, without compensation, all right, title and interest in such Inventions and Ideas, and agree that they will execute any and all instruments and do any and all acts necessary or desirable to establish and perfect in Franchisor the entire right, title and interest in such Inventions and Ideas. All ideas, concepts, techniques or materials concerning the Franchised Business, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, must be promptly disclosed to Franchisor and will be deemed the exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation will be due to Franchisee or its owners or employees therefor. Franchisor may incorporate such items into the System. To the extent any item does not qualify as a “work made-for-hire” for Franchisor, Franchisee hereby assigns ownership of that item, and all related rights to that item, to Franchisor and shall sign any assignment or other document as Franchisor reasonably requests to assist Franchisor in obtaining or preserving intellectual property rights in the item. Franchisor shall disclose to Franchisee concepts and developments of other franchisees that are made part of the System. As Franchisor may reasonably request, Franchisee shall, at Franchisor’s expense, take all actions reasonably necessary to assist Franchisor’s efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not. Franchisor shall have the right to use and incorporate into the System for the benefit of other franchisees and Franchisor any modifications, ideas or improvements, in whole or in part, developed or discovered by Franchisee or Franchisee’s employees or agents, without any liability or obligation to Franchisee or the developer thereof.

1.05.07 Franchisee shall maintain a current list of the names, home addresses, work addresses, e-mail addresses and telephone numbers of the customers, prospective customers, and past customers who have provided such information to the Franchised Business (the “Customer List”). Franchisee shall provide the Customer List to Franchisor upon request. The Customer List shall be the property of Franchisor. Franchisee shall not disclose such information to any person or entity other than Franchisor, or sell such list(s) or any portions thereof to any person or entity. Likewise, other data collected by Franchisee or Franchisee’s information technology system (Customer Data, Customer List, and the other data collectively referred to herein as “Franchisee Data”) is deemed to be owned by Franchisor, and Franchisee agrees to furnish the Franchisee Data to Franchisor at any time that Franchisor requests it. Franchisor hereby grants Franchisee a limited license to use Franchisee Data while this Agreement or a successor franchise agreement is in effect, but only in accordance with the policies that Franchisor establishes periodically and applicable law. Franchisee shall not be due any compensation based upon Franchisor use of the Franchisee Data. Franchisee may not sell, transfer, or use Franchisee Data for any purpose other than marketing Shine products and services.

1.05.08 Approved Information System. Franchisor may designate the information system used in Franchisee’s SHINE franchise, including the computer hardware, software, other equipment and enhancements (the “Information System”). In such event, in connection with the approved Information System, Franchisee agrees to the provisions set forth below. If Franchisee suspects or know of a security breach, Franchisee must immediately give notice of such security breach and promptly identify and remediate the source of any compromise of security breach at your expense. Franchisee assumes all responsibility for providing all notices of beach or compromise and all duties to monitor credit histories and transactions concerning customers of the SHINE franchise, unless otherwise directed by the Franchisor.

Franchisee shall be solely responsible for protecting itself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and Franchisee waives any and all claims Franchisee may have against the Franchisor or its affiliates as the direct or indirect result of such disruptions, failures, or attacks. If Franchisee

suspects or know of a security breach, Franchisee must immediately give notice of such security breach and promptly identify and remediate the source of any compromise of security breach at Franchisee's sole expense. Franchisee assumes all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the SHINE franchise, unless otherwise directed by the Franchisor.

Franchisee hereby release and agree to hold the Franchisor and its affiliates, and Franchisor's respective officers and directors, harmless from and against any and all claims, liability, damages, or causes of action of any nature arising from, or in connection with, the installation, maintenance, or operation of the information system and its billing and payment processing.

1.05.09 Ownership of Information. All of the information Franchisor or its affiliates obtain from Franchisee or about Franchisee's SHINE franchise, and all information in Franchisee's records or Franchisors concerning the members of Franchisee's SHINE franchise (the "Information") and all revenues we derive from the Information will be our property. However, Franchisee may at any time during the term of this Agreement use in the operation of Franchisee's SHINE franchise (but for no other purpose), to the extent lawful and at Franchisee's sole risk and responsibility, any information that Franchisee acquire from third parties in operating Franchisee's SHINE franchise, such as customer data. The Information (except for information Franchisee provides to the Franchisor or its affiliates, including information provided by Franchisee's officers, directors, shareholders, partners or equity members of Franchisee entity) will become Franchisor property which Franchisor may use for any reason as Franchisor may deem necessary or appropriate in Franchisor's sole discretion. Franchisee hereby authorize Franchisee's any payment processors to release the information to the Franchisor at any time. Following termination or expiration of this Agreement, Franchisee will no longer use any of the Information, except to comply with Franchisee's post-term obligations under this Agreement and Franchisee authorizes Franchisee's payment processor to release the Information exclusively to the Franchisor and/or Franchisor's designees.

#### 1.06 Manual.

Franchisor agrees to loan to Franchisee during the term of this Agreement one or more operations manuals (the "Manual"), together with such updates and modifications as Franchisor may from time to time provide to Franchisee. Franchisor may make any changes or modifications in the Manual as in Franchisor's sole judgment are desirable. Franchisee agrees that if there should, at any time, be a discrepancy between the terms of Franchisee's copy of the Manual and the master copy maintained in Franchisor's headquarters, the terms of the master copy shall prevail. Franchisee agrees, at all times, to conform to the Manual in all respects including to obtain any equipment, fixtures, personnel or technology necessary to do so. The Manual is and shall at all times remain the property of Franchisor and shall be returned to Franchisor upon expiration, termination or non-renewal of this Agreement for any reason. Franchisee agrees not to make the Manual available to or permit another to make any copies of the Manual or any portion thereof without Franchisor's prior written consent.

#### 1.07 Variations in Standards.

Because complete and detailed uniformity under varying conditions may not be possible or practical, Franchisor specifically reserves the right, in its sole discretion and as it may deem in the best interests of Franchisee or the System, to vary standards within the Franchised Business or any other franchised business in the Shine chain (the "Chain") based upon peculiarities of particular location or circumstances, including, but not limited to, density of population and other demographic factors, size of a franchisee's protected area, business practices or customs, or any other condition which Franchisor deems to be of importance to the operation of such franchised

business or the Chain. Franchisee acknowledges that because of these factors and others, there may be variations from standard specifications and practices throughout the Chain and that Franchisee shall not be entitled to require Franchisor to grant like or similar variations or privileges to Franchisee.

#### 1.08 Business and Customer Data.

In this Section “Customer Data” means Personal Information (as defined below), sales and payment history, and all other information about any person or entity the Franchised Business has serviced, wherever stored, including data regarding customers of businesses converted as a Franchised Business, and any other information that, by itself or in conjunction with other information, may be used to specifically identify an individual, such as name, physical address, telephone number, e-mail address, social media account, billing and payment history, customer service requests, and any other Information as defined in applicable law, and “Business Data” means all financial reports, vendor and supplier pricing data, and all other data about the Franchised Business other than Customer Data. Franchisee acknowledges and agrees that:

We have the right to independently access all Business Data, wherever maintained. Franchisor also has the right to require Franchisees to deliver Business Data to Franchisor. Franchisor has the right to use (and to authorize others to access and use) Business Data to, among other uses: (i) verify sales, (ii) monitor progress of its franchisee, including compliance with Minimum Performance Requirements; (iii) prepare a financial performance representation for Franchisor’s Franchise Disclosure Document; and (iv) share vendor and supplier pricing data with its affiliates.

Franchisor owns and has the right to access all Customer Data, in whatever form existing, and wherever stores. Because we own the Customer Data, including Personal information, we can share it with our affiliates, service providers, contracted third parties, or any other person, for any purpose, without notifying or compensating Franchisee, both during and after this Agreement, including for the performance of services the Franchisor or its parents or affiliates, as well as for marketing and cross-selling products and services of any of the foregoing parties. Whenever we request, and without request upon termination or expiration of this Agreement, Franchisee are required to promptly deliver to Franchisor all Customer Data in your possession or control, without retaining any of Customer Data in any media. Franchisee may not sell or disclose to anyone else any Personal Information or aggregated or non-aggregated Customer Data without first obtaining our written consent. In the event of an approved sale of the Franchised Business to a new owner who will continue to operate the Franchised Business under an agreement with Franchisor, Franchisee may not transfer the Customer Data to the new owner. Franchisee agrees to install and maintain the security measures and devices necessary to protect Customer Data from unauthorized access or disclosure, including (but not limited to) the minimum measures in Section.

## **Article 2 - Franchise Fees and Advertising**

#### 2.01 Initial Franchise Fee.

Franchisee agrees to pay Franchisor an initial franchise fee as set forth in the Summary Page attached hereto for the initial grant of the franchise and Franchisor’s associated pre-opening obligations, which shall be paid upon execution of this Agreement. If Franchisee is purchasing multiple Protected Areas simultaneously with the execution of this Agreement, Franchisee shall sign a separate franchise agreement for each protected area. All Initial Franchise Fees paid to the Franchisor are fully earned and non-refundable upon receipt. The Initial Franchise Fee shall primarily compensate Franchisor for Franchisor’s pre-opening obligations under this Agreement, which include, but are not limited to, assistance in site selection, establishment of vendor relationships, providing Franchisee with a copy of Franchisor’s Manual, and other consulting and

support associated with pre-opening expenses (“Pre-Opening Services”). The parties recognize the value of the Initial Franchise Fee approximates the market value of the Pre-Opening Services. The Initial Franchise Fee is fully earned and nonrefundable upon payment, and covers Franchisor’s costs associated with sale of the franchise to Franchisee (25%), training and onboarding the Franchisee (25%), and providing Franchisee pre-opening services (50%). Any subsequent protected areas purchased after execution of this Agreement shall be subject to our then-current initial franchise fee.

## 2.02 Royalties.

In further consideration of the grant of the franchise and in consideration of Franchisor’s ongoing services to Franchisee, Franchisee agrees to pay to Franchisor a continuing royalty fee of Seven Percent (7%) of Franchisee’s Gross Revenues (the “Royalty”), provided that the total Royalty amount paid may not be less than \$10,500 during the first 12 months of operation, \$20,000 for the remainder of the term. (“Minimum Royalty”). In the event Franchisee fails to meet the Minimum Royalty requirements therein, Franchisee shall pay the balance due to Franchisor within 30 days of receipt of notice of such shortfall (“Royalty Shortfall Amount”). The monthly Royalty is due and payable in one (1) installment on or before the thirtieth (30th) day of each month during the Term or such other date as may be determined by Franchisor with sixty (60) days’ advanced written notice to Franchisee (“Due Date”). The Royalty Shortfall Amount due, if any, is payable in one (1) installment upon receipt of Franchisor’s written notice.

## 2.03 Technology Fee.

The parties acknowledge and agree that the technological environment is rapidly changing and that it is difficult to anticipate the cost of developing, acquiring, implementing, and licensing internet and communications technologies that may benefit franchisees of the System. On each Due Date, Franchisee will be required to pay Franchisor’s then-current monthly Technology Fee, currently \$350 per month (“Technology Fee”) for technology services provided to Franchisee, including but not limited to, CRM software, digital Manuals, human resources management software, and communication platforms. Franchisor reserves the right to add or remove requirements for Franchisees to use certain technologies, at Franchisor’s sole discretion. Franchisor may, in Franchisor’s sole discretion, upon at least sixty (60) days’ prior written notice to Franchisee, increase Franchisee’s Technology Fee, provided Franchisee’s Technology Fee shall be no greater than the Technology Fee imposed on new franchisees at the time of the increase. The Technology Fee currently includes the cost of required CRM software; however, at the Franchisor’s sole discretion Franchisor may charge additional fee for the cost of CRM software or designate an Approved Supplier for the CRM software. If Franchisor implement a separate fee or designate an Approved Supplier, the Franchisor will provide a 30-day notice, upon which the Franchisee is obligated to make additional payments to the Franchisor or the third-party supplier.

## 2.04 Digital Marketing Fee.

On each Due Date, Franchisee will be required to pay Franchisor’s then-current monthly Digital Marketing Fee (“Digital Marketing Fee”), currently \$350 per month. Franchisor may, in Franchisor’s sole discretion, upon at least sixty (60) days’ prior written notice to Franchisee, increase Franchisee’s Digital Marketing Fee, provided Franchisee’s Digital Marketing Fee shall be no greater than the Franchisee’s Local Advertising Fee. The Digital Marketing Fee shall be used to provide Franchisee services related to branding, including but not limited to, website services. Franchisee’s Digital Marketing Fee shall count toward Franchisee’s Local Marketing Requirement.



## 2.05 National Advertising Fee.

2.05.01 Franchisor has established and administers a System-wide brand development, advertising, and marketing fee to facilitate regional and national advertising and marketing efforts to which the Franchisee must contribute a certain amount (“National Advertising Fee”). Currently, Franchisee is required to pay One Percent (1%) of its monthly Gross Revenues as its National Advertising Fee on each Due Date. Franchisor may, in Franchisor's sole discretion, upon at least sixty (60) days' prior written notice to Franchisee, increase Franchisee's National Advertising Fee to a maximum of two percent (2%) of Gross Revenues per month.

2.05.02 Franchisee agrees and acknowledges that contributions to the National Advertising Fee are intended to increase recognition of the Marks and to further the public image and acceptance of the System. Franchisor does not undertake any obligation to ensure that expenditures of the National Advertising Fees are in or affecting any geographic area are proportionate or equivalent to the National Advertising Fees paid by Shine businesses operating in such geographic area or that Franchisee or the Franchised Business will benefit directly or in proportion to its payment of the National Advertising Fee. Neither Franchisor nor any of its respective officers, directors, agents or employees, shall be liable to Franchisee with respect to the maintenance, direction or administration of the National Advertising Fees, including without limitation, with respect to contributions, expenditures, investments or borrowing, except for acts constituting willful misconduct.

2.05.03 The National Advertising Fee shall be used exclusively to meet all costs of maintaining, administering, or directing, and preparing promotional and/or advertising activities. Franchisor has the sole discretion to determine how and where the National Advertising Fee contributions are spent to promote, enhance, or further the growth of the System, including, without limitation, for promotional marketing, public relationships, and advertising expenses, hiring marketing, public relations and advertising agencies and in-house personnel to assist in developing the Shine brand name and average unit volumes, expenses associated with listings in telephone books and on the Internet, travel expenses in connection with promotions and marketing meetings, training, development of trademarks and trademarked materials, production of circulars, media, advertisements, coupons, online content, and promotional materials (including point of purchase materials) and for any other use Franchisor determines. A brief statement regarding the availability of information regarding the purchase of Shine franchises may be included in advertising and other items produced using the National Advertising Fee, provided that Franchisor will not use National Advertising Fee funds principally to sell franchises.

2.05.04 Sums paid by Franchisee into the National Advertising Fee shall not be used to defray any of Franchisor's expenses, except for such reasonable administrative costs and overhead, if any, that Franchisor may incur in activities reasonably related to the administration or direction of the expenditure of the National Advertising Fees, and promotion and advertising programs for franchisees and the System, including, among other things, the cost of personnel for creating and implementing advertising, promotional, and marketing programs.

2.05.05 National Advertising Fees are not required to be expended for promotional and/or advertising purposes during the taxable year in which the contributions and earnings are received, and may be spent at any time.

2.05.06 Franchisor will not be required to separately account to Franchisee for the activities conducted using overhead or administration portion or allocation of the National Advertising Fees, although Franchisor may elect to do so at its sole discretion.

2.05.07 The National Advertising Fee is not a trust or an escrow, or maintained in a trust or an escrow, and is not an advertising fund. Franchisor shall have no fiduciary duty to

Franchisee in connection with the collection, administration, or use of the National Advertising Fee monies or any aspect of the expenditure of National Advertising Fees.

2.05.08 Franchisor will, from time to time expend its own funds to produce such promotional materials and conduct such advertising as it deems necessary or desirable. In any advertising conducted solely by or for Franchisor, Franchisor shall have the sole discretion to determine the products and geographical markets to be included, and the medium employed and Franchisor shall not have any duty or obligation to supply Franchisee with any advertising or promotional materials produced by or for Franchisor at its sole expense. Franchisor disclaims and Franchisee hereby acknowledges that Franchisee has not received or relied upon any warranty regarding the success of any advertising and/or promotional plans or materials recommended by Franchisor for use by Franchisee. Further, Franchisee acknowledges and agrees that all advertising and promotional plans and materials created in whole or in part by Franchisor are and remain the exclusive property of Franchisor.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR WILL HAVE NO LIABILITY TO FRANCHISEE FOR ANY DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES ARISING OUT OF OR IN ANY WAY CONNECTED TO THE NATIONAL ADVERTISING FEE OR ANY NATIONAL ADVERTISING FEE PROGRAMS OR FRANCHISOR'S MODIFICATION OR DISCONTINUANCE FOR ANY REASON OF THE NATIONAL ADVERTISING FEE OR ANY ADVERTISING PROGRAMS, OR FRANCHISEE'S PARTICIPATION THEREIN.

#### 2.06 Method of Payment.

On each Due Date, Franchisee must pay Franchisor the fees set forth above, as well as any other amounts due to Franchisor under this Agreement or any other agreement between Franchisor and Franchisee. Franchisor may transfer these amounts due from the Franchisee's bank operating account ("Account"). Franchisee's sales report, in the form designated by Franchisor, shall be submitted to Franchisor on or before the thirtieth (30<sup>th</sup>) day of each month during the Term or such other date determined by Franchisor with sixty (60) days' advanced written notice to Franchisee. If a transfer from Franchisee's Account is refused, an administrative fee of Fifty Dollars (\$50) will be assessed, as well as reimbursement to Franchisor of any fee its bank charges for uncollected deposit funds. If Franchisee has not reported Gross Revenue to Franchisor for any fiscal period, Franchisor will transfer from the Account an amount calculated in accordance with its estimate of the Gross Revenue during the fiscal period. If, at any time, Franchisor determines that Franchisee has underreported its Gross Revenue, or underpaid the royalty fee or other amounts due to Franchisor under this Agreement, or any other agreement, Franchisor shall initiate an immediate transfer from the Account in the appropriate amount in accordance with the foregoing procedure, including interest as provided in this Agreement. Any overpayment will be credited to the Account effective as of the first reporting date after Franchisor and Franchisee determine that such credit is due. Alternatively, Franchisor shall have the right in lieu of the royalty report submission procedure outlined above to obtain Gross Revenue data derived directly from electronic communication with any point of sale or customer relationship management system established by Franchisee.

Franchisor may, but is not obligated to, require Franchisee to remit payment of the Royalty Fee and any other fees by electronic funds transfer ("EFT"). In connection with payment of the royalty fee by EFT, Franchisee shall: (1) comply with procedures specified by Franchisor in the Manuals; (2) perform those acts and sign and deliver those documents as may be necessary to accomplish payment by EFT as described in this Paragraph; (3) give Franchisor an authorization in the form designated by Franchisor to initiate debit entries and/or credit correction entries to the Account for payments of the royalty fee and other amounts payable under this Agreement, including any

interest charges; and (4) make sufficient funds available in the Account for withdrawal by EFT no later than the Due Date for payment thereof; and (5) maintain a single bank account to make all payments required by this Agreement. Franchisee must advise Franchisor at least fifteen (15) business days prior to any change in Franchisee's bank account or financial institution; no such change will be permitted without the prior written authorization of Franchisor. To ensure the orderly electronic transfer of the royalties and all other fees as outlined in this Paragraph, Franchisee will enter into and maintain a banking agreement with the financial institution which will be responsible for the transfer and payment of the fees owed by Franchisee to Franchisor, and a copy of that agreement will be submitted to Franchisor prior to the effective date of this Agreement. Franchisee shall not withhold any payments required to be made under this Agreement on any grounds, including any allegations of Franchisor's non-performance.

Failure by Franchisee to have sufficient funds in the Account shall constitute a default of this Agreement and may subject this Agreement to termination for cause as hereinafter set forth. Franchisor shall not be entitled to set off, deduct or otherwise withhold any royalty fees, advertising contributions, interest charges or any other monies payable by Franchisee under this Agreement on grounds of any alleged non-performance by Franchisor of any of its obligations or for any other reason. If Franchisee is delinquent in the payment of any obligation to Franchisor, its subsidiaries, affiliates or designees, then Franchisor (or such subsidiaries, affiliates or designees), will have the right to apply any payment from Franchisee to any obligation due, including the oldest obligation due, whether under this Agreement or otherwise, notwithstanding any contrary designation by Franchisee as to such application.

At Franchisor's discretion, Franchisor may also deduct Franchisee's Royalty Fee or other fees directly from customer payments to the extent such payments are made through Franchisor's website before remitting any such payment to Franchisee.

If Franchisee fails to pay the full amount of the Royalty Fee or other fees when due or Franchisee has insufficient funds to cover the electronic transfer when initiated by Franchisor, Franchisee shall pay interest on the amount due and unpaid at an interest rate equal to the lower of ten percent (10%) or the maximum interest rate allowed by law.

#### 2.07 Management Assistance.

In the event Franchisee requests Franchisor to provide extraordinary management or support services at Franchisee's location or in Franchisee's Protected Area, Franchisee shall incur a fee for such extraordinary services. All such extraordinary services shall be arranged as provided in the Manual.

#### 2.08 Gross Revenues.

The term "Gross Revenues" shall mean the full the price of all goods and services sold by Franchisee from or relating to the Franchised Business, whether or not Franchisee has received cash or other consideration. Gross Revenues does not include sales taxes or gift card redemptions. Gross Revenues includes payments received from gift cards and certificates at the time of sale of the gift cards or certificates. Gross Revenues are calculated at the time Franchisee sells the goods or services, without regard to when the Franchisee receives or expects to receive cash or other consideration therefore. All barter and exchange transactions for which you furnish services or products in exchange for goods or services to be provided by the vendor, supplier, or customer will be valued at the full retail value in exchange for the goods or services provided to you. Gross Revenue also includes the proceeds of any business interruption insurance and any revenue generated from National Accounts paid to you. Gross Revenue also includes any payments you receive from vendors.

## 2.09 Local Cooperative Marketing.

Franchisee agrees that Franchisor shall have the right, in its sole discretion, to designate from time to time a geographical area in which the Franchised Business is located for the purpose of establishing an advertising cooperative (the “Cooperative”). If a Cooperative has been established applicable to the Franchised Business at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Cooperative. If a Cooperative applicable to the Franchised Business is established at any later time during the Term, Franchisee shall become a member of such Cooperative no later than thirty (30) days after the date on which the Cooperative commences operation. In no event shall the Franchised Business be required to contribute to more than one Cooperative. The following provisions shall apply to each Cooperative:

- (i) Each Cooperative shall be organized and governed in a form and manner, and shall commence operation on a date, approved in advance by Franchisor in writing.
- (ii) Each Cooperative shall be organized for the purposes of producing and conducting general advertising programs and activities for use in and around the applicable geographic area and developing standardized promotional materials for use by the members.
- (iii) Franchisor and its affiliates shall make contributions to each Cooperative of which they are a member on the same basis as required of comparable franchisees within the System.
- (iv) No advertising programs or materials may be used by the Cooperative or furnished to its members, and no advertising or promotional activities may be conducted by the Cooperative, without the prior written approval of Franchisor. All such programs, materials and planned activities shall be submitted to Franchisor for approval in accordance with the procedure set forth in Article 2.
- (v) Subject to the provisions of Article 2, each cooperative shall have the right to require its members to make contributions to the Cooperative in such amounts as are determined by the governing body of the Cooperative.
- (vi) Franchisee shall make its contributions to the Cooperative on the date and in the manner designated by the Cooperative. Franchisee shall also submit such statements and reports as may be designed from time to time by the Cooperative. The Cooperative shall submit to Franchisor such statements and reports as Franchisor may designate from time to time.
- (vii) Notwithstanding the foregoing, Franchisor, in its sole discretion, may, upon written request of a franchisee stating reasons supporting such request, grant to any franchisee an exemption from the requirement of membership in a Cooperative. Such an exemption may be for any length of time and may apply to one or more franchised businesses owned by such franchisee. If an exemption is granted to a franchisee, such franchisee may be required to expend on local advertising the full amount that would otherwise be payable to the Cooperative. Franchisor, in its sole discretion, may also exempt one or more franchised businesses owned or controlled by Franchisor or its affiliate from the requirement of membership in a Cooperative for such periods as Franchisor deems appropriate.
- (viii) The Cooperative is not a trust fund. Franchisor shall have no fiduciary duty to Franchisee in connection with the collection or use of the Cooperative monies or any aspect of the operation of any Cooperative.

## 2.10 Local Advertising Fee.

If Franchisee’s Gross Revenues are \$500,000 or less, the Franchisee agrees to spend on local, Cooperative, and regional marketing a minimum of Ten Percent (10%) of monthly Gross Revenue which includes required \$500 per month on Pay-Per Click digital adverting (the “Local Marketing

Requirement”). Notwithstanding the foregoing, if Franchisee attains Gross Revenue in excess of Five Hundred Thousand Dollars (\$500,000) up to Seven Hundred and Fifty Thousand Dollars (\$750,000) in any calendar year, then Franchisee shall be obligated to spend in the immediately subsequent year Seven Percent (7%) of monthly Gross Revenue which includes the required \$500 per month on Pay-Per Click digital advertising on Local Marketing Requirement; if Franchisee attains Gross Revenue in excess of Seven Hundred and Fifty Thousand Dollars (\$750,000) up to one Million Dollars (\$1,000,000) in any calendar year, then Franchisee shall be obligated to spend in the immediately subsequent year five percent (5%) of monthly Gross Revenue which includes required \$500 per month on Pay-Per Click digital advertising on Local Marketing Requirement; if Franchisee attains Gross Revenues in excess of One Million Dollars (\$1,000,000), Franchisee shall be obligated to spend 3% of monthly Gross Revenue which includes required \$500 per month on Pay-Per Click digital advertising on Local Marketing Requirement. All spent on Local Marketing Requirement must be done in accordance with the standards and in the manner Franchisor sets forth in the Manual. Franchisee shall submit verification of its local marketing expenditures at such times and in such form as may be requested by Franchisor from time to time. In the event that Franchisee fails to meet the Local Marketing Requirement and/or fails to provide Franchisor with verification thereof, Franchisee shall pay to Franchisor its Local Marketing Requirement, less the amount Franchisee actually paid for local advertising, which shall be utilized as part of Franchisor’s National Advertising Fee program. This contribution is in addition to Franchisee’s National Advertising Fee program and shall not be a credit against its existing obligation to pay the National Advertising Fee.

## 2.11 Advertising Limitations.

2.11.01 Prior to their use by the Cooperative or by Franchisee, samples of all advertising and promotional materials not prepared or previously approved by Franchisor within the 90-day period preceding their intended use shall be submitted to Franchisor for approval. If disapproval is not received within twenty (20) days from the date of receipt by Franchisor of such materials, Franchisor shall be deemed to have given the required approval. Neither the Cooperative nor Franchisee shall use any advertising or promotional materials that Franchisor may at any time disapprove, regardless of whether any such items had been previously approved by Franchisor. Neither the Cooperative nor Franchisee shall cease using any advertising or promotional materials that Franchisor may at any time disapprove, regardless of whether any such items had been previously approved by Franchisor. If Franchisee violates this paragraph more than two (2) times in any twelve (12) month period, Franchisor may, in addition to all other remedies available pursuant to this Agreement, require Franchisee to obtain prior written approval of copy and marketing technique for all or certain categories of marketing.

2.11.02 Franchisor will, from time to time expend its own funds to produce such promotional materials and conduct such advertising as it deems necessary or desirable. In any advertising conducted solely by or for Franchisor, Franchisor shall have the sole discretion to determine the products and geographical markets to be included, and the medium employed and Franchisor shall not have any duty or obligation to supply Franchisee with any advertising or promotional materials produced by or for Franchisor at its sole expense. Franchisor disclaims and Franchisee hereby acknowledges that Franchisee has not received or relied upon any warranty regarding the success of any advertising and/or promotional plans or materials recommended by Franchisor for use by Franchisee. Further, Franchisee acknowledges and agrees that all advertising and promotional plans and materials created in whole or in part by Franchisor are and remain the exclusive property of Franchisor.

2.11.03 Franchisor shall be the sole and exclusive owner of all materials and rights which result from advertising and marketing programs produced and conducted, whether by Franchisee, Franchisor, the Cooperative or the National Advertising Fee. Any participation by

Franchisee in any advertising, whether by monetary contribution or otherwise, shall not vest Franchisee with any rights in the Marks employed in such advertising or in any tangible or intangible materials or rights, including, copyrights, generated by such advertising. If requested by Franchisor, Franchisee shall assign to Franchisor any contractual rights or copyright it acquires in any advertising.

## 2.12 Computer/CRM System

Franchisee, at its expense, shall purchase or lease and thereafter maintain such computer/ CRM hardware and software, broadband high-speed internet service, active e-mail account, required dedicated telephone and power lines, modem(s) printer(s), and other computer-related accessories or peripheral equipment as Franchisor specifies, for the purpose of, among other functions, recording sales and other record keeping and central functions. Franchisor has the right to require Franchisee to connect to its computer system. Franchisee shall provide such assistance as may be required to connect its computer/CRM system with Franchisor's computer system. Franchisor shall thereafter have the right from time to time and at any time to retrieve and use for any purpose such data and information from Franchisee's computer/ CRM system as Franchisor, in its sole and exclusive discretion, deems necessary or desirable. In view of the contemplated interconnection of computer/CRM systems and the necessity that such systems be compatible with each other, Franchisee expressly agrees that it will strictly comply with Franchisor's standards and specifications for all item(s) associated with Franchisee's computer/ CRM systems. To the extent Franchisee does not use Franchisor's proprietary CRM software, Franchisor shall have access to Franchisee's CRM software and Franchisee is required to provide login information with Franchisor.

2.12.01 The computer system and/or CRM for your Franchised Business will be dedicated for the operation of your SHINE business and used for no other purpose.

2.12.02 All sales must be processed through the approved CRM systems and reported as gross revenue and no other supplemental or secondary CRM system may be used.

## 2.13 Accounting Services/Payroll

In the course and operation of its business, Franchisee shall require the assistance of business and financial services for the preparation of income tax returns, financial statements, budgets, and other financial information and for payroll services. Franchisee shall use the financial service vendors Franchisor may designate from time to time in Franchisor's Manuals and shall pay all fees charged by such designated financial service vendors.

## 2.14 Inflation Adjustments.

Franchisor and its affiliates reserve the right to increase the amount of any fee provided for hereunder, including, without limitation, the Technology Fee and Website Management Fee due Franchisor or an affiliate under this Agreement or a related agreement ("Inflation Adjustment"). An Inflation Adjustment shall not apply to any Royalty Fee, National Advertising Fee, or Digital Marketing Fee paid to the Franchisor. An Inflation Adjustment shall be in relation to the changes in the Consumer Price Index (U.S. Average, all items) maintained by the U.S. Department of Labor, the cost-of-living-adjustment ("COLA") using the COLA factors determined by the United States Department of Labor, or such other measure determined reliable by Franchisor. Franchisor will notify Franchisee of the amount or percentage adjustment thirty (30) days prior to their effective date.

#### 2.15 No Offset or Retention of Funds.

Franchisee may not offset or withhold payments owed to Franchisor for amounts purportedly due to Franchisee as a result of any dispute of any nature or otherwise, but will pay such amounts to Franchisor and only thereafter seek reimbursement.

#### 2.16 Start Up Package

Franchisee agrees to pay Franchisor's current fee for its start-up package ("Start-Up Package"), as specified in the Summary Page, in consideration for Franchisor's offering Franchisee certain required equipment and marketing materials.

#### 2.17 Default Fee

If you are in default under this Agreement, at our discretion, and without waiver of any of our rights under this Agreement, we may impose a fee ("Default Fee") in an amount up to \$1,500 per event of default, plus the cost of re-inspections and the costs enforcing compliance. You must pay the Default Fee within 3 days of our demand.

#### 2.18 Independent Access

Franchisee agrees to grant the Franchisor or any of its agents, affiliates, accounting firm, an independent access to the Franchised Business data. Franchisee shall provide the Franchisor with login information and access to any data generated by the CRM or Accounting software as it relates to the Franchised Business.

### **Article 3 - Reports and Audits**

#### 3.01 Records and Reports.

Franchisee shall at all times maintain true and accurate business records in the manner specified by Franchisor. All financial records and books kept for the Franchised Business shall be reconciled on a monthly basis. Franchisee shall, on a monthly basis or at such other intervals as specified by Franchisor, provide Franchisor with such report(s), in the form(s) specified by Franchisor, as Franchisor may require, and at such times as Franchisor may require, including, but not limited to, profit and loss statements through QuickBooks Online or such other accounting software as Franchisor requires, reports of business expenses and overhead, customer information, copies of detailed purchase invoices, number and type of transactions, identity of vendors, the amount of marketing expenditures, detailed records of marketing expenditures, copies of inspection reports, and weekly or monthly sales summary. Franchisor shall have the right to levy a fine in an amount up to Three Hundred Dollars (\$300) any time Franchisee fails to provide Franchisor with the reports Franchisor requires in accordance with this Article by the date(s) Franchisor specifies in its Manual. By submitting any reports to Franchisor, Franchisee is certifying that they are true and correct. Within ninety (90) days following the end of each calendar year, Franchisee shall provide Franchisor with a copy of Franchisee's balance sheet and an income and expense statement for the year. At the time they are filed, Franchisee shall provide Franchisor with copies of Franchisee's federal income tax return(s) and state and local excise tax returns, if applicable, together with all exhibits and schedules thereto and all amendments thereafter. Franchisor is authorized to rely upon such reports and financial documents and to disclose such documents to governmental authorities as and if properly requested. Franchisor may use data from the reports and financial documents in composite or statistical form for any purpose in Franchisor's sole discretion. Franchisor is authorized to obtain or verify the information and reports described herein by electronic means from Franchisee's computer(s), at any time, without prior notice, at Franchisor's sole election. Franchisee shall retain all business records for at least five (5) years or such longer period of time as may be required by applicable law.

Franchisee agrees at all times to use the chart of accounts and accounting procedures established from time to time by Franchisor.

### 3.02 Failure to Report.

If Franchisee fails, for any reason, to timely deliver to Franchisor any required report with all required information, Franchisor is authorized, without further notice, to assess Royalties and National Advertising Fees for each relevant month and effect an electronic funds or other transfer of such funds calculated as the greater of (a) Franchisee's average monthly Royalties and National Advertising Fees over the prior twelve (12) months or (b) the average monthly Royalties and National Advertising Fees of all similar Franchisees within Franchisee's region as defined by Franchisor. Franchisee hereby authorizes Franchisee's bank to make such transfers upon Franchisor's request. No action taken under this paragraph shall constitute a cure of any breach by Franchisee, an election of remedies by Franchisor or act, in any way, to limit Franchisee's liability to pay fees under this Agreement.

### 3.03 Audits and Inspections.

Franchisor shall have the right, at any time, to enter the Premises (either physically or electronically) for purposes of auditing the accuracy of reports submitted and to otherwise verify compliance with the terms and conditions of this Agreement, and, additionally, have the right to observe the manner in which Franchisee renders services and conducts activities and operations, and to inspect facilities, equipment, accessories, products, supplies, reports, forms and documents and related data to ensure that Franchisee is operating the Franchised Business in accordance with the quality control provisions and performance standards established by Franchisor. Should any audit or inspection reveal that Franchisee has underreported the amount of Gross Revenues, Franchisee shall immediately pay to Franchisor the additional amount of royalties and other fees payable on account of the underreporting, plus interest thereon at the rate of one and one-half percent per month, but not more than the maximum interest allowed by applicable law. If an audit or inspection reveals that Franchisee has underreported Gross Revenues by three (3%) percent or more for any month, then Franchisee shall also pay, immediately, the cost of the audit or inspection. In all other cases, Franchisor shall bear the entire cost of the audit or inspection, including incidental costs. Should Franchisee at any time cause an audit to be made of Franchisee's Franchised Business, Franchisee shall cause a copy of the report of said audit to be delivered to Franchisor without any cost or expense to Franchisor. We may, from time to time, make suggestions and give mandatory instructions with respect to your operation of your SHINE franchise as we consider necessary or appropriate to ensure compliance with the then-current quality standards of the System and to protect the goodwill and image of the System. Franchisor and its agents shall have the right, at any reasonable time, to remove sufficient quantities of products, supplies or other items to test whether such products or items meet Franchisor's then-current standards. Franchisor or its designee has the right to observe Franchisee and its employees during the operation of the Franchised Business and to interview and survey (whether in person or by mail) clients and employees and to photograph or videotape the operations. You expressly agree that these visits will not imply that you are in compliance with your obligations under this Agreement or under the law or that we waive our right to require strict compliance with your obligations under this Agreement or the Manual. Furthermore, such visits will not create any responsibility or liability in our part. If you request that we make additional visits to your SHINE franchise, you will pay the fees we establish for such visits. You will also allow us to visit your SHINE franchise with prospective franchisees during your business hours.

3.03.01 Franchisor may also contact suppliers and obtain information about Franchisee purchases and the status of Franchisee account(s). Upon termination or expiration, Franchisor can stop access to our proprietary products from any supplier or distributor.



### 3.04 Contact with Others.

Franchisor shall have the right, in Franchisor's sole discretion and without further notice to Franchisee or to any other person or entity, to contact any of Franchisee's customers, landlord, accountant, vendors, or other persons within Franchisee's Protected Area or otherwise for the purpose of verifying the accuracy of any information submitted by Franchisee, for quality assurance or for any other purpose not inconsistent with this Agreement.

## **Article 4 - Training**

### 4.01 Initial Training.

4.01.01 Franchisor shall admit Franchisee and all its attendees to its initial training program. If the Franchisee's owner is the Manager (defined below), then Franchisee's owner and one other employee (preferably a technician) is admitted to the training program. If Franchisee's owner is not a Manager, then the Franchisee's owner, the Manager, and three other employees are required to attend the initial training program. Franchisee shall be responsible for all salaries, compensation, benefits, and living and travel expenses of trainees. After the initial training, Franchisor will be available for such reasonable consultation, as Franchisor deems appropriate. Franchisor reserves to itself the exclusive right to determine whether Franchisee and other trainees have satisfactorily completed the training program. If Franchisee and Franchisee's designated Manager, if applicable, do not satisfactorily complete the initial training program, Franchisor may terminate this Agreement. Franchisee acknowledges that such failure to satisfactorily complete the initial training program is grounds for termination of this Agreement. Franchisee agrees to pay Franchisor's current fee for its initial training, as specified in the Summary Page.

4.01.02 Franchisee agrees that Franchisor is not obligated to provide any training or assistance to Franchisee's particular level of satisfaction, but as a function of Franchisor's experience, knowledge and judgment. Franchisee also acknowledges that Franchisor is not obligated to provide any services to Franchisee that are not set forth in this Agreement. If Franchisee believes Franchisor has failed to adequately provide any pre-opening services to Franchisee or to Franchisee's employees, whether with respect to site selection, selection and purchase of equipment and supplies, training, or any other matter affecting the establishment of Franchisee's Franchised Business, Franchisee must notify Franchisor in writing within thirty (30) days following the opening of Franchisee's outlet or Franchisee will be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by Franchisor were sufficient and satisfactory in Franchisee's judgment, and compliant with all representations made to Franchisee. If Franchisee fails to so notify Franchisor, Franchisee will be deemed to have waived all claims relating to or arising from Franchisor's obligations to provide pre-opening assistance.

### 4.02 Manager Training.

At all times, Franchisee or Franchisee's manager in charge of operating the Franchised Business ("Manager") shall be an individual who has successfully completed Franchisor's Manager training program and who otherwise meets Franchisor's Manager criteria. If the Manager is not the Franchisee's principal, then the Manager must attend and successfully complete Franchisor's initial training program and all additional training that Franchisor requires, to Franchisor's satisfaction. The Manager shall devote his or her full-time and best efforts to the Franchised Business' operations, and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitment. Franchisor shall have approved the Manager as meeting its then-current qualifications for such position. If the Manager ceases to serve in, or no longer qualifies for, such position, you shall designate another qualified

person to serve as your Manager within 60 days after the date the prior Manager ceases to serve or no longer qualifies to serve. Any proposed replacement Manager must successfully complete the initial training program and such other training required by Franchisor, and be approved by Franchisor, before assuming his or her position as Manager and, in no event, later than 90 days after the previous Manager ceased to serve in such position. There shall be an estimated charge of \$1,500 for one week of training plus travel expenses to the Franchisor's headquarters for the Manager training. In all cases, Franchisee shall be solely responsible for any salaries, compensation, benefits, living, and travel expenses of trainees.

#### 4.03 Employee Training.

Should any employee, prospective employee or independent contractor of Franchisee perform work which in Franchisor's judgment requires additional training, skills or knowledge, such employee shall take part in such training and instruction as shall be directed by Franchisor. Franchisee shall be solely responsible for all wages, travel and living expenses, and all other costs incurred by Franchisee and Franchisee's employees in connection with any training or instruction provided by Franchisor, which amount shall be set forth by Franchisor, plus expenses, including reimbursement for mileage at the then-current IRS reimbursement rate. Franchisee shall also, at its own expense, conduct at the Franchised Business such training and instruction, using such materials, equipment and supplies, as Franchisor may require from time to time. It will be solely Franchisee's responsibility to ensure that all new employees and current employees are trained to perform their duties in a proper manner at the Franchised Business and Franchisee shall implement and maintain an employee training program, at Franchisee's expense, pursuant to all specifications, standards and procedures prescribed by Franchisor. Franchisee shall ensure that all employees have all necessary certifications and credentials as required by applicable state laws and licensing regulations, and that all employees must satisfy all continuing educational training requirements as may be specified by applicable laws and regulations. In the event that Franchisee is unable to, or fails to, provide the employee training required by this Article, Franchisor may, at Franchisee's expense, provide the training to Franchisee's employees. Training by Franchisor will be at reasonable times and subject to availability of Franchisor's representatives. In the event that Franchisor provides training to Franchisee's employees upon Franchisee's request, Franchisee hereby releases, indemnifies and holds harmless Franchisor and its affiliates, agents and employees from all claims, causes of action, expenses, costs, debts, fees, liabilities and damages of every kind arising out of or related to the training and/or the continuing education of Franchisee's employees as set forth herein.

#### 4.04 Subsequent Training.

Franchisor may require Franchisee and Franchisee's Manager to complete additional training at a location determined in Franchisor's sole discretion. There shall be an estimated charge of \$1,500 for 2-day training plus travel expenses for the subsequent training. Franchisee shall, in any event, be solely responsible for all salaries, compensation, benefits, and living and travel expenses of trainees.

#### 4.05 Training Materials.

Franchisor may, from time to time, provide or make available to Franchisee training materials and equipment for providing training for Franchisee's manager(s) and employees. Franchisor may charge a reasonable fee for such materials and equipment. Franchisee agrees that all such materials are Trade Secrets pursuant to this Agreement. Franchisee agrees to require all of its managers and employees, as applicable, to successfully complete any such training program(s) if Franchisor designates them as mandatory.

#### 4.06 No Warranty of Success.

Franchisor's determination that Franchisee or Franchisee's employee(s) have successfully completed any training shall not be a warranty or representation that the person can or will successfully operate the Franchised Business or any aspect thereof.

#### 4.07 On-Site Training Cancellation Fees.

If Franchisor or its representative is schedule to conduct an on-site training program, or scheduled for a visit at the Franchisee's location for training or other reasons, or if the Franchisee register for a training program and Franchisee subsequently cancel, fail to attend, fail to have the appropriate parties attend, or fail to stay for the entire training program then Franchisee shall pay the Franchisor, their then-current on-site training cancellation fee (the "On-Site Training Cancellation Fee"). The On-Site Training Cancellation Fee may vary depending upon the type of schedule training program and how far in advance you notify the Franchisor in writing of the cancellation and the cost and expense incurred in rescheduling our travel arrangements.

#### 4.08 Nature and Assistance of Training

Franchisee agree that Franchisor is not obligated to provide any training or assistance to Franchisee's particular level of satisfaction, but as a function of Franchisor's experience, knowledge, and judgment. Franchisee also acknowledge that Franchisor is not obligated to provide any services to Franchisee that are not set forth in this Agreement. If Franchisee believes the Franchisor has failed to adequately provide any pre-opening services to the Franchisee or to its employees, whether with respect to site selection, selection and purchase of equipment and supplies, training, or any other matter affecting the establishment of Franchisee's SHINE business, Franchisee must immediately notify the Franchisor in writing within thirty (30) days following the opening of Franchisee's SHINE business or the Franchisee will be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by the Franchisor were sufficient and satisfactory in Franchisee's judgment, and complied with all representations made to the Franchisee.

#### 4.09 Delegation of Performance

Franchisee agrees that Franchisor has the right to delegate the performance of any portion or all of our obligations under this Agreement to third party designees, whether these designees are our agents or independent contractors with whom we contract to perform these obligations.

4.10 Conferences, Seminars and Similar Training. While the Franchisor is not required to do so, from time to time Franchisor may offer conferences and other training courses relating to our industry and to the conduct of the Shine System. You must send at least one representative from your Franchised Business to our annual National Convention and any other trainings we require. These courses may be conducted by our employees and/or by other trainers and will address various aspects of our business and other topics of interest to you or us. We have the right to charge you a tuition fee of up to \$500 for each attendee, whether or not the attendee is required to attend or actually attends the conference, convention, or training courses. Additionally, you will be responsible for all transportation, lodging, food, and other costs incurred by your manager in attending such conference or training. If you do not attend a scheduled required event, Franchisor has the right to increase your Royalty by 1% Gross Revenue for the remainder of the calendar year. Franchisor also expect to be in regular contact with you to discuss your operation of the Franchised Business and to generally be of assistance; you are required to participate in these discussions and coaching sessions

## **Article 5 - Trade Secrets and Confidentiality**

### **5.01 Trade Secrets.**

Franchisee will have access during the course of this Agreement to trade secrets and proprietary information that are the property of Franchisor. "Trade Secrets" include, but are not limited to, the System, the Manual, methods, customer lists and related information, vendor and pricing lists and policies, the Training, and other programs, techniques and policies as they may be developed by Franchisor from time to time. Franchisee acknowledges that the Trade Secrets derive independent economic value from not being generally known to, and not readily ascertainable by proper means by, other persons who could obtain economic value from their disclosure or use. Franchisee agrees to not disclose or in any way make available to any unauthorized person(s) any Trade Secret(s) or any information regarding any Trade Secret(s) or any proprietary information made available to Franchisee by Franchisor. Franchisee agrees that Franchisor shall have sole discretion in determining what items or information are Trade Secrets and that any items or information designated as Trade Secrets by Franchisor in the Manual or otherwise in writing shall be treated as Trade Secrets under this Agreement whether or not such items or information would be trade secrets under any other applicable legal or other definition(s), including any applicable statutes.

### **5.02 Confidentiality.**

Franchisee shall hold all Trade Secrets in complete confidence. Franchisee and its owners shall use Trade Secrets only in connection with the operation of the Franchised Business and shall divulge Trade Secrets only to its employees and only on a need-to-know basis. Franchisee and each Owner further agree that you will not at any time, during the term of this Agreement or after expiration or earlier termination of this Agreement: (1) divulge any Trade Secrets to anyone, except to other franchisees, its employees having a need to know, and its professional advisors having a need to know; (2) divulge or use any Trade Secrets for the benefit of itself, its owners, or any third party (including any person, business entity, or enterprise of any type or nature), except in the operation of the Franchised Business, and then only in strict compliance with the Manual; or (3) directly or indirectly imitate, duplicate, or "reverse engineer" any of the Trade Secrets, or aid any third party in such actions. Franchisee will not disclose any Trade Secrets whatsoever to any person(s) not employed by or under contract with Franchisee. Franchisee will disclose Trade Secrets only to those employees and agents of Franchisee with a legitimate need to know, each of whom Franchisee warrants will be subject to this Article. Franchisee shall cause every Manager and every employee who has access to Trade Secrets to sign a Confidentiality and Nondisclosure Agreement in a form that Franchisor requires.

### **5.03 Liquidated Damages on Trade Secret Disclosures.**

In addition to all other remedies available to Franchisor, upon proof of violation of this Article by Franchisee, Franchisee agrees that Franchisor shall be entitled to liquidated damages in an amount equal to the greater of: (a) the sum of the average monthly Royalty Fees and the average monthly National Advertising Fees paid or payable by Franchisee during the preceding twelve (12) months, multiplied by the number of months, or portion thereof, during which Franchisee was in violation of this Article or (b) one hundred percent (100%) of the Gross Revenues received or receivable by Franchisee or any transferee of any Trade Secrets during every day, or portion thereof, during which Franchisee was in violation of this Article. Franchisee acknowledges and agrees that, in the event of Franchisee's violation of this Article, proof of actual damages would be difficult and that the formula for calculating liquidated damages contained herein is a reasonable estimate of what actual damages would be. The foregoing formula does not result in a penalty. Franchisor has an expectation that Franchisee's franchised business will be open and operating for the full Term of the Agreement. An early closure reduces Franchisor's revenue and

damages our image in the public. Calculating the value and expense of this injury is difficult to determine and may be hard to calculate with specificity, but the parties acknowledge the injury. Therefore, the parties have elected to agree in advance to calculation of liquidated damages to compensate Franchisor for its damages and to provide certainty to Franchisee of the amounts due.

## **Article 6 - Pre-Opening Obligations**

### **6.01 Premises Specifications.**

Franchisee's Franchised Business shall operate only from Premises meeting Franchisor's specifications. Franchisee understands and agrees that, although all Shine businesses will follow a consistent theme, the details of their design will differ in many cases, based upon location requirements, landlord requests, and unique features of the community. Franchisor will consider Franchisee's requests for features for Franchisee's Franchised Business, but is not obligated to follow those requests.

Franchisee shall be obligated to update the design of the Franchised Business at Franchisee's expense not more than once every three (3) years. Franchisee may change or update the design of the Franchised Business, subject to Franchisor's prior written approval, at any time, at Franchisee's expense. If Franchisor approves any changes in the plans or designs at Franchisee's request (or to comply with governmental codes, rules or ordinances), Franchisor shall own all rights to such plans as modified without further compensation to Franchisee or any other person. Franchisee shall sign and obtain signatures of necessary third parties on any documents requested by Franchisor to transfer any and all copyrights or other proprietary interests of any person in and to such modified plans or designs.

### **6.02 Appearance of Premises.**

Franchisee acknowledges that not every Shine business will be required to have identical decor, color schemes and layout. Franchisee agrees to accept Franchisor's subjective evaluation as to what would keep the Premises in compliance with Franchisor's standards. Franchisee agrees, at Franchisee's sole cost and expense, to maintain the Premises, including, but not limited to equipment, displays, fixtures, and interior and exterior decor in accordance with Franchisor's standards throughout the term of this Agreement.

Franchisee shall prominently display, at Franchisee's expense, both on the interior and exterior of the Franchisee's SHINE business premises, signs in such form, color, number, location and size, and containing such Marks Franchisor may designate. Franchisor may require the Franchisee to use illuminated signs. Franchisee shall obtain all permits and licenses required for such signs and will also be responsible for ensuring that all signs comply with all laws and ordinances. Franchisee shall not display in or upon Franchisee's SHINE business premises any sign or advertising of any kind to which Franchisor may object. Franchisee reserves the right to require Franchisee to update Franchisee's signage at any time at Franchisee's sole expense.

Franchisee shall conform to all quality and customer service standards prescribed by the Franchisor in writing.

Franchisee shall operate the Franchised Business so that it is clearly identified and advertised as a "SHINE" business. Franchisee shall use the trademark "SHINE" and the other Marks which now or hereafter may form a part of the System, on all signs, paper supplies, business cards, uniforms, advertising materials, technology platforms, signs and other articles in the identical combination and manner as the Franchisor may prescribe in writing and the Franchisee shall supply to the Franchisor samples or photographs of the same upon Franchisor's request. Franchisee shall comply with all trademark, trade name, service mark and copyright notice marking requirements

and Franchisee shall supply to the Franchisor samples or photographs of the same upon our request.

#### 6.03 Required Start-Up Package

Franchisee shall purchase and use, at Franchisee's sole expense the required equipment packages, and administrative package in the Start-Up Package. The required Start-Up Package must be purchased from Franchisor no later than the first day of training, and be in the amount stated in the Summary Page.

#### 6.04 Required Vehicle

Franchisee must own or lease a vehicle that meets Franchisor's specifications as provided in the Manuals. You must have two vehicles in operation of your Franchised Business. One vehicle will be used for sales activities and providing estimates to you customers and the second vehicle will be your service vehicle. Both vehicles must be enhanced with SHINE Marks and the Service Vehicle must be fully equipped per our specifications. We retain the right to designate an Approved Supplier for vehicle wrapping and equipment enhancements. You must enhance your approved vehicle with the graphic logo we require and racks for your ladders and additional enhancement which may be communicated to you via Manual. You must comply with our standards and use only our approved suppliers in adding the ladder rack and graphics to your approved vehicle. Franchisee may be required by Franchisor to refurbish, repaint, re-brand, repair, or otherwise update such vehicle no more than once every three (3) years. Upon renewal of this Agreement, Franchisor may require Franchisee to purchase a new vehicle according to Franchisor's then-current specifications for new franchisees.

#### 6.05 Upgrade

If this Franchise Agreement is signed as part of the transfer of an existing franchise or renewal of an existing franchise, then any update or modification required under this Agreement and in Section 6 shall be the upgrade of the Franchised Business in accordance with the provisions of the predecessor franchise agreement. If, at the Franchisor's sole discretion, the Franchisor allows the Franchisee to complete the upgrade after signing this Agreement, the upgrade must be completed in accordance with the provisions of this Agreement the date set forth in the Rider. The Franchisee shall conform to all quality and standards as prescribed by the Franchisor in writing.

6.05 BY VIRTUE OF COMMENCING OPERATIONS OF YOUR SHINE BUSINESS, FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR HAS FULFILLED ALL OF FRANCHISOR OBLIGATIONS TO FRANCHISEE THAT FRANCHISOR IS REQUIRED TO FULFILL PRIOR TO THE OPENING OF YOUR SHINE FRANCHISE.

### **Article 7 - Operation of Franchised Business**

#### 7.01 Independent Contractor.

Each party to this Agreement is and shall remain an independent contractor and shall control the manner and means of operation of its respective business and shall exercise complete control over and responsibility for all labor relations and the conduct of its agents and employees. Neither party shall be considered or held out to be agent(s), joint venturers, partners or employee(s) of the other, except as specifically authorized by this Agreement. Neither party shall negotiate or enter into any agreement or incur any liability in the name of or on behalf of the other unless, and to the extent, specifically authorized by this Agreement. Franchisee shall prominently display signs at all times in the manner specified by Franchisor, indicating the name of the Franchisee and stating that the Franchised Business is independently owned and operated. Franchisee's business forms that bear the Marks shall contain Franchisee's name and a statement that the Franchised Business is independently owned and operated in such form as Franchisor may

specify. Franchisee further acknowledge and agrees that they are exclusively responsible for the terms and conditions of employment of their employees, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline, and supervision. Franchisee agrees to manage the employment functions of their franchised business in compliance with federal, state, and local employment laws.

#### 7.02 Personal Participation.

Franchisee shall devote full time and effort to actively managing the Franchised Business if Franchisee owns one location. Franchisee shall reserve and exercise ultimate authority and responsibility with respect to the operation and management of the Franchised Business. If Franchisee owns more than one location, and If Franchisee employs a Manager to run the day-to-day operations, the Manager shall be required to attend and successfully complete Franchisor's training program prior to taking over full day-to-day responsibilities, at no additional charge. However, Franchisee shall be solely responsible for all travel and living costs of trainees.

#### 7.03 Retail Prices.

Franchisee shall have the right during the Term to set prices provided that, subject to applicable antitrust laws, such pricing: (1) complies with any minimum or maximum prices set by Franchisor; and (2) complies with any prices specified by Franchisor; and (3) conforms to any bona fide promotional programs or national or regional accounts programs periodically established by Franchisor. Franchisor retains the right to modify its pricing policies from time to time in its sole discretion. Franchisor specifically reserves the right, in its sole discretion and as it may deem in the best interests of Franchisee or the Chain, to vary pricing standards and policies within the Franchised Business or any other franchised business in the Chain based upon peculiarities of particular location or circumstances, including, but not limited to, density of population and other demographic factors, size of a franchisee's protected area, business practices or customs, cost of a franchisee's rent or mortgage payments, or any other condition which Franchisor deems to be of importance to the operation of such franchised business or the Chain. Franchisee acknowledges that because of these factors and others, there may be variations from standard pricing policies and practices throughout the Chain and that Franchisee shall not be entitled to require Franchisor to grant like or similar variations or privileges to Franchisee. Franchisee must provide to Franchisor a price list containing all of the prices charged for the products supplied by the Franchised Business. The price list must be updated and supplied to Franchisor every time Franchisee alters its prices and, in any event, at least annually.

#### 7.04 Compliance with Laws.

Franchisee shall be solely responsible, at Franchisee's sole cost and expense, for obtaining and maintaining all necessary or required permits and licenses in order to operate the Franchised Business. Franchisee is solely responsible for strictly complying with each and every law, ordinance and regulation applicable to the Franchised Business, including, but not limited to, licensing, health, safety, environmental, consumer regulations, labor regulations, and license requirements pertaining to any services offered by your Franchised Business. Franchisee shall timely pay all applicable taxes as they come due, but may challenge the amount or applicability thereof; provided, that Franchisee hereby agrees to indemnify, hold harmless and defend Franchisor from any and all liabilities for taxes based upon Franchisee's operations.

Franchisee agrees to comply with and/or assist Franchisor in Franchisor's compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise. Franchisee agrees to comply with and assist Franchisor in Franchisor's compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to anti-terrorist activities, including, without limitation, the U.S. Patriot Act, Executive Order 13224, and related U.S.

Treasury and/or other regulations. In connection with such compliance efforts, Franchisee agrees not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to Franchisee's business as may be required by Franchisor or by law. Franchisee confirms that Franchisee is not listed in the Annex to Executive Order 13224 and agrees not to hire any person so listed or have any dealing with a person so listed (the Annex is currently available at <http://www.treasury.gov>). Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such laws, orders and/or regulations, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in this Agreement pertain to Franchisee's obligations hereunder.

7.04.01 Franchisee agrees to use such credit card processing services approved by Franchisor and to purchase and maintain, at Franchisee's expense, any equipment necessary to permit such credit card processing functionality. Notwithstanding the credit card processing requirement, Franchisor does not represent, nor does it certify or warrant, to Franchisee or Franchisee's customers that the credit card processing service approved by Franchisor is compliant, whether or not certified as such, with the PCI Data Security Standards.

7.04.02 Franchisee shall comply with, or, as applicable, adopt policies consistent with the then-current version of Franchisor's data protection and security policies as may be described in Franchisor's Manuals ("Data Protection and Security Policies"). Such policies may govern how Franchisee Data and Personal Information (as defined below) contained in such data shall be stored, protected, disposed of, or destroyed. Franchisor has the right, but not the obligation to create such Data Protection and Security Policies. Franchisee acknowledges that Franchisor may supplement, modify or amend the Data Protection and Security Policies from time to time in its sole discretion, and that Franchisee shall comply with such modifications or amendments within thirty (30) days of notice from Franchisor. Franchisor may require Franchisee to institute a data privacy policy for its Franchised Business. Franchisee shall not publish, disseminate, implement, revise, or rescind a data privacy policy without Franchisor's prior written consent as to said policy.

7.04.03 Franchisee warrants and represents and covenants that it shall comply with (i) applicable prevailing industry standards concerning privacy, data protection, confidentiality and information security, including, without limitation, the then-current Payment Card Industry Data Security Standard of the PCI Security Standards Council (the "PCI-DSS"), (ii) those Security and Data Protection Policies mandated by the Manuals, if any, and (iii) all applicable international, federal, state, and local laws, rules, and regulations, as the same may be amended or supplemented from time to time, pertaining in any way to the privacy, confidentiality, security, management, disclosure, reporting, and any other obligations related to the possession or use of Personal Information (collectively, "Privacy Laws").

7.04.04 Franchisee warrants and represents not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without first obtaining Franchisor's written consent as to: (a) the content of such e-mail advertisements or solicitations; and (b) Franchisee's plan for transmitting such advertisements. In addition to any other provision of this Agreement, Franchisee shall be solely responsible for compliance with all laws pertaining to e-mails, including, but not limited to, the U.S. Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003"), and to use of automatic dialing systems, SMS text messages, and artificial or prerecorded voice messages, including but not limited to the Telephone Consumer Protection Act of 1991 ("TCPA"). Franchisee must comply with the Fair and Accurate Credit Transactions Act (FACTA) and all other consumer protection laws and regulations.

7.04.05 Franchisee shall cooperate with Franchisor in any audit that Franchisor may conduct from time to time of its data storage and management systems and Franchisees' storage



of Personal Information, which Franchisor has the unlimited right to access. In addition, if Franchisee becomes aware of any actual or suspected unauthorized access, processing, loss, use, disclosure, alteration, destruction or other compromise or acquisition of or access to any information, whether such information is stored in paper or electronic form, (i) that can be used to identify, locate or contact an individual, including but not limited to Franchisee's employees and customers (collectively, "Personal Information"); (ii) that is subject to any of the Privacy Laws and/or PCI-DSS; or (iii) that might reasonably expose Franchisor to any harm or prejudice of any type or actual or suspected intrusion by an unauthorized third party into Franchisee's or Franchisor's computers, networks, servers, IT resources, or paper files (a "Security Breach"), Franchisee shall immediately notify the Franchisor's Vice President of Operations via telephone of such matter and shall thereafter cooperate with Franchisor to investigate and remedy such matter. Except to the extent required by applicable law, no public disclosure of any instance of such unauthorized access or breach shall be made by Franchisee unless Franchisor has authorized the provision of notice and the form of such notice in writing. Franchisee shall reimburse Franchisor for all reasonable Notification and Remediation Related Costs (hereinafter defined) incurred by Franchisor arising out of or in connection with any such Security Breach that is directly or indirectly caused by Franchisee or its personnel. "Notification and Remediation Related Costs" shall include Franchisor's internal and external costs associated with addressing and responding to the Security Breach, including but not limited to: (i) preparation and mailing or other transmission of legally required notifications to affected individuals, regulators and attorneys general; (ii) preparation and mailing or other transmission of such other communications to customers, agents or others as Franchisor deems reasonably appropriate; (iii) establishment of a call center or other communications procedures in response to such Security Breach (e.g., customer service FAQs, talking points and training); (iv) engagement of information technology consultants, public relations and other similar crisis management services; (v) payment of legal and accounting fees and expenses associated with Franchisor's investigation of and response to the Security Breach; and (vi) payment of costs for commercially reasonable credit reporting services that are associated with legally required notifications or are advisable under the circumstances.

7.04.06 Franchisee agrees to hold harmless, defend and indemnify Franchisor and its Indemnified Parties from and against any and all losses, expenses, judgments, claims, attorney fees and damages arising out of or in connection with any claim or cause of action in which Franchisor shall be a named defendant and which arises, directly or indirectly, out of the operation of, or in connection with a Security Breach or Franchisee's or Franchisee's officers, directors, agents or employees' violation of any Privacy Law or regulation, consumer protection-related law or regulation, e-mail marketing and other marketing laws and regulations, and the PCI-DSS.

7.04.07 Franchisor, through its employees and/or any agents designated by Franchisor from time to time, may at any time during business hours, and without prior notice to Franchisee enter upon and inspect the Franchised Business premises and examine Franchisee's computer hardware, software, databases, business records and other supporting records and documents in order to verify compliance with its Data Protection and Security Policies, and Privacy Laws. Any such inspection shall be made at Franchisor's expense, provided that if such inspection is necessitated by Franchisee's repeated or continuing failure to comply with the Data Protection and Security Policies, Privacy Laws, this Agreement or the Franchise Agreement, Franchisor may charge Franchisee for the costs of making such inspection, including without limitation travel expenses, room and board, and compensation of Franchisor's employees and/or agents.

7.04.08 Franchisee agrees to comply with and/or assist Franchisor in Franchisor's compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise. Franchisee agrees to comply with and assist Franchisor in Franchisor's compliance

efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to anti-terrorist activities, including, without limitation, the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, Franchisee agrees not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to Franchisee's business as may be required by Franchisor or by law. Franchisee confirms that Franchisee is not listed in the Annex to Executive Order 13224 and agrees not to hire any person so listed or have any dealing with a person so listed (the Annex is currently available at <http://www.treasury.gov>). Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such laws, orders and/or regulations, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in Article 8 of this Agreement pertain to Franchisee's obligations hereunder.

7.04.09. Franchisee must comply with all applicable federal, state and local laws, rules, and regulations regarding data security, protection, and privacy, including, without limitation and if applicable, the California Consumer Privacy Act ("CCPA"), Cal. Civ. Code § 1798.100, et seq. Franchisee must comply with any privacy policies, data protection policies, and breach response policies that Franchisor periodically may establish. Franchisee must notify Franchisor immediately regarding any actual or suspected data breach at or in connection with the Franchised Business. Further, whenever and to the extent Franchisee operates as a "Service Provider" under the CCPA or in a similar capacity under any other applicable federal, state, or local privacy law, Franchisee represents, warrants, and covenants that:

(1) Franchisee will not sell, make available or otherwise disclose any customer's "Personal Information" (as defined in the CCPA) to any third party for valuable consideration;

(2) Franchisee will retain, use, or disclose Personal Information only for the specific purpose of performing the services specified in this Agreement, and not any commercial or noncommercial purpose other than providing the services specified in this Agreement;

(3) Franchisee will not retain, use, or disclose Personal Information outside of the direct business relationship between Franchisee and Franchisor;

(4) Franchisee will delete any Personal Information upon Franchisor's request unless Franchisee can prove that such request is subject to an exception under applicable law; and

(5) Franchisee certifies that it understands and will fully comply with the restrictions of this section. Franchisee also acknowledges and agrees that Franchisor may modify the restrictions by written notice to Franchisee, including adding other similar privacy restrictions that may be required under other federal, state, or local privacy laws.

#### 7.05 Compliance with Brand Standards.

In order to protect the reputation and goodwill of the Franchisor's Marks and System and to maintain high standards of operation under the System, Franchisee agree to comply strictly with all of Franchisor required brand standards. Franchisee acknowledge that the brand standards may relate to any aspect of the appearance, operation, and marketing of the Franchised Business. Any material failure to comply with the required brand standards or to pass Franchisor's inspection will constitute a material breach of this Agreement. However, Franchisee acknowledge that Franchisor has the right to vary their standards and specifications to accommodate the individual circumstances of different franchisees. Franchisor's specifications do not constitute a warranty or representation, express or implied, as to quality, safety, suitability, fitness for a particular purpose or any manner. Franchisor will not be liable to Franchisee or others on account of the designation of brand standards for the operation of the Franchised Business under the System.

## 7.06 Franchisee Business Operation.

Franchisee understands and acknowledges that every detail of the System and of the operation of the Franchised Business is important to Franchisee, Franchisor and other Shine franchisees in order to maintain and further develop high and uniform operating standards, to increase the demand for products sold by Franchisor and all franchisees, to enhance the image of Franchisor and the Marks, and to protect Franchisor's reputation and goodwill. Therefore, Franchisee agrees that:

7.06.01 Franchisee shall operate the Franchised Business in conformity with such uniform methods, standards and specifications as Franchisor may prescribe, in the Manual or otherwise, to insure that the highest degree of quality and service is uniformly maintained. Franchisee shall acquire and maintain, at all times, all equipment required by Franchisor for operation of the Franchised Business. Franchisee shall offer all of the goods and services designated by Franchisor and no others without the written consent of Franchisor, which consent Franchisor may withhold for any reason.

7.06.02 Franchisee shall, at all times, work to protect and enhance Franchisor's image and, specifically, shall maintain employees or workers in the Franchised Business whose appearance, attire, attitude, reputation and demeanor are consistent with Franchisor's image. Franchisee acknowledges and agrees that Franchisor shall have sole discretion in determining what constitutes Franchisor's image, and further acknowledges that said image is constantly evolving as markets change and evolve.

7.06.03 Franchisee shall not, at any time, engage in any business dealings in relation with the Franchised Business or the System which are unethical, dishonest or otherwise could cause harm to the Marks, Franchisor, the System, the goodwill associated with the Marks, or to any customer or vendor of Franchisee.

7.06.04 Franchisee shall, at Franchisee's sole cost and expense, maintain the Premises, inside and out, in the highest 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 cleaning, repainting, repairs to impaired equipment and replacement of obsolete signs and equipment as Franchisor may reasonably direct.

7.06.05 At Franchisor's request, which shall not be more often than once every three (3) years, Franchisee shall replace or update the Premises at Franchisee's sole expense, to conform to the design, trade dress, color schemes and presentation of the Marks consistent with Franchisor's then-current image, including, without limitation, such internal changes and redecoration and such modifications to existing equipment as may be necessary in Franchisor's sole judgment.

## 7.07 Restrictions on Sources of Products and Services.

7.07.01 Franchisee agrees that it will use only those products, supplies, and other materials in the operation of the Franchised Business as Franchisor shall have specifically designated or approved. Franchisee may be required to purchase from Franchisor certain products that involve trade secrets or that have been specially prepared by Franchisor or at Franchisor's direction or that Franchisor considers integral to the System. Franchisor may designate one or more designated suppliers, which may be Franchisor or an affiliate, for any services, products, equipment, or supplies used in the operation of the Franchised Business, in which event Franchisee must purchase every item exclusively from the designated supplier. Franchisor or its affiliates may receive payments or other compensation from suppliers on account of the suppliers' dealings with Franchisor, Franchisee, or other franchised businesses in the

System. Franchisor may use any amounts that it receives from suppliers for any purpose that Franchisor deems appropriate. Franchisor and its affiliates may negotiate supply contracts with its suppliers under which Franchisor is able to purchase products, equipment, supplies, and services at a price lower than that at which Franchisor's franchisees are able to purchase the same items. Products or services other than those required to be obtained from Franchisor or a designated supplier or vendor may be purchased from any source provided that the particular supplier and products have not been designated as unauthorized products or services by Franchisor. Franchisor may, from time to time, amend the list and this Article of unauthorized products, services and suppliers.

7.07.02 Franchisee shall purchase only from Franchisor or a supplier approved by Franchisor all Items used to start or operate the Franchised Business that contain or bear the Marks or that are proprietary to Franchisor. In addition, Franchisee shall purchase from a supplier approved by Franchisor, all signs used to identify the Franchised Business.

7.07.03 Franchisor will approve other suppliers of non-proprietary items if Franchisee or the supplier requests the approval in writing and if the supplier demonstrates to the satisfaction of Franchisor that it is financially capable and can provide Item(s) or service(s) that meet Franchisor's standards and that it is willing and able to protect Franchisor's proprietary information. Franchisor may charge a reasonable fee to cover its costs in evaluating a proposed supplier. A charge equal to the lesser of \$1,000 or the actual cost of the inspection and the actual cost of the test shall be paid by Franchisee. Franchisor will normally make its decision within thirty (30) days after it receives all of the requested information and any requested samples. Franchisor reserves the right to withdraw approval of any supplier whose performance falls below Franchisor's standards.

7.07.04 Franchisor and Franchisor's approved accounting firm shall be allowed access to the portion of Franchisee's QuickBooks related to Franchisee's Shine Franchised Business. Franchisee shall provide Franchisee with access at all times to the CRM used for Franchisee's Shine Franchised Business and shall provide Franchisee with its login information for the same CRM.

7.07.05 Franchisee may obtain any Item used in the Franchised Business that Franchisee is not required to purchase in accordance with specifications or from an approved supplier from any source, so long as the Item is consistent with Franchisor's image. Should Franchisor later publish specifications or require use of an approved supplier, Franchisee shall comply with that requirement.

7.07.06 Franchisee shall, at all times, maintain a sufficient inventory of Items so that the Franchised Business can operate at maximum capacity.

7.07.07 Certain services may be available to Franchisee only through Franchisor or an affiliate, including mandatory training. Franchisee will be required to pay the price Franchisor or its affiliates sets for any of these services, unless otherwise provided in this Agreement.

7.07.08 The Franchisee acknowledges and agrees that though approved the Franchisor, the Franchisor or its affiliates make no warranty and expressly and disclaim all warranties, including warranties of merchantability for any particular purpose with respect to fixtures, furniture, equipment (including without limitation, any and all required computer systems) supplies or other approved items.

7.08 Minimum Hours.

Franchisee covenants that during the Term, it will at all times faithfully, honestly and diligently perform its obligations under this Agreement, and that it will continuously exert its best efforts to

promote and enhance the business of the Franchised Business and other franchised businesses established and operated by Franchisee under the System. Franchisee shall comply with any minimum hours of operation as Franchisor may establish and modify from time to time in its Manuals.

#### 7.09 Communications Equipment and Systems.

Franchisee shall purchase and use in the Franchised Business communications equipment or systems and service as required by Franchisor and shall update or replace such equipment, systems and service as required, but Franchisor will not require replacement more than once per year. Except as otherwise required or permitted by this Agreement or by applicable law, Franchisee shall use only the communications systems designated by Franchisor in communicating with Franchisor and other Franchisees relating to the Franchised Business. Franchisor shall have a proprietary interest in all communications made through any communications systems maintained or provided by Franchisor. Franchisee acknowledges that the provisions of this Paragraph 7.08 are reasonable and necessary and beneficial to the Shine franchise system. Franchisee shall monitor and respond to all communications in a timely manner as specified in the Manual.

##### 7.09.01 Information System and Technologies

Franchisor may designate the information system used in the Franchised business, including the computer hardware, software other equipment and enhancements (the "Information System"). If the Franchisee suspect or know of a security breach, the Franchisee shall immediately give notice of such security breach and promptly identify and remediate the source of any compromise of security breach at the Franchisee's expense. The Franchisee assumes all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the franchise business unless otherwise directed by the Franchisor.

The Franchisee is solely responsible for protecting itself from disruptions, internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and the Franchisee waives any and all claims the Franchisee may have against the Franchisor and its affiliates as the direct or indirect result of such disruptions, security breach and promptly identify and remediate the source of any compromise of security breach at the Franchisee's expense. The Franchisee assumes all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the Franchise Business, unless otherwise directed by the Franchisor.

The Franchisee hereby release and agree to release and hold the Indemnified Parties, harmless from and against any and all claims, liability, damages or causes of action of any nature arising from or in connection with the installation, maintenance or operation of the Information System and its billing and payment processing, except to the extent arising from such party's gross negligence or intentional acts.

All of the information the Franchisor or its affiliates obtain from the Franchisee or about the Franchised Business, and all information in the records or concerning the members of the Franchised Business ("the Information") and all revenues the Franchisor derive from the Information will be the Franchisor's property. However, the Franchisee may at any time during the term of this Agreement use in the operation of the Franchised Business (but for no other purpose), to the extent lawful and at the Franchisee's sole risk and responsibility, any information that the Franchisee acquire from third parties in operating your Franchised Business, such as customer data. The information (except for information the Franchisee provide to the Franchisor or its affiliates with respect to the Franchisee and the Franchisee's affiliates, including the

Franchisee's respective officers, directors, shareholders, partners or equity members of the entity) will become the Franchisor's property which the Franchisor may use for any reason as the Franchisor deem necessary or appropriate in its discretion. The Franchisee hereby authorize the Franchisee's payment processor to release the information to the Franchisor at any time. Following termination or expiration of this Agreement the Franchisee will no longer use any of the Information, except to comply with the Franchisee's post-term obligations under this Agreement and the Franchisee authorize the Franchisee's payment processor to release the Information exclusively to the Franchisor and/or its designees.

#### 7.10 Equipment Maintenance.

Franchisee shall be solely responsible, at Franchisee's cost and expense, for maintaining, repairing, and replacing, when appropriate, all equipment required, recommended or permitted pursuant to this Agreement.

#### 7.11 Warranties.

Franchisee shall not represent to any customer or the public that Franchisor provides any warranty as to the quality of any product or service, unless Franchisor has specifically authorized such warranty in writing. If Franchisee offers any warranties, they shall be in writing and shall clearly state, both in the warranty and in any promotional or advertising materials that the warranty is available and will be honored only by Franchisee. Franchisee hereby indemnifies, holds harmless and agrees to defend Franchisor, its related companies and all other Shine franchisees from any and all claims of whatever nature arising from any such additional warranties made by Franchisee. Franchisee shall participate in and comply with any warranty program that Franchisor may adopt from time to time.

#### 7.12 Marketing.

Franchisee shall, at all times, comply with the Manual in all advertising. Franchisee will not, directly or indirectly, establish or operate a website, web page, domain name, internet address, blog, forum or email address that in any way concerns, discusses or alludes to Franchisor, the System or Franchisee's Franchised Business without Franchisor's prior written consent, which Franchisor is not obligated to provide. Further, the Marks may not be used as part of, in conjunction with, to establish or to operate any domain names, internet addresses, blogs, forums or social media sites, unless specifically approved by Franchisor, which approval Franchisor is not obligated to provide. Franchisee will not post, and will take such steps as necessary to ensure that its employees do not post, any information to a social media relating to Franchisor, the System, the Marks, or the Franchised Business that (a) does not comply with Franchisor's then-current social networking guidelines described in the Manuals, (b) is derogatory, disparaging, or critical of Franchisor, the System or the Marks, (c) is offensive, inflammatory or indecent, or (d) harms the goodwill and/or public image of the System and/or the Marks. Franchisee shall not establish or permit or aid anyone in establishing any links to any website or any other electronic or computer generated advertising or communication arrangement which Franchisor may create. Franchisee specifically acknowledges and agrees that, except for social media site postings (which will be subject to this Article), any website will be deemed "advertising" under this Agreement, and will be subject to (among other things) Franchisor's approval under this Agreement. Franchisee shall not establish a separate website, without Franchisor's prior written approval (which franchisor shall not be obligated to provide). If approved to establish a website, Franchisee shall comply with Franchisor's policies, standards and specifications with respect to the creation, maintenance and content of any such website. Franchisor shall have the right to modify the provisions of this Article relating to websites as Franchisor shall solely determine is necessary or appropriate.

Franchisee shall not use the Marks or any abbreviation or other name associated with Franchisor and/or the System as part of any e-mail address, domain name, and/or other identification of Franchisee in any electronic medium, except as permitted by Franchisor's then-current policies. Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without Franchisor's prior written approval of Franchisee's plan for transmitting such advertisements.

Franchisor may from time to time maintain one or more social media sites (e.g., www.twitter.com; www.facebook.com, or such other social media sites). Franchisee shall not establish or maintain any social media sites utilizing any user names, or otherwise associating with the Marks, without Franchisor's advance written consent. Franchisor may designate from time to time local or Protected Area-specific user names/handles to be maintained by Franchisee. Franchisee must adhere to the social media policies established from time to time by Franchisor and Franchisee will require all of Franchisee's employees to do so as well.

All marketing and promotion must be conducted in a professional and dignified manner and must conform to Franchisor's specified standards and requirements. All marketing and promotional materials, including product identification materials, point-of-purchase promotional materials, promotion memorabilia, and merchandise and prizes, will either be provided for the Franchisee, or be made available to you for purchase through the Franchisor.

Franchisor may create and license to the Franchisee, social media accounts, e-mail marketing software accounts and other electronic accounts that use the Marks or any portion of them, used by the Franchisee with any Internet directory, website, platform, or similar item in the operation of the Franchised Business. The Franchisee may not create websites, social media accounts, e-mail marketing software accounts or other comparable accounts outside of those which Franchisor license to the Franchisee.

Franchisee shall operate the Franchised Business so that it is clearly identified and advertised as a SHINE franchise. The Franchisee will use the trademark "SHINE" and the other Marks which now or hereafter may form a part of the System, on all signs, suppliers, business cards, uniforms, advertising materials, Technology platforms, signs and other articles in the identical combination and manner as the Franchisor may prescribe in writing and the Franchisee shall supply to the Franchisor samples and photographs of the same up on the Franchisor's request. The Franchisee will comply with all trademark, trade name, service mark and copyright notice marking requirements and the Franchisee will supply to the Franchisor samples or photographs upon Franchisor's request.

#### 7.13 Leads and Protected Area.

Except as specifically permitted by the Manual, Franchisee shall not engage in marketing or providing services outside of Franchisee's Protected Area. If Franchisee engages in marketing or providing services outside of Franchisee's Protected Area, Franchisee does not acquire any right or preference to the Protected Area. Franchisor reserves the right to develop, or license others to develop, any Protected Area outside of Franchisee's Protected Area at any time, without providing Franchisee with prior notice of Franchisor's intent to do so. Franchisor may rescind any policy that allows Franchisee to operate outside its Protected Area at any time, upon ten (10) days' notice to Franchisee. Within ten (10) days after receipt of such notice, Franchisee shall discontinue marketing and selling and using the Marks in any area outside of Franchisee's Protected Area and shall surrender to Franchisor all customer information Franchisee has obtained for customers residing outside of its Protected Area (which customer information is and shall always be owned by Franchisor). Franchisee acknowledges nothing herein shall be construed as a promise or guarantee that Franchisor will allow Franchisee to market, sell or

operate outside of the Protected Area. Nothing herein creates an option or right of first refusal of Franchisee's right to acquire additional territories.

#### 7.14 National Accounts Program

Franchisor, from time to time, may solicit and obtain from National Accounts certain projects that may be located anywhere, including Franchisee's Protected Area. Franchisor reserve the right, to enter into agreements with specific regional or national customers in order to establish a National Account, in any area, including in the Protected Area.

If Franchisor obtains a National Accounts project in the Protected Area, Franchisor may, but is not obligated to, offer the project to Franchisee for execution and completion. If Franchisor makes such an offer, Franchisee agrees to service the National Account under the same terms, pricing, and provisions negotiated for the National Account. Under certain circumstances if Franchisor determines in its sole discretion that Franchisee is not capable of servicing the National Account, or if the volume of services exceed demand at the time, Franchisor may authorize other SHINE franchisees or other qualified third-parties to provides the services to the National Account.

Franchisor retains all rights to the projects of National Accounts, including invoicing, processing, and making disbursements related to the National Accounts projects. If Franchisee chooses to participate in the National Accounts program, and if Franchisor collects the amount due for such project of a National Accounts program in Franchisee's Protected Area, Franchisor shall make the appropriate disbursement to Franchisee minus the percentage of Gross Revenues or any other amount, or method as designated at the sole discretion of the Franchisor pursuant to the terms of the National Accounts project. This National Accounts Program fee as determined by the Franchisor shall be retained by Franchisor as a fee for obtaining the project and for administrative costs related to the project. The fees charged by the Franchisor may vary based on the terms and conditions of the project or a particular national account acquired or agreed to by the Franchisor. This fee is in addition to the currently collected Royalty Fee and shall be paid in the same manner and method as the Royalty Fee.

If, before commencement of the National Accounts project, Franchisee refuses to or is unable to (per Franchisor's sole discretion) perform a National Accounts project, Franchisor retains the full right to assign the project to any other SHINE franchisee or to its affiliate. If Franchisee accepts a project but is unable to complete the National Accounts project for any reason, it shall reimburse Franchisor for any costs Franchisor has expended on the project and any other expenses Franchisor bears in reassigning the project to another franchisee or its affiliate.

Franchisee shall not be awarded finder's fees or any other compensation for National Accounts projects that are completed in the Franchisee's Protected Area.

On all National Account projects Franchisee expressly agrees and shall be responsible for providing any repair, reimbursement, or replacement work to the end client. Franchisee shall make such repairs, reimbursement, or replacements within thirty (30) days, subject to reasonable work conditions due to climate after Franchisee is served a valid claim from the customer. Franchisee shall be responsible for the costs of any materials, overhead, and/or labor required to bring the products and services within the standards prescribed by the Franchisor. In the event Franchisee fails to make any repairs, reimbursement, or replacements as required hereunder, the Franchisor may undertake and/or arrange for the same and charge Franchisee for the cost of effecting such repairs or replacements, including costs for labor, materials and overhead.



Simultaneously with the execution of this Agreement, Franchisee shall participate in Franchisor's current National Account the National Associa Program by execution of the National Associa Program Agreement in the form attached hereto and incorporated herein as Attachment G ("National Associa Program Agreement"). Franchisee agrees to comply with all terms and provisions of the National Associa Program Agreement. Franchisor shall have the right to collect the amount specified in the National Associa Program Agreement. If in Franchisor's sole discretion Franchisee is not capable of servicing the National Associa Program customer, or if the volume of services exceed demand at the time, Franchisor retains the right to authorize other SHINE franchisees or other qualified third-parties to provides the services within Franchisee's Protected Area and the Franchisee does not have the right to be compensated for Franchisor or other franchisees providing services to the National Associa Program customer within Franchisee's Protected Area.

#### 7.15 New Developments.

Franchisor shall be the sole and exclusive owner of all new developments, including inventions, methods, products, ideas, formulas, research results, equipment, and otherwise, that Franchisee develops or has any role in developing that relate to the Franchised Business. Franchisee shall immediately disclose any and all such new developments to Franchisor and shall execute any documents necessary, in Franchisor's opinion, to consummate the transfer of all ownership rights therein. The mutual covenants of this Agreement are sufficient consideration for such transfers. Franchisor shall not, otherwise, be required to compensate Franchisee for such new developments.

#### 7.16 Staffing Requirements.

Franchisee shall, at all times, comply with the minimum staffing requirements specified in the Manual. Each Manager shall, at all times meet or exceed the qualifications set forth in the Manual. Franchisee is not prohibited from soliciting or hiring other SHINE franchisee's employees. If Franchisee employs another SHINE franchisee's employee who has attended Franchisor's training within 12 months of the hire date with Franchisee, Franchisee shall pay to the other franchisee the then-current training fee of Franchisor plus the other franchisee's actual costs for sending its employee to training, including but not limited to travel costs, lodging, wages, and food.

#### 7.17 System Changes.

Franchisee acknowledges that the System, the services, and products offered by the Franchised Business may be modified (such as, but not limited to, the addition, deletion, and/or modification of operating procedures, products, and services) from time to time by Franchisor; and Franchisee agrees to comply, at its expense, with all such modifications, including, without limitation, all requirements needed to implement the modifications. Franchisee agrees there is no limit to Franchisor's ability to modify the System. Franchisee may be required to pay additional or increased fees to Franchisor, its affiliates, or third-party vendors, as a result of these System changes.

If this Franchise Agreement is signed as part of the transfer of an existing franchise, or renewal of an existing franchise, then the any upgrade to the vehicle or otherwise required under this Agreement shall be the renovation of Franchisee's SHINE business in accordance with the provisions of the predecessor franchise agreement.

Franchisee may not make any changes to any building plan, design, layout or décor, or any equipment or signage in your SHINE business without Franchisee's prior written consent, and such damages may not be contrary to the Brand Standard specifications.

## 7.18 Technology Changes.

Franchisee acknowledges and agrees that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees that it will abide by those reasonable new standards established by Franchisor, at Franchisee's sole cost and expense. Franchisee may be required to pay additional or increased fees to Franchisor, its affiliates, or third-party vendors, as a result of these changes to technology.

7.18.1 Consistent with the foregoing, among other things, Franchisor reserves the right periodically to undertake technology initiatives, the purpose of which would be enhance the technology associated with the franchise system including, without limitation, enhanced internet capability, use of proprietary digital applications and enhanced support services. Although Franchisor cannot estimate the future costs of the Computer System or required service or support, and although these costs might not be fully amortizable over the remaining term of this Agreement, Franchisee agrees to incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions or modifications) and required service or support. Franchisor has no obligation to reimburse Franchisee for any Computer System costs. As otherwise permitted in this Agreement, Franchisor may access the Computer System and retrieve all pertinent information relating to the operation of your Shine business in areas that Franchisor has the ability to control and/or remedy.

7.18.2 Notwithstanding the fact that Franchisee must purchase, use, and maintain the Computer System consistent with our standards and specifications, Franchisee will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, updates and upgrading of the Computer System, including compliance with the standards that we periodically require; (2) the manner in which your Computer System interfaces with our computer system and those of other third parties; (3) the installation, maintenance and support of the Computer System, although Franchisor may from time to time require or recommend third parties to provide these functions; and (4) any and all consequences that may arise if the Computer System is not properly operated, maintained and upgraded, including but not limited to virus and spyware issues.

7.18.3 All of Franchisee Computer Systems must be compliant with all applicable laws, regulations, and commonly accepted industry standards, including without limitation those laws, regulations, and commonly accepted industry standards relating to privacy, data security, and the processing and protection of confidential personal information, including without limitation the Payment Card Industry Data Security Standards and all other standards applicable to electronic payments that may be published from time to time by payment card companies.

## 7.19 Promotional Requirements.

Franchisor has the right to require Franchisee to participate in national, regional, and local giveaways and promotions. Franchisee may be required to provide free or discounted products or services as a result of such giveaways or promotions. Franchisor is not required to reimburse Franchisee for Franchisee's costs and expenses incurred as a result of these giveaways and promotions. Franchisee shall not in the name of the Franchised Business, other SHINE franchises, or System (a) donate money, products, or services to any charitable, political, religious, or other organization, or (b) act in support of any such organization, without the Franchisor's prior written approval. Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding the Franchised Business or any particular

incident or occurrence related to the Franchised Business, without the Franchisor's prior written approval.

#### 7.20 Currency and Methods of Payment

Franchisee shall submit all fees and payments to Franchisor in U.S. dollars. Likewise, Franchisee shall only accept payments related to the Franchised Business in U.S. dollars. Franchisee is expressly prohibited from accepting as payment in any other currency, electronic or otherwise, including cryptocurrency and tokens such as Bitcoin, Ethereum, Litecoin, and other digital currencies or tokens. Franchisee is required to accept all forms and methods of payment that Franchisor requires, including debit cards, credit cards, stored value cards, or other non-cash systems (including, for example, APPLE PAY, and/or GOOGLE WALLET) that Franchisor specifies periodically to enable customers to purchase menu items and other authorized goods and services, and to install all hardware and/or software necessary to accept such payments. The parties acknowledge and agree that protection of customer privacy and credit card information is necessary to protect the goodwill of franchises operating under the Marks and System. Franchisee is solely responsible for its own education concerning these regulations and standards and for achieving and maintaining applicable compliance certifications. Franchisee shall defend, indemnify, and hold Franchisor and its Indemnified Parties harmless from and against all claims arising out of or related to Franchisee's violation of the provisions of this Section 7.18.

#### 7.21 Grand Opening Advertising

Franchisee is required to spend amount as specified in the Summary Page for grand opening advertising in a manner that Franchisor prescribes ("Grand Opening Advertising"). Franchisor may require this amount to be spent before opening, within a certain number of days after opening, or a combination thereof. This amount shall be paid directly to approved third-party vendors, as the Franchisor requires. The Grand Opening Advertising obligation is in addition to other advertising obligations, and shall not count towards the National Advertising Fee or the Local Advertising Fee obligations.

#### 7.22 Customer Complaints

Franchisee agrees to promptly address all complaints in accordance with the procedures contained in the Operations Manual or as otherwise provided by the Franchisor. If you are unable or unwilling to resolve a customer complaint within forty-eight (48) hours, and it becomes necessary for us to reimburse a customer in settlement of his or her complaint about work performed by you or those in your employ, you agree to promptly reimburse us for amounts expended on account of any such complaint. Your obligations and liabilities under this Section shall survive any termination or expiration of this Agreement.

### **Article 8 - Indemnity and Insurance**

#### 8.01 Indemnity.

Franchisor shall not be liable by reason of any act or omission of Franchisee in its conduct of the Franchised Business or for any claim, cause of action or judgment arising therefrom against Franchisee or Franchisor. Franchisee agrees to hold harmless, defend and indemnify Franchisor and its officers, directors, agents, and employees ("Indemnified Parties") from and against any and all losses, expenses, judgments, claims, attorney fees and damages arising out of or in connection with any claim or cause of action in which Franchisor shall be a named defendant and which arises, directly or indirectly, out of the operation of, or in connection with, the Franchised Business, other than a claim resulting directly from Franchisor's negligence.

## 8.02 Insurance.

Franchisee shall maintain in full force and effect at all times during the term of this Agreement, at its sole expense, an insurance policy or policies meeting Franchisor's minimum insurance requirements. Each such policy shall be written by an insurance company with an A.M. Best rating of not less than A-VIII ("excellent" and \$100,000,000 to \$250,000,000 in policy holder surplus) and licensed to sell insurance in the state in which the Franchised Business is located, shall be primary and non-contributory to any insurance carried by Franchisor or its Affiliates., and shall contain a waiver of subrogation in favor of Franchisor and its Affiliates.

8.02.01 Such policies shall include, at the minimum, the following: (i) commercial general liability insurance, including coverage for bodily injury, property damage, products/completed operations, and personal/advertising injury coverage with limits no less than \$1,000,000 per occurrence and \$2,000,000 in aggregate; (ii) automobile liability coverage for owned, non-owned, and hired vehicles, with coverage in the amount of \$1,000,000 combined single limit; (iii) employment practices liability insurance for \$25,000 per occurrence and naming Shine Development, Inc. as a co-defendant; (iv) worker's compensation insurance where required by law, statutory worker's compensation insurance, including employer's liability coverage, with limits not less than \$1,000,000; (v) any other insurance required by the state or locality in which the Franchised Business is situated; and (vi) although not currently required Franchisor reserves the right to require Franchisee to obtain insurance policies to protect against cybersecurity threats. Franchisor must be named as additional insured on all of these policies, except for worker's compensation insurance. Franchisee acknowledges that the foregoing minimum insurance requirements do not constitute advice or a representation that such coverages are necessary or adequate to protect Franchisee from losses in connection with the Franchised Business. Nothing in this Agreement prevents or restricts Franchisee from acquiring and maintaining insurance with higher policy limits or lower deductibles than Franchisor requires.

8.02.02 Franchisor has the right to increase or modify required minimum coverages at any time.

8.02.03 Franchisee's obligation to obtain and maintain insurance is not limited in any way by reason of any insurance maintained by Franchisor, and Franchisee's compliance with minimum insurance requirements will not relieve Franchisee of its indemnification obligations under Section 8 of this Agreement.

8.02.04 If Franchisee fails to procure or maintain these minimum insurance requirements, Franchisor or its designee has the right (but is not required) to procure such insurance on Franchisee's behalf. Such right shall be in addition to and not in lieu of any other rights or remedies available to Franchisor. If this occurs, Franchisee shall reimburse Franchisor the cost of the premium and pay a reasonable administrative fee not to exceed \$500, upon demand.

8.02.05 At least 10 days prior to the time Franchisee is first required to carry insurance, and thereafter at least 30 days prior to the expiration of any policy, Franchisee shall deliver to Franchisor a certificate of insurance and additional insured endorsement for each policy evidencing Franchisee's compliance with this Article 8. Each certificate of insurance shall expressly provide that no less than 30 days' prior written notice shall be given to Franchisor in the event of material alteration to or cancellation or non-renewal of the coverages evidenced by such certificates.

8.02.06 If Franchisee fails to procure or maintain these minimum insurance requirements, Franchisor or its designee has the right (but is not required) to procure such insurance on Franchisee's behalf. Such right shall be in addition to and not in lieu of any other rights or remedies

available to Franchisor. If this occurs, Franchisee shall reimburse Franchisor the cost of the premium upon demand plus the administrative fee described above.

#### 8.03 ADA Certification.

At its sole expense, Franchisee shall furnish evidence satisfactory to Franchisor that the Location is designed, constructed, and altered in compliance, at all times, with the requirements of the Americans With Disabilities Act of 1990 (the "ADA"), the regulations now or hereafter adopted pursuant thereto, and any and all applicable state or local laws, statutes, ordinances, rules and regulations concerning public accommodations for disabled persons now or hereafter in effect. Franchisee shall indemnify, defend, and hold harmless the Franchisor and its Indemnified Parties from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities and losses (including, without limitation, reasonable attorney's fees and disbursements) arising from Franchisee's failure to comply with this obligation.

### **Article 9 - Entity Franchisee**

#### 9.01 Entity Definition.

An "Entity" is any form of business organization except for a sole proprietorship and includes all kinds of corporations, limited liability companies, limited partnerships and general partnerships and any other form of business organization involving either multiple equity owners or which attempts to provide limited liability.

#### 9.02 Founding Document Restriction.

If Franchisee is an Entity or becomes an Entity or if Franchisee transfers Franchisee's interest under this Agreement or any interest in the Franchised Business to an Entity, the founding document(s) of the Entity must provide as follows:

[Name of Entity] shall not enter into any agreement or undertaking which would, directly or indirectly, limit any of the rights or obligations of [Name of Entity] or of any owner of [Name of Entity] under the Shine Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_. Any such agreement or undertaking is void.

#### 9.03 Liability of Owner(s)

Every owner of an equity or other interest in any Entity Franchisee (and any individual person who is an owner of an Entity which owns any equity interest in any Entity Franchisees) (such persons referred to as "Owners") shall personally guaranty this Agreement and shall be subject to all terms of this Agreement. Any change in or addition of equity or other owner(s) shall be subject to the Assignment and Death and Incapacity provisions of this Agreement.

#### 9.04 Restriction on Certificates of Ownership.

Each and every document, if any, issued by any Entity Franchisee evidencing ownership of an equity or other interest in the Entity must provide as follows:

Ownership of [Name of Entity] is restricted and cannot be transferred, assigned, sold or encumbered except in strict compliance with the Shine Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_. Any other transfer or attempted transfer is void.

#### 9.05 Additional Requirements of Entity Franchisee.

Franchisee shall, upon Franchisor's request, provide Franchisor or its designee with true copies of such of Franchisee's Entity records and documents as Franchisor shall designate. An Entity Franchisee shall, at all times, have one individual person who shall be the designated principal who shall have authority to act on behalf of the Entity in all respects under this Agreement. The

designated principal shall be the individual who is responsible for assuring compliance by the Entity with all of the terms of this Agreement. Notwithstanding the requirement of a designated principal, Franchisor shall be entitled to rely upon the acts or words of any principal, employee or agent of an Entity Franchisee whom Franchisor understands to be acting or speaking on behalf of the Entity.

## **Article 10 - Assignment or Transfer**

### 10.0 Definition of Transfer

For purposes of this Agreement, "Transfer" as a verb means to sell, assign, give away, transfer, pledge, mortgage, or encumber either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings) any interest in this Agreement, the License, the Store, substantially all the assets of the Store, or in the ownership of the franchisee (if you are an Entity). "Transfer" as a noun means any such sale, assignment, gift, transfer, pledge, mortgage or encumbrance.

### 10.1 Transfers by Franchisor.

Franchisor may sell, assign or transfer its rights and obligations under this Agreement to any party, without Franchisee's approval or prior notice to Franchisee, provided that the buyer, assignee or transferee agrees in writing to assume all of Franchisor's obligations under this Agreement. Franchisor and its Indemnified Parties will not be liable for obligations of the transferee arising after the date of transfer. Upon transfer or assignment of this Agreement by Franchisor, Franchisor shall be released from all obligations and liabilities arising or accruing in connection with this Agreement after the date of such transfer or assignment, and Franchisee's obligations and duties shall be and remain the same notwithstanding any such assignment.

### 10.2 Transfers by Franchisee.

The rights and interest of Franchisee under this Agreement are and shall remain personal to Franchisee. Franchisee recognizes that Franchisor has granted the franchise in reliance on the business and financial capacity and other attributes of Franchisee, the personal skill, qualifications and representations of equity owners of Franchisee (the "Owner(s)") and in reliance upon Articles 5 and 14 of this Agreement. Therefore, neither Franchisee's interest, rights or privileges in the Agreement or the Franchised Business, nor the Owner's interest in Franchisee or the Owner(s), in whole or in part, voluntarily or involuntarily, shall be transferred by operation of law or otherwise, in any manner, except as provided in this Article 10. Notwithstanding the foregoing, an Owner may transfer all or a portion of his or her interest in Franchisee to another Owner or to Franchisee (such person or entity being referred to as a "Permitted Transferee") and such a transfer shall not be subject to the restrictions of this Article 10, including but not limited to the transfer fee set forth herein; provided, however, Franchisee shall promptly notify Franchisor of any such transfer. For purposes of this Agreement, the term "transfer" shall mean any issuance, sale, assignment, gift, pledge, mortgage or any other encumbrance (other than a lien against Franchisee's assets to secure a loan for the construction, remodeling, equipping or operation of the Franchised Business), transfer by bankruptcy, transfer by judicial order, merger, consolidation share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary.

10.2.1 Franchisee or Owner, as applicable, shall give Franchisor forty-five (45) days prior written notice of any intended transfer of any of its rights or interest in the Franchised Business or Franchisee. Such notice shall set forth the name of the proposed transferee and a detailed statement of all the terms and conditions of such intended or proposed transfer. Irrespective of the qualifications or acceptability of any prospective transferee, Franchisor shall have the first right and option to purchase the interest at a price equal to the fair market value of such non-cash consideration plus the amount, if any, of the consideration using fair and reasonable

methods. Franchisor shall make such determination as promptly as practicable, but in no event later than thirty (30) days after it has received the notice of the intended transfer. If Franchisee disagrees with the value as determined by Franchisor, then Franchisee and Franchisor shall each hire an appraiser (or a single appraiser, if they so agree) to value the non-cash consideration offered by the intended transferee. If the appraisals are within twenty percent (20%) of each other, then the difference between the two shall be equally divided to establish the price at which Franchisor may exercise its first right and option. If the difference between the appraisals is greater than twenty percent (20%), then the issue of the fair market value of such consideration shall be determined by a third appraiser selected by the other two appraisers and whose decisions shall be final, except that it may not be lower or higher than the lowest appraisal and highest appraisal, respectively, determined by the first two appraisers. Within thirty (30) days after Franchisor receives notice of a proposed transfer for no consideration or solely for cash, or if the proposed transfer will not be solely for cash, within ten (10) days after a determination is made of the fair market value of the non-cash consideration, Franchisor will notify Franchisee and the Owner, if applicable, in writing that it is (a) exercising its right of first refusal, (b) approving the transfer pursuant to Paragraph 10.2.1 or (c) denying approval of the transfer pursuant to Paragraph 10.2.1. If Franchisor decides not to exercise its right of refusal, Franchisor shall have the right to approve or disapprove the proposed transfer; provided, however, Franchisor's consent shall not be unreasonably withheld as provided in Paragraph 10.2.2. If Franchisor approves the transfer in writing, Franchisee (or Owner, as applicable) may make the proposed transfer on the exact terms and conditions specified in Franchisee's notice to Franchisor within sixty (60) days after the expiration of Franchisor's right of first refusal. If the transfer is not consummated within such 60-day period, Franchisee may not thereafter transfer such interest without again complying with this Article 10.

10.2.2 Franchisor agrees that it will not unreasonably withhold its consent to a proposed transfer if all the following conditions are satisfied:

(i) Franchisor shall have decided not to exercise its right of first refusal as provided in Paragraph 10.2.1.

(ii) Franchisee is in full compliance with this Agreement and there are no uncured defaults by Franchisee hereunder, and all debts and financial obligations of Franchisee under this Agreement are current, including Franchisee's obligations to pay the National Advertising Fee, each Cooperative of which Franchisee is a member, and all vendors, including, if applicable, Franchisor.

(iii) The proposed transferee executes such documents as Franchisor may reasonably require to evidence that it has assumed the obligations of Franchisee under this Agreement, including, but not limited to, the then current version of the Franchise Agreement, and if required by Franchisor, the proposed transferee executes, and in appropriate circumstances, causes such other parties as Franchisor may require to execute, Franchisor's then-current ancillary agreements to this Agreement, which documents may be substantially different than those executed contemporaneously with the execution of this Agreement provided, however, that the Royalty Fee, National Advertising Fee and advertising expense payable by the transferee will not be increased to an amount which is greater than that which is required to be paid system-wide by Franchisor's new franchisees, the transferee will not be required to pay an additional Initial Franchise Fee and the Protected Area of the Franchised Business, as designated in this Agreement will remain substantially similar in size. The Franchise Agreement between Franchisor and Franchisee will terminate once an approved transfer is completed.

(iv) Franchisee and all of the personal guarantors of this Agreement, if any, execute a general release, in a form prescribed by Franchisor, releasing Franchisor and its affiliates, predecessors, successors and assigns, and their respective members, managers, officers, directors, shareholders and employees, in their corporate and individual capacities, from any and all claims, causes of action, demands, debts, liabilities, obligations, fees, costs and expenses, including without limitation, claims and causes of action arising under federal, state and local laws, rules, regulations and ordinances, arising prior to and including the date the Transfer becomes effective.

(iv) Prior to the date of the proposed transfer, the proposed transferee's principal operators and managers undertake and complete, to the satisfaction of Franchisor, such training and instruction as Franchisor shall deem necessary;

(v) Franchisor is satisfied that the proposed transferee (and if the proposed transferee is an entity, all owners of any interest in such entity) meets all of the requirement for Franchisor's new franchisees applicable on the date Franchisor receives notice of the proposed transfer and including, but not limited to, good reputation and character, business experience, management experience, and financial strength and liquidity;

(vi) The Owner transferring an interest in Franchisee acknowledges and agrees in writing that it is bound by Articles 14, 15 and 16 of this Agreement;

(vii) Franchisee or the Owner, as applicable, pays to Franchisor a transfer fee of Fifty Percent (50%) of the then-current Initial Franchise Fee; provided, however, that if the transferee was introduced to Franchisee by or through Franchisor, or the transferee, after expressing an interest in purchasing a franchise directly from Franchisor, corresponded with the Franchisor's own sales personnel or broker within the twelve (12) months immediately prior to the transfer, then Franchisee shall pay Franchisor a transfer fee of One Hundred Percent (100%) of the then-current Initial Franchise Fee; and

(viii) The proposed transferee and all owners of any interest in a transferee that is an entity provide Franchisor, at least forty-five (45) days prior to the proposed transfer date, copies of financial statements for the preceding three years, and where applicable, its certificate of incorporation and bylaws (and any amendments or modifications thereof), minutes and resolutions and all other documents, records and information pertaining to the transferee's existence and ownership.

(ix) Within the time specified by Franchisor, Franchisee, at its expense, shall refurbish the Franchised Business and any vehicles used in the operation of the Franchised Business, as necessary, to conform the Franchised Business to Franchisor's then-current standards and specifications, including, without limitation, specifications regarding, size, color, trade dress, presentation of the Marks, fixtures, flooring, carpeting, and installed equipment.

(x) If Franchisee consists of one or more individual(s), Franchisee may Transfer its interest under this Agreement to a corporation, limited liability company or other legal entity so long as: (1) the legal entity is owned entirely by all of the original individual franchisees or personal guarantors hereof; (2) each and all of the obligations of Franchisee and the new legal entity are personally guaranteed by the original individual franchisees or personal guarantors hereof; (3) Franchisor receives prior written notice of the Transfer along with a complete set of the new legal entity's filed, date stamped formation documents; and (4) Franchisee and the new legal entity enter into a written assignment and assumption agreement in a form prescribed by Franchisor pursuant to which the new legal entity assumes and agrees to discharge all of Franchisee's obligations under this Agreement.



(xi) Franchisor's consent to a Transfer of any interest in Franchisee or the Franchised Business granted through this Agreement will not constitute a waiver of any claims it may have against the transferring party, nor will it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

10.2.3 Franchisee may not transfer its rights or interest in this Agreement and/or the Franchised Business without the prior written consent of Franchisor, which consent may be granted or denied in the reasonable discretion of Franchisor. In the event Franchisor approves a transfer pursuant to this Paragraph, the following requirements shall be met prior to the approved transfer:

(i) The proposed transferee shall execute such documents as Franchisor may reasonably require to evidence that it has assumed the obligations of Franchisee under this Agreement, and any then-current ancillary agreements, which documents may be substantially different than those executed contemporaneously with the execution of this Agreement;

(ii) The Franchisee acknowledges and agrees in writing that it is bound by Articles 14, 15 and 16 of this Agreement; and

(iii) Franchisee pays Franchisor a transfer fee as set forth in Paragraph 10.2.2(vii).

10.2.4 Except for transfers between Permitted Transferees, any ownership or structural changes in Franchisee including but not limited to, any merger, reorganization, issuance of additional shares or classes of stock or additional partnership interests, shall constitute and be deemed a transfer and shall be subject to the provisions of Article 10. If Franchisee consists of one or more individual(s), Franchisee may Transfer its interest under this Agreement to a corporation, limited liability company or other legal entity so long as: (1) the legal entity is owned entirely by all of the original individual franchisees or personal guarantors hereof; (2) each and all of the obligations of Franchisee and the new legal entity are personally guaranteed by the original individual franchisees or personal guarantors hereof; (3) Franchisor receives prior written notice of the Transfer along with a complete set of the new legal entity's filed, date stamped formation documents; and (4) Franchisee and the new legal entity enter into a written assignment and assumption agreement in a form prescribed by Franchisor pursuant to which the new legal entity assumes and agrees to discharge all of Franchisee's obligations under this Agreement.

## **Article 11 - Death or Incapacity**

### 11.01 Alternatives upon Death or Incapacity.

In the event of the death or incapacity of an individual Franchisee, or of any individual equity or other owner of an Entity Franchisee, the heirs, beneficiaries, devisees or legal representatives of said individual shall, within ninety (90) days of such event:

11.01.01 Apply to Franchisor for the right to continue to operate the franchise and the Franchised Business for the duration of the term of this Agreement and any renewals hereof, which right to continue to operate will be granted upon the fulfillment of all of the conditions set forth in Article 10 of this Agreement (except that no transfer fee shall be required); or

11.01.02 Sell, transfer or convey Franchisee's interest to a third party in compliance with the provisions of Article 10 of this Agreement; provided, however, in the event a proper and timely application for the right to continue to operate has been made and rejected, the ninety (90) days to sell, transfer or convey shall be computed from the date of said rejection. For purposes of this paragraph, Franchisor's silence on an application to continue to operate through the ninety (90)

days following the event of death or incapacity shall be deemed a rejection made on the last day of such period.

#### 11.02 Effect of Failure to Comply.

In the event of the death or incapacity of an individual Franchisee, or any owner of an equity or other interest in an Entity Franchisee where the provisions of this Article have not been fulfilled within the time provided, all rights granted to Franchisee under this Agreement shall, at the option of Franchisor, terminate and the parties shall proceed according to and have the rights provided for in Articles 15 and 16.

#### 11.03 Incapacity Defined.

For purposes of this Agreement, “incapacity” is the inability of Franchisee to operate or oversee the operation of the Franchised Business on a regular basis and in the usual manner by reason of any continuing physical, mental or emotional disability, chemical dependency or other similar limitation which has continued or will more likely than not continue for a period of 60 consecutive days or more. Franchisee shall advise Franchisor in writing, immediately, upon receipt of advice from any physician or other professional that Franchisee or a principal of an Entity Franchisee has an incapacity. However, Franchisee’s failure or inability to advise Franchisor of Franchisee’s incapacity shall not limit Franchisor’s rights under this paragraph. Any dispute as to the existence of an incapacity as defined herein shall be resolved by majority decision of three (3) licensed medical physicians practicing in the state in which the Franchised Business is located, with each party selecting one (1) physician, and the two (2) physicians so designated selecting the third physician. The determination of the majority of the three (3) physicians shall be binding upon the parties and all costs of making said determination shall be borne by the party against whom it is made. Notwithstanding the foregoing, if any insurance company pays to the Franchisee or Franchisee’s Entity any disability benefits for 60 consecutive days, or more, of disability, the Franchisor may regard that as conclusive evidence of incapacity.

### **Article 12 – Business Risk and Compliance**

#### 12.01 No Promises.

Franchisee has been informed by Franchisor, realizes and acknowledges that the business venture contemplated by this Agreement involves business risks and its success or failure will be largely dependent upon Franchisee’s abilities in operating and managing the Franchised Business. Franchisee has made its own investigation and evaluation regarding the viability of the Franchised Business it is purchasing.

#### 12.02 Business Judgment.

Notwithstanding any contrary provisions contained in this Agreement, the parties acknowledge and agree that (a) this Agreement (and the relationship of the parties which arises from this Agreement) grants Franchisor the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with your explicit rights and obligations hereunder that may affect favorably or adversely your interests; (b) Franchisor will use its business judgment in exercising such discretion based on Franchisor’s assessment of Franchisor’s own interests and balancing those interests against the interests, promotion and benefit of the System and franchises generally (including Franchisor, and its Affiliates and other franchisees), and specifically without considering your individual interests or the individual interests of any other particular franchisee (examples of items that will promote or benefit the System and franchises generally include, without limitation, enhancing the value of the Marks and/or the SHINE brand, improving customer service and satisfaction, improving project quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System); (c) Franchisor

will have no liability to you for the exercise of its discretion in this manner and (d) even if Franchisor has numerous motives for a particular action or decision, so long as at least one motive is a reasonable business justification no trier of fact in any legal action shall substitute its judgment for Franchisor's judgment so exercised and such action or decision will not be subject to challenge for abuse of discretion. IF FRANCHISOR TAKES ANY ACTION OR CHOOSES NOT TO TAKE ANY ACTION IN ITS DISCRETION WITH REGARD TO ANY MATTER RELATED TO THIS AGREEMENT AND ITS ACTION OR INACTION IS CHALLENGED FOR ANY REASON, THE PARTIES EXPRESSLY DIRECT THE TRIER OF FACT THAT FRANCHISOR'S RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF ITS DISCRETION, WITHOUT REGARD TO WHETHER OTHER REASONS FOR FRANCHISOR'S DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

### **Article 13 - Termination**

Franchisor may terminate this Agreement as follows:

#### **13.01 Termination upon Thirty (30) Days' Notice.**

Franchisor may terminate this Agreement upon at least thirty (30) days' notice and opportunity to cure (or longer if required by law) if Franchisee is in breach of any term of this Agreement or of any other agreement between Franchisee and Franchisor or any affiliate of Franchisor.

#### **13.02 Termination upon Seventy-Two (72) Hours' Notice**

Franchisor may terminate this Agreement upon at least seventy-two (72) hours' notice and opportunity to cure (or longer if required by law) for occurrence of any one or more of the following events (each of which Franchisee acknowledges is good cause for termination and a material breach of this Agreement), notwithstanding that Franchisor may have the option, but not the obligation, to provide Franchisee with a longer notice and cure period, as Franchisor may determine in its sole discretion:

- (i) Franchisee fails to pay a fee or deposit when due, and in the manner prescribed by Franchisor, any moneys owed to Franchisor or any of its affiliate companies or to another Shine franchisee;
- (ii) Franchisee is an Entity and an impasse exists between equity or other owners or there is any change in the ownership of any interest in the Entity without having first complied with the provisions of this Agreement;
- (iii) Franchisee fails to timely permit any audit or inspection by or on behalf of Franchisor;
- (iv) Franchisee fails to operate the Franchised Business under the Marks or fails to properly display the Marks at all times in full compliance with this Agreement and the Manual;
- (v) Franchisee fails to maintain required insurance or workers compensation coverage; or
- (vii) Franchisee or its Owners knowingly maintain false books or records or submit any false reports or statements to Franchisor;
- (viii) Franchisee purchases items from an unapproved source;

(ix) Any other agreement, including any other Franchise Agreement to which Franchisee is a party, between Franchisee and Franchisor or between Franchisee and any of Franchisor's related companies is terminated for cause.

### 13.03 Termination without Notice

Franchisor may terminate this Agreement without giving notice or opportunity to cure upon occurrence of any one or more of the following events (each of which Franchisee acknowledges is good cause for termination and a material breach of this Agreement), notwithstanding that Franchisor may have the option to give a longer notice and a cure period pursuant to other provisions of this Agreement:

(i) Upon two (2) breaches of the same term of this Agreement regardless of the fact if they are subsequently cured or two (2) or more separate defaults occurring within a twelve (12) month period whether or not those breaches have been corrected;

(ii) Franchisee files a voluntary petition in bankruptcy or has an involuntary petition filed against Franchisee, Franchisee makes an assignment for the benefit of creditors, or a receiver or trustee is appointed;

(iii) Franchisee is adjudicated a bankrupt or insolvent;

(iv) Franchisee makes an assignment for the benefit of creditors or similar disposition of the assets of the Franchised Business;

(v) Franchisee violates or attempts to violate any of the Assignment provisions of this Agreement;

(vi) Franchisee vacates, deserts, or otherwise abandons all or any substantial portion of the Premises or equipment, or abandons the Franchised Business for more than 24 hours (whether or not Franchisee intends to abandon);

(vii) Franchisee voluntarily abandons the Franchised Business for more than five (5) consecutive days during such season or period when Franchisee is obligated to be operating the Franchised Business;

(viii) Franchisee violates or fails to comply with any law, rule, regulation, ordinance or order relating to the operation of the Franchised Business (including any health codes, rules or regulations) or fails to obtain and continue any license, permit or bond necessary, in Franchisor's opinion, for Franchisee's operation of the Franchised Business;

(ix) any Owner is convicted of, or pleads no contest to, a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System;

(x) Franchisee is convicted of or pleads guilty or no contest to a charge of violating any law relating to the Franchised Business;

(xi) Franchisee sublicenses or attempts to sublicense the Marks or the System in violation of this Agreement;

(xii) Franchisee fails to achieve a minimum Gross Revenue of One Hundred Thousand Dollars (\$150,000) during the first 12 months of operation, and \$250,000 starting on month 13 and thereafter, calculated on an annual, rolling basis during the Term ("Minimum Sales Volume");

(xiii) Franchisee or any Owner fails to comply with the confidentiality or non-compete covenants in this Agreement;

(xiv) Franchisee engages in any business dealings in relation with the Franchise, the Franchised Business or the Franchisee which are unethical, dishonest or otherwise could cause harm to the Marks, the System, Franchisor, other Franchisees, the goodwill associated with the Marks, or to any customer, client or vendor of Franchisee or any other Franchisee or the Franchisor; or

(xv) Franchisee fails to open the Franchised Business on or before 90 days after signing the Franchise Agreement.

#### 13.04 Limitation of Rights

Notwithstanding any right of Franchisor to terminate this Agreement, pursuant to this Agreement or otherwise, Franchisor may, in Franchisor's sole discretion, elect to not terminate this Agreement and to, in lieu thereof, impose limitations on Franchisee, including, but not limited to, revocation of Franchisee's Territorial rights, and revocation of Franchisee's rights to acquire or offer and sell certain products and services. Franchisor's election to not terminate this Agreement pursuant to this paragraph shall not constitute an election of remedies and Franchisor may, thereafter, terminate this Agreement on account of the same or any other event(s) of default as set forth herein.

#### 13.05 Termination by Franchisee

This Agreement shall automatically terminate upon delivery of notice of termination to Franchisor, if Franchisor fails to perform any material obligation imposed upon it by this Agreement, and such failure is not cured within ninety (90) days after Franchisee delivers written notice of such failure to Franchisor. Franchisee does not have the unilateral right to terminate this Agreement for any reason.

#### 13.06 Legal Compliance.

In addition to complying with its obligations under this Agreement, Franchisee shall comply with all applicable federal, state, and local laws, rules, regulations, ordinances, and orders. Such laws, rules, regulations, ordinances, and orders vary from jurisdiction to jurisdiction and may be amended or implemented or interpreted in a different manner from time to time. It is Franchisee's sole responsibility to apprise itself of the existence and requirements of all such laws, rules, regulations, ordinances, and orders and to adhere to them at all times during the term of this Agreement. Failure to comply with applicable federal, state, and local laws, rules, regulations, ordinances, and orders is a material breach of this Agreement and Franchisor reserves the right to terminate this Agreement immediately for cause, no notice, and without an opportunity to cure.

#### 13.07 Default or Pre-Terminate Rights

Prior to the termination of the Agreement, if the Franchisee fails to pay any amounts owed to the Franchisor or its affiliates, fail to comply with any term of this Agreement or notify the Franchisor that the Franchised Business is closing, then in addition to the Franchisor's right to terminate this Agreement or to bring a claim for damages, the Franchisor have the option to:

- (a) Remove the listing of the Franchised Business from all advertising published or approved by us;
- (b) Cease listing your Franchised Business on any Technology Platforms;
- (c) Prohibit the Franchisee from attending any meetings or programs held or sponsored by the Franchisor;
- (d) Terminate the Franchisee's access to any computer system or software Franchisor own, maintain or license to the Franchisee (whether licensed by the Franchisor or its affiliates);

- (e) Suspend all services the Franchisor or its affiliates provide to the Franchisee under this Agreement or otherwise and/or
- (f) Contact the Franchisee's landlord, lenders, suppliers, and member regarding the status of the Franchisee's operations, and provide copies of any default or other notices to the Franchisee's landlords, lenders and suppliers.
- (g) In addition, if the Franchisee notify the Franchisor that the Franchisee is closing the Franchised Business or otherwise communicate to others that the Franchisee is closing the Franchised Business, the Franchisee agrees that the Franchisee's billing processor may withhold up to one-half (1/2) of monies that would otherwise be payable to cover any post termination obligations the Franchisee may have.
- (h) the Franchisor's actions as outline in Section 13.07 may continue until the Franchisee has brought the accounts current, cured any default and complied with the Franchisor's requirements, and the Franchisee has acknowledged the same in writing, The taking of any of the actions permitted in this section will not suspend or release the Franchisee from any obligation that would otherwise be owed to the Franchisor or its affiliates under the terms of this Agreement or otherwise.

#### 13.08 Cross-Default

Any default under any agreement between you and Franchisor or its Affiliates, and failure to cure within any applicable cure period, shall be considered a default under this Agreement and shall provide an independent basis for termination of this Agreement. Starting from the effective date of this agreement, all provisions are adopted for all prior agreements signed herewith.

### **Article 14 - Competition with Franchisor**

#### 14.01 Competing Business Activities during Term.

Franchisee acknowledges that it will receive valuable, specialized training and confidential information regarding the operational, sales, promotional, and marketing methods of the Shine concept that Franchisor has developed through monetary and other resource expenditures that provide competitive advantages to Franchisor's System. During the Term, Franchisee and its Owners and guarantors will not, without Franchisor's prior written consent, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person or entity:

- (i) own, manage engage in, be employed by, advise, make loans to, or have any other interest in, as a partner, owner, officer, executive, managerial employee, director, sales person or consultant for, any business that participates in Competitive Activities. For purposes of this Agreement, "Competitive Activities" shall mean promoting, selling, marketing and/or providing window cleaning, pressure cleaning, screen cleaning, gutter cleaning, or holiday and outdoor lighting installation, removal, and/or storage services and related products and services.
- (ii) divert or attempt to divert any business or customer that had done business with or been a customer of the Franchised Business within the two (2) years before the expiration or termination of this Agreement, to any business or person participating in Competitive Activities, by inducement or otherwise, as Franchisee agrees that all goodwill associated with Franchisee's operation under the Marks and the System, and all business and customer information associated therewith, inure to Franchisor;
- (iii) perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or

- (iv) use any vendor relationship established through Franchisee's association with Franchisor for any purpose other than to purchase products for use or retail sale in the Franchised Business;
- (v) operate any other business other than the Franchised Business without first obtaining Franchisor's prior written approval.

#### 14.02 Competing Business Activities after Term.

14.02.01 Franchisee covenants and agrees that, for a period of twenty-four (24) months following the effective date of any termination, expiration or non-renewal, Franchisee will not, individually or together with another, directly or indirectly, on its own behalf or on behalf of or through any other person, sole proprietorship, or Entity, do any of the following:

- (i) own, manage engage in, be employed by, advise, make loans to, or have any other interest in, as a partner, owner, officer, executive, managerial employee, director, sales person or consultant for, any business that participates in Competitive Activities within a 20-mile radius of the boundary of Franchisee's designated Protected Area, as it existed immediately before the date of termination, expiration, or non-renewal of this Agreement, or of any Shine franchisee location;

- (i) Solicit, take away, or divert, and influence or attempt to influence any customers, franchisees, vendors, clients, and patrons of Franchisor or of any franchisee of Franchisor, which customers, franchisees, vendors, clients, and patrons were served by Franchisor or a franchisee of Franchisor at any time during the four (4) years preceding the date of termination, expiration, or non-renewal of this Agreement, to transfer or divert their business or patronage from Franchisor or Franchisor's Franchisee(s) to any other person or Entity engaged in the Prohibited Activities or anything similar to the Franchised Business;

14.02.02 Franchisee covenants and agrees that, at no time will Franchisee, directly or indirectly, disclose or cause or permit to be disclosed, sell, or otherwise transfer to any party other than Franchisor, including, but not limited to, a person or Entity, for or not for consideration, the Trade Secrets, or any part thereof;

14.02.03 Franchisee acknowledges and agrees that the periods of time of this covenant and the geographical areas of restriction imposed by this covenant are fair and reasonable and are reasonably required for the protection of Franchisor and its Franchisees. Franchisee would desire at least this same protection against competitive activities by another former Franchisee whose franchise agreement was either expired, terminated or non-renewed. Franchisee agrees that, in the event a court or arbitrator should determine any part of this covenant to be excessively broad, unenforceable, and invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof. Franchisee further agrees that, in the event that any of the provisions of this Agreement relating to the geographic area of restriction or the periods of time of the covenants shall be deemed to exceed the maximum area or periods of time which a court of competent jurisdiction would deem enforceable, the geographic area or periods of time shall, without further action on the part of any person, be deemed to be modified, amended and limited, to the maximum geographic area or time periods which a court of competent jurisdiction would deem valid and enforceable in any jurisdiction in which such court shall be convened. Any such modification shall apply only in the jurisdiction of the deciding court or in the state where the arbitrator made the decision.

14.02.04 It shall not be a violation of this Article for Franchisee to have or maintain a passive investment in stock of any publicly traded corporation, provided said stock holdings shall not exceed five percent (5%) of the issued and outstanding stock of such corporation.

14.02.05 For purposes of this Agreement, all references to Franchisor shall be deemed to include: (a) any corporation or entity which acquires all, or substantially all, of the assets of Franchisor, whether by statutory merger or otherwise, (b) any corporation, partnership, or other entity directly or indirectly controlled by or under common control with Franchisor or its successor, and (c) any sub-franchisor or other assignee of Franchisor.

14.02.06 Franchisee agrees that it would be extremely difficult to prove with certainty the exact amount of damages caused to Franchisor by a violation of this Article 14 by Franchisee and therefore, Franchisee agrees that, upon proof that Franchisee violated this Article 14, Franchisor shall be entitled to liquidated damages in an amount calculated by multiplying the amount of gross revenues generated by Franchisee or a third party that benefited from the violation during the period of breach and multiplying it by 1.5. Franchisee acknowledges that this results in a reasonable estimate of what Franchisor's actual damages would be and is not a penalty.

14.02.07 Franchisee agrees that any violation of the covenants contained in this Article will cause irreparable harm to Franchisor and its other franchisees and may, as a matter of course, be restrained by process issued out of a court of competent jurisdiction, in addition to any other remedies provided by law. In the event of any action for a temporary or permanent injunction to enforce this Covenant, Franchisee hereby waives any requirement of a bond to the extent that any bond would exceed one hundred dollars (\$100). The substantially prevailing party in any such enforcement action shall be entitled to recover their attorneys' fees and costs incurred therein in addition to any and all other remedies.

14.02.08 Nothing in this Article 14 shall obligate Franchisor to take action to enforce this or any other covenant against competition against any other Franchisee or former Franchisee. Nothing in this Article 14 shall entitle Franchisee to take any action to enforce this or any other covenant against competition against any other Franchisee or former Franchisee.

14.02.09 The terms of this Article 14 shall survive the termination, expiration, or non-renewal of this Agreement for any reason.

#### 14.03 Enforcement of Covenants

14.03.01 Franchisor acknowledges and agrees that (i) this section is reasonable because it promotes and protects the subject matter of this Agreement and/or the underlying relationship and/or deters any potential conflict of interest; (ii) the time, territory, and scope of the covenants provide in this Section are reasonable and necessary for the protection of our legitimate business interests; (iii) Franchisee has received sufficient and valid consideration in exchange for those covenants; (iv) enforcement of the same would not impose undue hardship because you have sufficient professional skills; and (v) the period of protection provided by these covenants will not be reduced by any period of time during which franchisee is in violation of the provisions of those covenants or any period of time required for enforcement of those covenants. To the extent that this Section is judicially determined to be unenforceable by virtue of its scope or in terms of area, restricted activity or length of time, but may be made enforceable by reductions of any or all thereof, the same will be so modified and enforced to the fullest extent permissible. Franchisee agrees that the existence of any claim franchisee may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants contained in this Section. Franchisee acknowledges that any breach or threatened breach of this Section will cause Franchisor irreparable injury for which no adequate remedy at law is available, and franchisee consents to the issuance of a temporary or permanent injunction prohibiting any conduct violating the terms of this Section. Such injunctive relief will be in addition to any other remedies or claims for damages that we may have.



#### 14.04 Disputed Enforceability

14.04.01 The parties have attempted in the above Section to limit Franchisee's right to compete only to the extent necessary to protect Franchisor from unfair competition. The parties hereby expressly agree that if the scope of enforceability of the above provision is disputed at any time by Franchisee, a court or arbitrator, as the case may be, may modify this Section to the extent it deems necessary to make supervision enforceable under applicable law. In addition, Franchisor reserves the right to reduce the scope of said provision with Franchisee's consent, at any time or times, effective immediately upon notice to Franchisee. FRANCHISEE EXPRESSLY ACKNOWLEDGES THAT IT POSSESSES SKILLS AND ABILITIES OF A GENERAL NATURE AND HAS OTHER OPPORTUNITIES TO EXPLOIT SUCH SKILLS. CONSEQUENTLY, ENFORCEMENT OF THE COVENANTS SET FORTH ABOVE WILL NOT DEPRIVE FRANCHISEE OF THE ABILITY TO EARN A LIVING.

#### 14.05 Franchisee Acknowledgment

Franchisor must be protected against the potential for unfair competition by Franchisee's use of Franchisor's training, assistance, Confidential Information, and Trade Secrets in direct competition with Franchisor. Franchisee further acknowledges that Franchisor would not have entered into this Agreement or shared the Confidential Information, Trade Secrets, and other information with Franchisee absent Franchisee's agreement to strictly comply with the provisions of this Section. Franchisee acknowledges that as a Franchisee of Franchisor, it will have access to Franchisor's Trade Secrets and Confidential Information and therefore be in a unique position to use the special knowledge gained as a franchisee. Franchisee acknowledges that a breach of the covenants contained in this Section will be deemed to threaten immediate and substantial irreparable injury to Franchisor. Accordingly, Franchisee agrees that Franchisor will have the right without prior notice to Franchisee, to obtain immediate injunctive relief without limiting any other rights or remedies and without posting a bond.

### **Article 15 - Effect of Termination**

#### 15.01 Loss of Rights.

After the termination, expiration, or non-renewal of this Agreement for any reason, Franchisee shall have no further rights to use, in any manner, the System, the Marks, anything similar to the Marks, the telephone numbers, the telephone listings, any proprietary computer software, any trade secrets or the Manual. Franchisee shall immediately notify such persons as Franchisor shall reasonably require of Franchisee's loss of rights thereto. All sums of money due from Franchisee to Franchisor or to any other Shine franchisee as of the after the date of termination, expiration, or non-renewal of this Agreement shall become immediately due and payable. As between the parties hereto, Franchisor or Franchisor's designee shall have the option, exercisable within sixty (60) days, to assume the lease for the Premises. If Franchisor elects to assume the lease for the Premises, Franchisee agrees to cooperate in the transfer, to execute any documents which may be required for Franchisor or Franchisor's designee to assume the lease, and to otherwise take no actions which would interfere with the ability of Franchisor or its designee to assume the said lease. Franchisee specifically agrees to execute such document(s) as may be necessary to transfer the telephone number(s) to Franchisor or Franchisor's designee. In the event Franchisee or any owner or affiliate of Franchisee owns the Premises, Franchisee agrees that Franchisor shall have the option to lease the Premises at fair market value for a term of up to ten (10) years, at Franchisor's election, such option exercisable by Franchisor within sixty (60) days following the date of termination, expiration, or non-renewal of this Agreement.

#### 15.02 Change of Identity.

After the termination, expiration, or non-renewal of this Agreement for any reason, Franchisee shall immediately refrain from holding itself out to the public in any way as a Franchisee or affiliate of Franchisor or as a former Franchisee or affiliate of Franchisor. If directed by Franchisor, Franchisee shall, at Franchisee's sole cost and expense, make or cause to be made such changes in signs, telephone numbers, buildings or structures as Franchisor may direct to distinguish the Premises from its former appearance and from other Shine franchisees. If Franchisee fails to make such changes within ten (10) calendar days after the date of termination, expiration, or non-renewal of this Agreement, then Franchisor shall have the right to enter upon the Premises, without liability for trespass or otherwise, and to make or cause to be made such changes at the expense of Franchisee, which expenses shall be paid by Franchisee upon demand. Franchisee shall immediately file the appropriate forms to abandon or withdraw any assumed name certificate or to change the name of its corporation or partnership to eliminate any reference to the System or the Marks. If Franchisee fails or refuses to cooperate with Franchisor, Franchisee hereby appoints Franchisor as its Attorney in Fact to complete the changeover. Franchisee shall immediately return to Franchisor the Manual, Trade Secrets, bulletins, instruction sheets, software, forms, Marks, designs, signs, printed matter and other material containing any part of the System or the Marks together with all copies thereof (including electronic or digital copies) that are or have been within Franchisee's custody or control.

#### 15.03 Changeover Procedure.

Upon the termination, expiration, or non-renewal of this Agreement for any reason, if Franchisor or Franchisor's designee has indicated its intention to assume Franchisee's lease for the Premises and to operate a Shine business from that location, the parties agree to cooperate in the changeover of the Franchised Business to Franchisor, including by taking the steps set forth herein. If Franchisee fails or refuses to cooperate with Franchisor, Franchisee hereby appoints Franchisor as its Attorney in Fact to complete the changeover. In such case, the parties shall: notify the landlord of the change of tenancy and Franchisor shall be entitled to take control of the Premises, including by changing the locks; terminate vendor accounts at Franchisor's option; conduct an inventory of all equipment, fixtures, tenant improvements, supplies and inventory (if Franchisee elects to not participate in the inventory, Franchisor's inventory shall be presumed accurate and complete); Franchisor shall have the right to use Franchisee's equipment, furniture, fixtures and related items for up to sixty (60) days and shall pay or credit Franchisee with the fair market rental value of that use; Franchisor shall be entitled to communicate directly with Franchisee's agents, employees, customers and vendors in order to facilitate a smooth transition to ownership by Franchisor or Franchisor's designee; Franchisor or its designee shall be entitled to all Gross Revenues received after the date of termination. No action taken pursuant to this paragraph shall constitute a waiver by Franchisor of any claims against Franchisee for any reason. The parties agree that there are no circumstances justifying a stay or delay in implementation of the terms of this paragraph and the parties specifically agree that any claims, including, but not limited to, allegations of wrongful termination, can be separately resolved and that an award of damages would be an adequate remedy.

#### 15.04 Continuing Royalties.

Franchisor shall be entitled to receive Royalties on all Gross Revenues received or receivable by Franchisee as of the date of termination, expiration, or non-renewal of this Agreement. All such royalties shall be due and payable on the date of termination, expiration, or non-renewal of this Agreement.

#### 15.05 Option to Purchase Certain Assets.

Franchisor shall, within thirty (30) days following the expiration or termination of this Agreement for any reason (other than for renewal of the Franchise), have the option, in our sole judgment, to purchase all or any portion of the assets of the Business and any other materials, equipment or supplies bearing our Marks, and to have you assign and transfer the Shine Franchise lease for the premises to us. Our purchase price for the portion of your inventory or supplies purchased directly from us or any of our affiliates shall be at your cost. Our purchase price for the remaining inventory, equipment, parts, fixtures and furnishings utilized by you in the operation of the Store shall be the fair wholesale market value thereof. In addition, we shall be permitted to deduct and withdraw from the purchase price to be paid to you for any such items all sums due and owed to us. In determining the fair market value of such items, the parties shall exclude any factor or increment for goodwill or going-concern value. Except as provided below, the purchase price will be paid in cash at the closing of any such purchase which will occur no less than thirty (30) days from the date of exercise of the option.

If the parties are unable to reach agreement as to the fair market value of the assets of the Store to be purchased by us, the parties hereby agree to appoint an independent appraiser to make such determination, whose determination will be binding upon the parties. The fees and expenses of such appraisal shall be paid in equal proportions by the parties. If you do not object to proposed appraiser within twenty (20) days after our notice, such appraiser will be deemed approved by both parties.

#### 15.06 Payment and Terms.

Franchisor shall pay to Franchisee all sums due pursuant to this Article, and any other sums required by this Agreement or by law, over a period of sixty (60) months, or such shorter period as Franchisor, in its sole discretion, shall elect, with interest thereon at the prime interest rate as published by Bank of America or its successor, if applicable, determined as of the end of the calendar quarter immediately preceding the date of termination, expiration, or non-renewal of this Agreement.

#### 15.07 Survival of Terms.

The terms of this Article 15 shall survive the termination, non-renewal or expiration of this Agreement for any reason.

#### 15.08 Return of Holiday Lights

Within ten (10) days after the date of termination, expiration, or non-renewal of this Agreement, for any reason, Franchisee shall return the holiday lights collected and used in the course of the Franchised Business to Franchisor or the lawful owners of such lights, as Franchisor shall direct. In the event Franchisee fails to timely return the holiday lights, Franchisor and its agents shall have the opportunity and right to enter Franchisee's Premises without being guilty of trespass to collect such lights without prior written notice to Franchisee and without any liability to Franchisee. Franchisee shall promptly reimburse Franchisor for any and all expenses Franchisor incurs in collecting the holiday lights and returning the lights to their lawful owners. In the event that Franchisee fails to return the holiday lights pursuant to this Paragraph, Franchisee hereby releases, indemnifies and holds harmless Franchisor and its affiliates, agents and employees from all claims, causes of action, expenses, costs, debts, fees, liabilities and damages of every kind arising out of or related to Franchisor's and its agents collection and storage of the lights including any damage to the Premises. Franchisee agrees that an action at law would be an adequate remedy for a breach or default by Franchisee, or by any other persons bound by this Agreement, in the performance of any obligation relating to this requirement to return holiday lights to their rightful owners upon termination of Franchisee's Franchised Business. Franchisee

agrees that upon termination or expiration of this Agreement, Franchisee will return to the Franchisor all copies of the customer list, including past customers, present customers, and prospective customers, and shall not thereafter use the Customer List or contact the Customers. The parties therefore agree that in the event of any such breach or default, in addition to all other remedies provided elsewhere in this Agreement or by law, Franchisor shall be entitled to relief in equity from a judge or arbitrator, at its option, including a preliminary injunction and permanent mandatory injunction to require Franchisee to compel compliance with this Paragraph.

#### 15.09 Liquidated Damages.

If, prior to the Expiration Date, Franchisee terminates this Agreement without good cause, or if Franchisor terminates this Agreement on account of Franchisee's material default hereof, the parties acknowledge and agree that Franchisor will suffer damages for the loss of the benefit bargained for in this Agreement and irreparable damage to the integrity of the franchise system. As compensation for these damages Franchisor shall be entitled to collect from Franchisee, in addition to all other amounts due Franchisor (including, without limitation, any payments due to the Franchisor under this Agreement), liquidated damages calculated as an amount equal to (a) the product of Franchisee's Average Gross Revenue, multiplied by the lesser of (i) twenty-four months, or (ii) the number of full months remaining in the franchise term. For purposes of this calculation, "Average Gross Revenue" means total Gross Revenue for the twelve-month period immediately preceding termination, divided by twelve. If the Franchised Business has been operating for less than twelve months at the time of termination, "Average Gross Revenue" means total Gross Revenue for the period of operation divided by the number of months in operation. Franchisee acknowledges and agrees that, in the event of Franchisee's violation of this Agreement by premature closure, abandonment, or termination due to violation of this Agreement, proof of actual damages would be difficult and that the formula for calculating liquidated damages contained herein is a reasonable estimate of what actual damages would be. The foregoing formula does not result in a penalty. Franchisor has an expectation that Franchisee's franchised business will be open and operating for the full Term of the Agreement. An early closure reduces Franchisor's revenue and damages our image in the public. Calculating the value and expense of this injury is difficult to determine and may be hard to calculate with specificity, but the parties acknowledge the injury. Therefore, the parties have elected to agree in advance to calculation of liquidated damages to compensate Franchisor for its damages and to provide certainty to Franchisee of the amounts due.

### **Article 16 - Arbitration of Disputes.**

#### 16.01 Agreement to Arbitrate.

Except as provided in Paragraph 16.04, any controversy or claim or dispute between the parties hereto or between any party hereto and any other person arising out of or relating to this Agreement, the negotiation thereof, the offer or acceptance thereof, or the performance or breach thereof, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. This Article shall be governed by the Federal Arbitration Act. Any arbitration shall be before a panel of three (3) arbitrators and shall take place in Plano, Texas. No party shall join or attempt to join their claims in a single proceeding with the claims of any other party, person or entity even if similarly situated. The parties shall bear their own expenses, including their own attorney's fees and costs and shall share equally all expenses of the arbitrator(s).

#### 16.02 Conduct of Arbitration.

Unless otherwise specifically required by applicable law, demand for arbitration or proceedings in arbitration, or court proceedings shall not operate to stay, postpone, prohibit or rescind any expiration, termination or non-renewal of this Agreement as provided in this Agreement, and the parties will be limited to their remedy in damages, as determined by the court or arbitrator, for non-renewal or termination found by the arbitrator to be wrongful. Damages would be an adequate remedy for any such wrongs. The court or arbitrator shall not extend, modify or suspend any of the terms of this Agreement or the reasonable standards of business performance set by Franchisor. The arbitrators shall permit discovery between the parties pursuant to the Federal Rules of Civil Procedure.

#### 16.03 Conditions Precedent to Arbitration.

As conditions precedent to commencing an arbitration proceeding pursuant to this Agreement, the parties shall first comply with the terms of this Paragraph 16.03. Failure to comply with this paragraph shall be a material breach of this Agreement and shall entitle the non-defaulting party to an award of all of their attorney's fees and costs reasonably expended in enforcing the terms of this paragraph. Such award of attorney's fees shall be made by the court enforcing this paragraph and shall be paid by the breaching party before and as a condition precedent to further proceeding in accordance with this Article. For the limited purpose of enforcing this Paragraph 16.03, each party hereby waives arbitration and the matter shall be heard in the Travis County Courts in Texas. Within not more than sixty (60) days following the date on which the aggrieved party first discovered or reasonably should have discovered the facts of a dispute between the parties, but not more than one (1) year after the date of the events or facts which gave rise to the dispute, the aggrieved party shall give a Notice to the other party (and any involved other persons) of the existence of the dispute, and shall set forth, in writing, a detailed description of the relevant facts together with a reasonably detailed description of the legal basis of the claim. The Notice shall include a detailed description by the aggrieved party of the remedy or outcome desired. The non-aggrieved party shall respond to the Notice within thirty days following its receipt. If the Notice and response does not resolve the dispute, the parties shall meet, in person, within sixty (60) days following the date of the non-aggrieved party's response, in the corporate offices of the Franchisor, and attempt to informally resolve the matter. If the informal meeting does not resolve the matter, the parties shall, within sixty (60) days following the date of the informal meeting, submit to nonbinding mediation in Plano, Texas with a mediator selected according to the rules of the American Arbitration Association. If the dispute is not resolved through mediation, then either party may commence an arbitration proceeding, but must do so within ninety (90) days following the date that either party or the mediator has declared the mediation terminated. The demand for arbitration shall contain a certificate by the party commencing arbitration that the party has fully complied with every provision of this Paragraph 16.03. Copies of the Notice and the response thereto exchanged pursuant to this paragraph shall be attached to the demand for arbitration and the issues in the arbitration shall be limited to matters contained therein.

#### 16.04 Limited Exceptions to Arbitration and Mediation.

The requirements of Paragraphs 16.01, 16.02, and 16.03 shall not apply to actions for the sole purpose of collecting unpaid money, including franchise fees, Royalty Fees, or National Advertising Fees pursuant to this Agreement or to actions for the sole purpose of enforcing Franchisor's rights in the Marks (both for injunctive relief and damages), the Trade Secrets or the covenant against competition. Such actions and claims are not submitted to arbitration. Any such actions and claims shall be brought in the Travis County Courts in Texas. Any counterclaims to such actions and claims are submitted to arbitration and shall be subject to Paragraphs 16.01, 16.02 and 16.03. No requirement to mediate shall apply after this Agreement has been terminated for any reason.

16.05 Any information disclosed by either party in mediation or pre-arbitration settlement discussions may only be used for those purposes and may presented as evidence in arbitration. Parties and their counsel must be present in-person for the final hearing, and any telephonic or electronic appearances are reserved for pre-hearing matters and remote non-party witnesses only. The Franchisee acknowledges and expressly agrees that the Franchisor requires strict compliance with all terms and provisions of this Section 16.

16.06 For avoidance of doubt, this provision specifically requires both parties to arbitrate our disputes through the American Arbitration Association (“AAA”). The arbitration process allows the disputes to be heard and decided by one arbitrator, selected using the AAA’s standard selection process, apply the law to the facts and evidence presented and where we will not use the local court system or its judges. By signing this franchise agreement, you are consenting to resolve disputes through arbitration administered by the AAA, using the current AAA commercial rules.

16.07 Neither illness, Covid, inconvenience, weather, or any other reason shall serve to excuse your personal appearance for depositions or evidentiary hearings.

## **Article 17 - Representations Of Franchisee**

### 17.01 Representations

Franchisee represents and warrants as follows:

17.01.01 Franchisee is not currently a party to or subject to any contract or agreement, including any other franchise agreement, employment agreement or any covenant not to compete which would directly or indirectly be breached by entering into this Agreement or which would directly or indirectly prohibit or restrict Franchisee's signing of this Agreement or performance thereunder;

17.01.02 Franchisee is executing this Agreement and purchasing the franchised business herein for Franchisee's own account and not as an agent or representative of another (unless for an Entity otherwise named herein and in compliance herewith);

17.01.03 Franchisee intends to be actively involved in the Franchised Business for the entire term of this Agreement and knows of no reason that he/she might become a passive owner;

17.01.04 Franchisee has not terminated and will not terminate Franchisee's existing employment or cease any other income-producing activity until after Franchisee has an approved location, has successfully completed the Initial Training, and is open for business. If Franchisee elects, notwithstanding this sub-paragraph to terminate employment or income-producing activity, Franchisee knowingly assumes the risk of loss of income and does so contrary to Franchisor's advice.

### 17.02 Receipt for Disclosure Document.

Franchisee has received a copy of this Agreement and the Shine disclosure document at least fourteen (14) days before signing this Agreement or paying any fee to Franchisor. Franchisee has received a complete copy of this Agreement and all attachments, amendment, or addenda, with all material blanks filled in, at least seven (7) days before signing this Agreement. Franchisee has been encouraged and provided ample opportunity to consult an attorney or other advisor(s) of its own choosing before entering into this Agreement.

## **Article 18 - Miscellaneous Provisions**

### **18.01 Non-waiver.**

No act or omission or delay in enforcing a right by either party shall waive any right under or breach by the other of this Agreement unless such party executes and delivers a written waiver. The waiver by either party of any right under or breach of this Agreement shall not be a waiver of any subsequent or continuing right or breach.

### **18.02 Attorneys' Fees.**

In the event that legal action is properly commenced in court by either party to enforce this Agreement or to determine the rights of any party, as permitted by Paragraph 16, including any appeal proceeding, the substantially prevailing party, in addition to any other remedy, shall be entitled to receive its reasonable actual attorneys, fees and costs, including expert fees and fees on appeal.

### **18.03 Severability.**

In the event that any of the provisions, or portions thereof, of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction or by an arbitration panel, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby, and full effect shall be given to the intent manifested by the provisions, or portions thereof, held to be enforceable and valid, unless such invalidity shall pertain to the obligation to pay fees, in which event this Agreement shall terminate.

### **18.04 Warranty of Authority.**

Each person signing this Agreement for or on behalf of any party to this Agreement warrants that he/she has full authority to sign and to legally bind the party.

### **18.05 Fines.**

For each instance where Franchisee fails to obtain prior written approval for advertisements, fails to attend required training or franchisor sponsored conventions, or offers unauthorized products or services, Franchisor shall, at Franchisor's option, have the right to levy a fine in an amount up to One Thousand Dollars (\$1,000) per occurrence. Alternatively, in the case of failure to attend required training or franchisor sponsored conventions, Franchisee shall pay to Franchisor a \$1,500 fee, provided Franchisee does not obtain Franchisor's prior, written approval not to attend the training or convention. The imposition of a fine pursuant to this Paragraph shall not act as a waiver of any of Franchisor's other remedies under this Agreement. Furthermore, Franchisor has the right to collect any such fines by means of EFT in the same manner as the Royalty Fee, upon notice.

### **18.06 Paragraph Headings.**

The various paragraph headings are for convenience of reference only and shall not affect the meaning or interpretation of this Agreement or any portion thereof.

### **18.07 Recitals.**

The recitals preceding the first numbered paragraph of this Agreement are hereby made part of this Agreement as if set forth within the numbered paragraphs. All references to "Franchisee" shall include all owners, parents and subsidiaries of Franchisee if Franchisee is an entity.

### **18.08 No Third Party Beneficiary.**

Nothing in this Agreement shall be construed to give Franchisee any rights as a third party beneficiary or otherwise arising out of any similar or other agreement(s) between Franchisor and

any other Franchisee(s). Nothing in this Agreement shall be construed to give to any other Franchisee or any other person any rights arising out of this Agreement. Any action or inaction by Franchisor with regard to any other Franchisee's performance or non-performance as to any term of this or any similar agreement shall not give rise to any claims or rights in favor of Franchisee under this Agreement.

#### 18.09 No Third-Party Beneficiary.

Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor will be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, Franchisor's officers, directors, and personnel and such of Franchisee's and Franchisor's respective successors and assigns as may be contemplated (and, as to Franchisee, authorized by Section 12.) any rights or remedies under or as a result of this Agreement.

#### 18.10 No Affiliate Liability.

Franchisee acknowledge and agree that none of Franchisor's past, present, or future directors, officers, employees, incorporators, members, partners, stockholders, subsidiaries, parents, affiliates, controlling parties, entities under common control, ownership, or management, vendors, service providers, agents, attorneys, or representatives will have any liability for (i) any of Franchisor's obligations or liabilities relating to or arising from this Agreement, (ii) any claim against Franchisor based on, in respect of, or by reason of the relationship between Franchisee and Franchisor, or (iii) any claim against Franchisor based on any of Franchisor's alleged unlawful acts or omissions.

#### 18.11 Choice of Law.

Except as otherwise specified herein, this Agreement shall be governed by and construed under the laws of the state of Texas.

#### 18.12 Limitation of Claims.

YOU MUST BRING ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN US AND YOU WITHIN TWO (2) YEARS FROM THE DATE ON WHICH THE VIOLATION, ACT, OR CONDUCT GIVING RISE TO THE CLAIM OCCURS, REGARDLESS OF WHEN YOU KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIM, OR YOUR CLAIM WILL BE BARRED UNLESS AN ARBITRATION OR JUDICIAL PROCEEDING, AS PERMITTED, IS COMMENCED IN THE APPROPRIATE FORUM WITHIN THIS TWO-YEAR PERIOD.

#### 18.13 Franchisee May not Withhold Payments.

Franchisee may not withhold payment of any amounts owed to Franchisor or their affiliates due to their alleged nonperformance of their obligations under this Agreement or for any other reason. Franchisee specifically waive any right they have at Law or in equity to offset any monies they owe to the Franchisor or their affiliates or to fail or refuse to perform any of their obligations under this Agreement.

#### 18.14 Notices.

All notices required or permitted by this Agreement ("Notice" or "Notices") shall be sent to the respective parties at the addresses set forth in the Summary Page. The place of Notice may be modified by appropriate Notice to the other party. All Notices shall be sent by certified mail, return receipt requested, postage prepaid, personally delivered, or by facsimile, overnight delivery, or telegraph. Notices shall be deemed given at the earlier of (a) receipt by the addressee, including by facsimile or electronic mail, (b) two (2) days following deposit with the United States Postal



Service or its successor, with postage prepaid, or (c) immediately upon refusal of delivery by the addressee.

#### 18.15 Entire Agreement.

This document, together with any attachments, amendment, or addenda appended hereto, constitutes the full and complete agreement between the parties hereto with respect to the subject matter hereof. There are no verbal or other agreements that affect or modify this Agreement. Any prior or contemporaneous representations, promises, contracts or agreements not contained in this Agreement or the disclosure document presented herewith are hereby fully superseded. No provision of the Franchise Agreement may disclaim or require the Franchisee to waive reliance on the representations made in the disclosure document.

#### 18.16 Modification.

This Agreement shall not be modified or changed except by a written agreement executed by an officer of Franchisor. No approval of a deviation from the terms of this Agreement shall be valid unless signed by an officer of Franchisor.

#### 18.17 Effective Date.

This Agreement shall have no force or effect unless and until signed by an officer of Franchisor. The effective date shall be the date of such corporate signature. Notwithstanding the order of signatures, this Agreement shall be deemed made and entered into in the state where the Franchised Business is located.

#### 18.18 Time Of Essence.

Time is of the essence with respect to all provisions in this Agreement.

#### 18.19 Waiver of Class Action

EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES THE RIGHT TO LITIGATE ON A CLASS ACTION BASIS, IN ANY CLAIM, ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY ANY PARTY.

#### 18.20 Jury Waiver

BOTH PARTIES IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY.

#### 18.21 Successors and Assigns

This Agreement shall bind and inure to the benefit of the successors, permitted transferees and assigns, personal representatives, heirs and legatees of the parties hereto.

#### 18.22 Disavowal of Oral Representations

Both parties acknowledge that each want all terms of the business relationship to be defined in this written agreement, and that neither party wants to enter into a business relationship with the other in which any terms or obligations are subject to any oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations as set forth in this Agreement. Therefore, both parties agree that this Agreement will supersede and cancel any prior and/or contemporaneous discussions between the Franchisor and the Franchisee. Each party agrees that neither party has placed nor will place any reliance on any such discussions. Franchisee agrees that no representations have been made to the Franchisee concerning this Agreement or the SHINE franchise other than as contained in this Agreement and in the Franchise Disclosure Document Franchisee has received before the Franchisee signed this Agreement. Franchisee agrees that no claims, representations,

warranties, or guarantees, express or implied, regarding actual or potential earnings, sales, profits, or success of your SHINE franchise have been made to the Franchisee other than as set forth in Item 19 of the FDD.

#### 18.23 Other Franchisees

Franchisee acknowledge that other SHINE franchisees have or will be granted franchises at different times and in different situations, and further acknowledge that the provisions of such franchises may vary substantially from those contained in this Agreement. Franchisee also acknowledge that because complete and detailed uniformity under varying circumstances may not be practical, there may be variations we grant to other of our SHINE centers (whether franchised, or centers that the Franchisor or its affiliates operate), and will not be entitled to require Franchisor to grant similar variations or privileges to the Franchisee.

#### 18.24 Franchisee's Acknowledgement

Franchisor must be protected against the potential for unfair competition by Franchisee's use of Franchisor's training, assistance, Confidential Information, and Trade Secrets in direct competition with Franchisor. Franchisee further acknowledges that Franchisor would not have entered into this Agreement or shared the Confidential Information, Trade Secrets, and other information with Franchisee absent Franchisee's agreement to strictly comply with the provisions of this Section. Franchisee acknowledges that as a Franchisee of Franchisor, it will have access to Franchisor's Trade Secrets and Confidential Information and therefore be in a unique position to use the special knowledge gained as a franchisee. Franchisee acknowledges that a breach of the covenants contained in this Section will be deemed to threaten immediate and substantial irreparable injury to Franchisor. Accordingly, Franchisee agrees that Franchisor will have the right without prior notice to Franchisee, to obtain immediate injunctive relief without limiting any other rights or remedies and without posting a bond.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the parties have executed this Agreement to be effective for all purposes as of the Effective Date.

**FRANCHISOR:**

**FRANCHISEE:**

**SHINE DEVELOPMENT, INC.**

By: \_\_\_\_\_  
Christopher Fisher, Chief Executive Officer  
5550 Granite Parkway, Suite 195  
Plano, TX 75024

By: \_\_\_\_\_  
Name/Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

**ATTACHMENT A**  
**STATE SPECIFIC AMENDMENTS**

## SHINE DEVELOPMENT, INC.

### ILLINOIS AMENDMENT TO THE FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT effective \_\_\_\_\_, (“**Amendment**”) is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (“**Franchise Agreement**”) between Shine Development, Inc. (“**Franchisor**”) and \_\_\_\_\_ (“**Franchisee**”).

1. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, 815 ILCS 705/1-44, (collectively, the “Act”). To the extent that this Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. Section 41 of the Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
- b. Any release of claims or acknowledgments of fact contained in the Franchise Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act shall be void and are hereby deleted with respect to claims under the Act.
- c. Section 4 of the Act provides that, if this Franchise Agreement requires litigation to be conducted in a forum other than the State of Illinois, the requirement is void with respect to claims.
- d. Illinois law shall apply to and govern the Franchise Agreement.
- e. If this Agreement requires a jury trial waiver, to the extent that such provision conflicts with the Illinois Franchise Disclosure Act, the Act will control.
- f. Your rights upon termination and non-renewal of the Franchise Agreement are set forth in Sections 19 and 20 of the Act.

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

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act and law applicable to the provisions are met independently of this Amendment. To the extent this Amendment shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Amendment shall govern.

4. 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.

*[Signature page to follow]*

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, and understands and consents to be bound by all of its terms.

**FRANCHISOR:**

**FRANCHISEE:**

**SHINE DEVELOPMENT, INC.**

By: \_\_\_\_\_  
Christopher Fisher, Chief Executive Officer

By: \_\_\_\_\_  
Name/Title: \_\_\_\_\_

## SHINE DEVELOPMENT, INC.

### MARYLAND AMENDMENT TO THE FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT effective \_\_\_\_\_, (“**Amendment**”) is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (“**Franchise Agreement**”) between Shine Development, Inc. (“**Franchisor**”) and \_\_\_\_\_ (“**Franchisee**”).

1. In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. §§14-201-14-233, the Franchise Agreement is amended as follows:

- Sections 1.03.07 and 10.2.2 require Franchisee to sign a general release as a condition of renewal or transfer of the Franchise, such release shall exclude claims arising under the Maryland Franchise Registration and Disclosure Law.
- Section 18.09 requires that the Franchise be governed by the laws of the State of Texas however, in the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, the laws of the State of Maryland shall prevail.
- Sections 16.03 and 16.04 requires litigation to be conducted in the State of Texas; the requirement shall not limit any rights Franchisee may have under the Maryland Franchise Registration and Disclosure Law to bring suit in the State of Maryland.
- Any Section of the Franchise Agreement requiring Franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing the Franchise are not intended to, nor shall they act as a, release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
- The Franchise Agreement is amended to the extent that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the Franchise.

2. As a condition to becoming registered to offer and sell franchises in the State of Maryland, Franchisor has agreed to defer Franchisee’s obligation to pay the initial franchise fee, until Franchisor has met its pre-opening obligations and Franchisee has commenced operation of the Franchised Business (“**Fee Deferral Requirement**”). Therefore, notwithstanding anything to the contrary in Section 2.01 of the Franchise Agreement, payment of the initial franchise fee is due immediately at such time as when Franchisor has met its pre-opening obligations to Franchisee, and Franchisee has commenced operation of the Franchised Business.

3. Any portion of the Franchise Agreement which requires prospective franchisees to disclaim the occurrence and/or acknowledge the non-occurrence of acts would constitute a violation of the Maryland Franchise Registration and Disclosure Law. Any such representations 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.

4. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law applicable to the provisions are met independently of this Amendment. To the extent this Amendment shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Amendment shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, and understands and consents to be bound by all of its terms.

**FRANCHISOR:**

**FRANCHISEE:**

**SHINE DEVELOPMENT, INC.**

By: \_\_\_\_\_  
Christopher Fisher, Chief Executive Officer

By: \_\_\_\_\_  
Name/Title: \_\_\_\_\_



**SHINE DEVELOPMENT, INC.**

**MINNESOTA AMENDMENT TO THE FRANCHISE AGREEMENT**

THIS AMENDMENT TO FRANCHISE AGREEMENT effective \_\_\_\_\_, (“**Amendment**”) is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (“**Franchise Agreement**”) between Shine Development, Inc. (“**Franchisor**”) and \_\_\_\_\_ (“**Franchisee**”).

Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

1. Franchisor will undertake the defense of any claim of infringement by third parties involving the SHINE WINDOW CARE or SHINE HOLIDAY LIGHTING mark, and Franchisee will cooperate with the defense in any reasonable manner required by Franchisor with any direct cost of such cooperation to be borne by Franchisor.
2. Minnesota law provides franchisees with certain termination and nonrenewal rights. As of the date of this Franchise Agreement, Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for nonrenewal of the franchise agreement.
3. Minnesota Statutes, Section 80C.21 and Minnesota Rule 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 any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
4. The Franchise Agreement is amended to provide that any claims arising under the Minnesota Franchise Act must be brought within three years after the date the cause of action accrues.
5. Section 18.16. (Jury Waiver) is hereby deleted.
6. No Section providing for a general release as a condition of renewal or transfer will act as a release or waiver of any liability incurred under the Minnesota Franchise Act; provided, that this part shall not bar the voluntary settlement of disputes.
7. Each provision of this Amendment is effective only to the extent, with respect to such provision, that the jurisdictional requirements of Minnesota Statutes Sections 80C.01 to 80C.22 are met independently without reference to this amendment. To the extent this Amendment shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Amendment shall govern.

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment to be executed by its duly authorized representative as of the date indicated below.

**FRANCHISOR:**

**FRANCHISEE:**

**SHINE DEVELOPMENT, INC.**

By: \_\_\_\_\_  
Christopher Fisher, Chief Executive Officer

By: \_\_\_\_\_  
Name/Title: \_\_\_\_\_

**SHINE DEVELOPMENT, INC.**

**VIRGINIA AMENDMENT TO THE FRANCHISE AGREEMENT**

1. THIS AMENDMENT TO FRANCHISE AGREEMENT effective \_\_\_\_\_, (“**Amendment**”) is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (“**Franchise Agreement**”) between Shine Development, Inc. (“**Franchisor**”) and \_\_\_\_\_ (“**Franchisee**”).
2. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.
3. Section 13.03, which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*);
4. Under Section 13.1564 of the Virginia Retail Franchising Act, it is unlawful for a Franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.
5. 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.

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment to be executed by its duly authorized representative as of the date indicated below.

**FRANCHISOR:**

**FRANCHISEE:**

**SHINE DEVELOPMENT, INC.**

By: \_\_\_\_\_  
Christopher Fisher, Chief Executive Officer

By: \_\_\_\_\_  
Name/Title: \_\_\_\_\_

**ATTACHMENT B**  
**KEY TERMS**

**Protected Area**

The geographic boundaries or zip codes (all geographic boundaries or zip codes shall be as they exist on the date of this Agreement) of Franchisee’s Protected Area shall be as follows:

The estimated households of the Protected Area is: \_\_\_\_\_

The map for the Protected Area is as follows:

**Location**

If the Location has already been selected by Franchisee and approved by Franchisor, then the following is Franchisee’s Location for the term of the Franchise Agreement:

**Unassigned Location (If Applicable)**

If no Location has been determined at the time this Franchise Agreement is executed, then the Location will be within the Protected Area, provided the exact location will be subject to Franchisor’s review and approval. When Franchisee selects its desired location for the Franchised Business, Franchisee must follow the approval process set forth in the Franchise Agreement and Franchisor’s Manuals. If Franchisor approves of Franchisee’s proposed location, Franchisor will send Franchisee its form site approval letter (“Site Selection Approval Letter”). The location set forth in the Site Selection Approval Letter shall constitute the “Location” of the Franchised Business pursuant to the Franchise Agreement.

## ATTACHMENT C

### UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_  
(whether one or more, individually and collectively "Guarantor").

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement dated \_\_\_\_\_ ("Agreement") by Shine Development, Inc. ("Franchisor"), each of the undersigned hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that \_\_\_\_\_ ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement. Each of the undersigned shall be personally bound by, and personally liable for, Franchisee's breach of any provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or engaging in specific activities, such as those contemplated by Sections 6, 7 and 17 of the Agreement. Each of the undersigned waives: **(a)** acceptance and notice of acceptance by Franchisor of the foregoing undertakings; **(b)** notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; **(c)** protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; **(d)** any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and **(e)** any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: **(a)** its direct and immediate liability under this Guaranty shall be joint and several; **(b)** it shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; **(c)** such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person or entity; and **(d)** such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement.

This Guaranty represents the entire agreement and understanding of these parties concerning the subject matter hereof, and supersedes all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written.

Successors and Assigns; Death of Guarantor. This Guaranty shall be binding upon Guarantor and his or her heirs, executors, administrators, successors and assigns and shall inure to the benefit of Franchisor and its successors, endorsees, transferees and assigns. Without limiting any other provision hereof, Guarantor expressly agrees that Guarantor's death shall not serve as a revocation of or otherwise affect the guaranty made hereunder and that Guarantor's estate and heirs shall continue to be liable hereunder with respect to any Guaranteed Obligations created or arising after Guarantor's death.

The validity, interpretation and enforcement of this Guaranty and any dispute arising out of the relationship between Guarantor and Franchisor, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of Texas (without giving effect to principles of conflicts of law).

Guarantor hereby irrevocably consents and submits to the non-exclusive jurisdiction of the Courts of the State of Texas and the United States District Court located in or serving Travis County, Texas and waives any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Guaranty or any of the other Franchising Agreements or in any way connected with or related or incidental to the dealings of Guarantor and Franchisor in respect of this Guaranty or any of the other Franchising Agreements or the transactions related hereto or thereto, in each case whether now existing or hereafter arising and whether in contract, tort, equity or otherwise, and agrees that any dispute arising out of the relationship between Guarantor or Franchisee and Franchisor or the conduct of any such persons in connection with this Guaranty, the other Franchising Agreements or otherwise shall be heard only in the courts described above (except that Franchisor shall have the right to bring any action or proceeding against Guarantor or his or her property in the courts of any other jurisdiction which Franchisor deems necessary or appropriate in order to realize on any collateral at any time granted by Franchisee or Guarantor to Franchisor or to otherwise enforce its rights against Guarantor or his or her property).

IN WITNESS WHEREOF, this Guaranty has been entered into the day and year first before written.

**GUARANTOR**

\_\_\_\_\_  
\_\_\_\_\_, Individually

ADDRESS:

TELEPHONE NO.: \_\_\_\_\_

PERCENTAGE OF OWNERSHIP  
IN FRANCHISEE: \_\_\_\_\_%

## ATTACHMENT D

### TELEPHONE NUMBER AND WEBSITE URL ASSIGNMENT AGREEMENT

**THIS TELEPHONE NUMBER AND WEBSITE URL ASSIGNMENT AGREEMENT** is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between Shine Development, Inc. ("**we**," "**us**", "**our**", or "**Franchisor**") and the franchisee named below ("**you**", "**your**", or "**Franchisee**").

#### BACKGROUND

A. The parties are entering into one or more SHINE WINDOW CARE AND SHINE HOLIDAY LIGHTING Franchise Agreements.

B. As a condition to signing the Franchise Agreement(s), we have required that you assign all of your right, title and interest in the telephone numbers and website URLs relating to the SHINE WINDOW CARE AND SHINE HOLIDAY LIGHTING Franchise(s) to us upon the expiration or termination of any of the Franchise Agreements.

The parties agree as follows:

#### TERMS

1. **Assignment.** In order to secure continuity and stability of our operation of the SHINE WINDOW CARE AND SHINE HOLIDAY LIGHTING System, immediately upon the expiration or termination of any of your SHINE WINDOW CARE AND SHINE HOLIDAY LIGHTING Franchise Agreement(s), this Agreement constitutes your automatic assignment to us all of your right, title and interest in and to certain telephone numbers, telephone listings, and website URLs pursuant to the expired or terminated SHINE WINDOW CARE AND SHINE HOLIDAY LIGHTING Franchise Agreement(s) without further action on your part. Your "website URLs" refers to any internet domain names you register, adopt, or use to promote your SHINE WINDOW CARE AND SHINE HOLIDAY LIGHTING franchise, including any URLs listed on Exhibit A here.

2. **Assumption.** We, in consideration of the transfer of telephone numbers and website URLs, assume, as of this date, all future obligations of the present subscriber for the telephone numbers and website URLs.

3. **Your Representation and Warranties.** You represent, warrant and covenant to us that:

(a) As of the effective date of the Assignment, all of your obligations and indebtedness for telephone and URL hosting services must be paid and current.

(b) As of the date of this Agreement, you have full power and legal right to enter into, sign, deliver and perform this Agreement.

(c) This Agreement is your legal and binding obligation enforceable in accordance with its terms.

(d) The signing, delivery and performance of this Assignment does not conflict with, violate, breach or constitute a default under any contract, agreement or instrument to which you are a party or by which you are bound, and no consent of nor approval by any third party is required.

(e) You have the specific power to assign and transfer your right, title and interest in your telephone numbers and website URLs and you have obtained all necessary consents to this Assignment.

4. **Further Actions.** You agree to take any other steps and execute any other documents required by the telephone service provider and domain name hosting company to make the assignments contemplated by this Agreement.

5. **Miscellaneous.** The validity, construction and performance of this Assignment is governed by the laws of the State of Texas. All agreements, covenants, representations and warranties made in this Agreement survive the signing of this Agreement. All our rights inure to our benefit and to the benefit of our successors and assigns.

**FRANCHISOR:**

**FRANCHISEE:**

**SHINE DEVELOPMENT, INC.**

By: \_\_\_\_\_  
Christopher Fisher, Chief Executive Officer

By: \_\_\_\_\_  
Name/Title: \_\_\_\_\_

**ATTACHMENT D-1**  
**TELEPHONE NUMBER AND WEBSITE  
URL ASSIGNMENT AGREEMENT**

[list web URLs here]



## ATTACHMENT E

### NONDISCLOSURE AND NONCOMPETITION AGREEMENT

This "Agreement" made as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, is by and between \_\_\_\_\_, ("Franchisee") and \_\_\_\_\_ ("Individual").

#### WITNESSETH:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ ("Franchise Agreement") by and between Franchisee and the Shine Development, Inc. ("Company"); and

WHEREAS, Franchisee desires Individual to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to said Trade Secrets and other Confidential Information; and

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such information to compete against Company, Franchisee or any other franchisee of Company in any business (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) residential and commercial window cleaning, pressure washing, house detailing, and holiday and outdoor lighting services, and other services the same as or similar to those provided by Franchisee or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisee, or Company, any affiliate of Company or Company's other franchisees (hereinafter, "Competitive Business"); provided, however, that the term "Competitive Business" shall not apply to any business operated by Franchisee under a Franchise Agreement with Company.

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

#### **1. Trade Secrets and Confidential Information**

Individual understands Franchisee possesses and will possess Trade Secrets and other Confidential Information that are important to its business.

a) For the purposes of this Agreement, a "Trade Secret" is information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, current, former or prospective client list and related information, lists of actual or potential customers or suppliers) related to or used in SHINE WINDOW CARE AND SHINE HOLIDAY LIGHTING Businesses that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

b) For the purposes of this Agreement "Confidential Information" means technical and non-technical information used in or related to SHINE WINDOW CARE AND SHINE HOLIDAY LIGHTING Businesses s that is not commonly known by or available to the public,

including, without limitation, Trade Secrets and information contained in the Confidential Operations Manual and training guides and materials. In addition, any other information identified as confidential when delivered by Franchisee shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of Individual; (ii) Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

c) Any information expressly designated by Company or Franchisee as “Trade Secrets” or “Confidential Information” shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve Individual of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Individual understands Franchisee’s providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets and other Confidential Information.

## **2. Confidentiality/Non-Disclosure**

a) Individual shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, Individual must take all steps reasonably necessary and/or requested by Franchisee to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. Individual must comply with all applicable policies, procedures and practices that Franchisee has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b) Individual’s obligations under Section 2(a) of this Agreement shall continue in effect after termination of Individual’s relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual’s obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in a SHINE WINDOW CARE AND SHINE HOLIDAY LIGHTING Business.

## **3. Non-Competition**

a) During the term of Individual’s relationship with Franchisee and for a period of twenty-four (24) months after the expiration or termination of Individual’s relationship with Franchisee, regardless of the cause of expiration or termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity, divert or attempt to divert any business or customer of Franchisee to any Competitive Business, 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 Company’s service mark “SHINE WINDOW CARE” or “SHINE HOLIDAY LIGHTING” and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the Company designates to be used in connection with SHINE WINDOW CARE AND SHINE HOLIDAY LIGHTING

Businesses or the Company's uniform standards, methods, procedures and specifications for the establishment and operation of SHINE WINDOW CARE AND SHINE HOLIDAY LIGHTING Businesses.

b) During the term of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business anywhere within the United States without the express written consent of Franchisor.

c) Except as otherwise approved in writing by Franchisor, Individual shall not, for a period of twenty-four (24) months after the termination of the Individual's relationship with Franchisor, either directly or indirectly, own an interest in, manage, or operate any Competitive Business in the Franchisee's Protected Area (as defined in the Franchisee's Franchise Agreement), or within a twenty (20) mile radius from the Franchisee's Protected Area that Individual was previously affiliated with.

d) During the term of Individual's relationship with Franchisee and for a period of twenty-four (24) months thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any customer or other business associate of Franchisee, Company or any other SHINE WINDOW CARE and SHINE HOLIDAY LIGHTING Business to compete against, or terminate or modify their business relationship with, Franchisee, Company or any other SHINE WINDOW CARE and SHINE HOLIDAY LIGHTING Business.

#### **4. Reasonableness of Restrictions**

Individual acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisee, Company, and Company's Trade Secrets and other Confidential Information, the Company's business system, network of franchises and trade and service marks, and Individual waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then Individual shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

#### **5. Relief for Breaches of Confidentiality, Non-Solicitation and Non-Competition**

Individual further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause Franchisee and Company immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, Franchisee and Company shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Individual of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisee and Company may have at law or in equity.

## 6. Miscellaneous

a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. Nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations we made in the franchise disclosure document.

b) Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Texas (without reference to its conflict of laws principles). The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

c) Any action brought by either party, shall only be brought in the appropriate state or federal court located in or serving Travis County, Texas. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Company where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments in any appropriate jurisdiction.

d) Individual agrees if any legal proceedings are brought for the enforcement of this Agreement, in addition to any other relief to which the successful or prevailing party may be entitled, the successful or prevailing party shall be entitled to recover attorney's fees, investigative fees, administrative fees billed by such party's attorneys, court costs and all expenses, including, without limitation, all fees, taxes, costs and expenses incident to arbitration, appellate, and post-judgment proceedings incurred by the successful or prevailing party in that action or proceeding.

e) This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns. Company is an intended third-party beneficiary of this Agreement with the independent right to enforce the confidentiality and non-competition provisions contained herein.

f) The failure of either party to insist upon performance in any one or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.

g) The Section headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

h) In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

i) This Agreement may be modified or amended only by a written instrument duly executed by Individual, Franchisee and Company.

j) The existence of any claim or cause of action Individual might have against Franchisee or Company will not constitute a defense to the enforcement by Franchisee or Company of this Agreement.

k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon Franchisee or Company pursuant to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.

**THE PARTIES ACKNOWLEDGE THAT THE COMPANY IS A THIRD PARTY BENEFICIARY TO THIS AGREEMENT AND THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF THE FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.**

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one original being delivered to each party as of the day and year first above written.

**INDIVIDUAL:**

**FRANCHISEE:**

Signature: \_\_\_\_\_

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

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

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

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

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

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

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

**ATTACHMENT F**

**LEASE RIDER**

**Addendum to Lease**

**THIS AGREEMENT** is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and among SHINE DEVELOPMENT INC., a Texas corporation (hereinafter referred to as “Franchisor”), \_\_\_\_\_ (hereinafter referred to as “Landlord”), with its principal offices at \_\_\_\_\_, and \_\_\_\_\_ (hereinafter referred to as “Tenant”), with its principal offices at \_\_\_\_\_.

**WITNESSETH:**

**WHEREAS**, Landlord and Tenant have executed a lease agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Lease”) for the premises located at \_\_\_\_\_ (the “Leased Premises”) for use by Tenant as a business to be opened pursuant to Franchisor’s proprietary marks and system in connection with a Franchise Agreement dated \_\_\_\_\_, by and between Franchisor and Tenant (the “Franchise Agreement”);

**WHEREAS**, a condition to the approval of Tenant’s specific location by Franchisor is that the Lease for the Leased Premises designated for the operation of a “Shine,” “Shine Window Care®” and “Shine Holiday Lighting®” franchised business (hereinafter the “Franchised Business”) contain the agreements set forth herein;

**WHEREAS**, Landlord acknowledges that Franchisor requires the modifications to the Lease set forth herein as a condition to its approving the Leased Premises as a site for the Franchised Business, and that Landlord agrees to modify and amend the Lease in accordance with the terms and conditions contained herein; and

**WHEREAS**, according to Section 1.04.09. of the Franchise Agreement, all rights, title and interest in and to the Lease must be assigned to Franchisor, at Franchisor’s option, upon the termination of the Franchise Agreement;

**NOW, THEREFORE**, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

1. Use Clause. The Leased Premises shall be used solely for the operation of a SHINE Franchised Business and identified by the marks “Shine,” “Shine Window Care®” and “Shine Holiday Lighting®” or any other name specified by Franchisor. Landlord acknowledges that such use shall not violate any then-existing exclusives granted to any existing tenant of Landlord. Landlord consents to Tenant’s use of Franchisor’s marks and signs, décor items, color schemes and related components of Franchisor’s proprietary system.
2. Notices. Landlord shall mail to Franchisor copies of any letters and notices it gives to Tenant related to the Lease or the Leased Premises concurrently with giving such letters and notices to Tenant. If Tenant fails to cure any default within the period provided in the Lease, if any, Landlord shall give Franchisor immediate written notice of such failure to cure.
3. Termination of the Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated for any reason during the term of the Lease or any extension thereof, Tenant, upon the written request of Franchisor, shall assign to Franchisor all of its rights, title and interest in and to the Lease, and Franchisor or any affiliate designated by Franchisor will agree to assume from the date of assignment all of Tenant’s obligations remaining under the Lease, and will assume Tenant’s occupancy rights, and the right to sublease the premises, for the remainder of the term of the Lease. If Franchisor elects to accept the assignment of the Lease from Tenant, it shall give Tenant and Landlord written notice of its election to acquire the leasehold interest. Landlord hereby consents to the assignment of the Lease from Tenant to Franchisor, and shall not charge any fee or accelerate rent

under the Lease. Alternatively, in the event of a termination of the Franchise Agreement, Franchisor may elect to enter into a new lease with Landlord containing terms and conditions no less favorable than the Lease. Upon Landlord's receipt of written notice from Franchisor advising Landlord that Franchisor elects to enter into a new lease, Landlord shall execute and deliver such new lease to Franchisor for its acceptance. Landlord and Tenant shall deliver possession of the Leased Premises to Franchisor, free and clear of all rights of Tenant or third parties, subject to Franchisor's executing an acceptance of the assignment of Lease or new lease, as the case may be.

4. Tenant's Agreement to Vacate Leased Premises. Tenant agrees to peaceably and promptly vacate the Leased Premises and (subject to Franchisor's right to acquire any such property pursuant to its Franchise Agreement with Tenant) to remove its personal property therefrom upon the termination of the Franchise Agreement. Any property not removed or otherwise disposed of by Tenant shall be deemed abandoned.

5. Delivery of Possession. If Landlord may not legally obtain possession of the Leased Premises or if Landlord is unable to deliver the Leased Premises to Franchisor within one month from the date Franchisor notifies Landlord of its election to continue the use of the Leased Premises, then Franchisor shall have the right at any time thereafter to rescind its election to acquire a leasehold interest in the Leased Premises and to terminate the Lease or any new lease between it and Landlord for the Leased Premises, and Landlord shall release Franchisor from all of its obligations under the Lease or any new lease.

6. Entry. Franchisor may enter the Leased Premises without the consent of Landlord or Tenant to make any modification necessary to protect Franchisor's system or marks or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort.

7. Amendment of Lease. Landlord and Tenant agree not to amend the Lease in any respect, except with the prior written consent of Franchisor.

8. Franchisor Not a Guarantor. Landlord acknowledges and agrees that, notwithstanding any terms or conditions contained in this Agreement or any other agreement, Franchisor shall in no way be construed as a guarantor or surety of Tenant's obligations under the Lease. Notwithstanding the foregoing, in the event Franchisor becomes the tenant by assignment of the Lease in accordance with the terms hereof or enters into a new lease with Landlord, then Franchisor shall be liable for all of the obligations of Tenant on its part to be performed or observed under the Lease or a new lease.

9. Document to Govern. The terms and conditions contained herein modify and supplement the Lease. Whenever any inconsistency or conflict exists between this Addendum and the Lease, the terms of the Addendum shall prevail.

10. Waiver. Failure of Franchisor to enforce or exercise any of its rights hereunder shall not constitute a waiver of the rights hereunder or a waiver of any subsequent enforcement or exercise of its rights hereunder.

11. Amendment of Agreement. This Agreement may be amended only in writing signed by all parties hereto.

12. Notices. All notices shall be by certified mail to Franchisor at Franchise Administration Department at 5550 Granite Parkway, Suite 195, Plano, TX 75024, chris@shineinfo.com, and to the other parties as designated in the heading of this Agreement or to such other addresses as the parties hereto may, by written notice, designate.

13. Binding Effect. This Agreement shall be binding upon the parties hereto, their heirs, executors, successors, assigns, and legal representatives.

14. Severability. If any provision of this Agreement or any part thereof is declared invalid by any court of competent jurisdiction, such act shall not affect the validity of this Agreement and the remainder of this Agreement shall remain in full force and effect according to the terms of the remaining provisions or part of provisions hereof.

15. Remedies. The rights and remedies created herein shall be deemed cumulative and no one of such rights or remedies shall be exclusive at law or in equity of the rights and remedies which Franchisor may have under this or any other agreement to which Franchisor and Tenant are parties.

16. Attorneys' Fees. If any action is instituted by any party to enforce any provision of this Agreement, the prevailing party shall be entitled to recover all attorneys' fees and costs incurred in connection therewith.

17. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State in which the Leased Premises are located.

18. Certain Acknowledgments. Landlord and Tenant acknowledge and agree that all interior and exterior signage and related items (collectively the "Leased/Licensed Assets") are the sole property of Franchisor. Tenant shall have no rights to pledge in any manner the Leased/Licensed Assets and Landlord shall have no rights to place any liens on or make any claims to the Leased/Licensed Assets.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed the day and year first above written.

**Landlord:**

**Franchisee (Tenant):**

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

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

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

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

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

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

**Franchisor:**

**SHINE DEVELOPMENT INC.**

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

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

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



**Attachment G**  
**NATIONAL ASSOCIA PROGRAM**

THIS NATIONAL ASSOCIA AGREEMENT (“Agreement”) is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and among Shine Development Inc (“SHINE”), a Texas corporation, and [FRANCHISEE NAME], an adult individual of state of [STATE] (“Franchisee”) and \_\_\_\_\_ (“Guarantors”).

**RECITALS**

WHEREAS, simultaneously with the execution of this Agreement, Franchisor and Franchisee are entering into a franchise agreement (the “Franchise Agreement”) for the operation of a Shine franchise;

WHEREAS, pursuant to the Franchise Agreement, Franchisee has an obligation to participate in any National Accounts program by the Franchisor;

WHEREAS, currently Franchisor has implemented a certain Associa program, upon which franchisor will generate and provide Franchisee with leads for SHINE services to be provided Franchisee’s Protected Area (as the term is defined in the Franchise Agreement), in lieu of certain fees charged by the Franchisor; and

WHEREAS, the Franchisor desires to grant you the right to participate, and you desire to participate in the national Associa program, pursuant to the terms and conditions of this Agreement.

**AGREEMENT**

NOW, THEREFORE, in consideration for the mutual promises contained in this Agreement and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties amend the Agreement and agree as follows:

1. Franchisee hereby acknowledges and agrees that Franchisor may negotiate and implement a national account program(s) to serve clients across territories and from multiple franchisees and the Franchisee further acknowledges that the Franchisor has incurred significant costs and expenses in obtaining national account related to SHINE DEVELOPMENT INC. becoming preferred vendor with Associa Advantage Inc, a Texas corporation (“Associa”) the National Associa Program (“National Associa Program” or “National Associa”).
2. Franchisor and Franchisee hereby agree to the following terms as they relate to the National Associa Program:
  - a. Protected Area. Franchisee hereby further acknowledges and understands that the National Associa Program implemented by the Franchisor, provides Franchisor the right to solicit and obtain certain projects that may be located anywhere, including Franchisee’s granted Protected Area.
  - b. National Associa Program. Franchisee further acknowledges and agrees that pursuant to the Franchise Agreement, if Franchisor obtains a National Associa Program project in the Protected Area, Franchisor may, but is not obligated to, offer the project to Franchisee for execution and completion. If Franchisor makes such an offer, Franchisee agrees to service the National Program customer under the same terms, pricing, and provisions negotiated for the National ASSOCIA Program, and the Franchisee shall not receive any additional compensation for participation in the National Associa Program, see Section 7.14 of your Franchise Agreement for more details on National Accounts Program.
  - c. Franchisee’s Obligations and Procedures. General procedure for procurement and servicing the National Associa Program customer is subject to this Agreement and other terms and conditions of the Franchise Agreement, which Franchisor may change at their sole discretion upon 15 days’ notice to the Franchisee. We anticipate that the National Associa account will facilitate an introductions and communication through their marketing channels, company presentations and introductions. Franchisor shall introduce and the Franchisees will be able to meet their respective HOA representatives through in-person and virtual introductions arranged by Associa staff. Franchisee shall be solely responsible for any communication with the customer to complete the project and Franchisor may at their sole discretion and in no obligation to do so, may reach out to the customer to assure satisfaction. Franchisee expressly agrees that any services provided to National Associa shall be at same price or terms as agreed by the Franchisor; however, if the Franchisor does not communicate specific terms, Franchisee shall offer services to the National Associa customer at same or lower prices charged for similar work in the Franchisee’s Protected Area. Franchisee expressly acknowledges and agrees that National Associa residents are not a party to this contract.
  - d. Fees. As of the Effective Date of this Agreement, Franchisor shall have the right to collect Seven Percent (7%) of Gross Revenue for the lead provided by the Franchisor and sale from the National Associa Program projects assigned to the Franchisee (“National Associa Accounts Fee”). National Associa Accounts Fee shall be in addition to the standard

Royalty Fee due by the Franchisee pursuant to the signed Franchise agreement, payable in one (1) installment on or before the thirtieth (30th) day of each month during the Term or such other date as may be determined by Franchisor with sixty (60) days' advanced written notice to Franchisee ("Due Date"). The National Associa Accounts Fee or National Accounts fee shortfall Amount due, if any, is payable in one (1) installment upon receipt of Franchisor's written notice. Franchisee acknowledges that the National Associa Accounts Fee is reasonable amount enforced by the Franchisor, as a fee for obtaining the project, maintaining relationship with National Associa Program, marketing the services to continuously obtain more leads for the franchisees, and for the administrative costs related to the National Associa Program. Franchisee shall be solely responsible for collecting any additional information directly from the customer.

e. Standards. All work performed pursuant to this Agreement shall be done by the Franchisee in accordance with the operational systems, procedures, policies, methods and requirements as identified by the Franchisor. At all times, Franchisee shall: (i) fully comply with all applicable laws and regulations (and provide Home Associa with all customary and/or otherwise reasonably requested documentation regarding such compliance); (ii) conduct its business in an ethical manner; (iii) accurately represent the services offered by the Franchisee in terms of function and performance; (iv) take necessary steps to ensure compliance by its employees, agents, and other representatives with Franchisee's obligations under this Agreement; (v) promptly notify Franchisor in writing of all suspected defects relating to the services provided; (vi) use commercially reasonable efforts to assist Franchisor in responding to technical inquiries from Associa relating to the services provided or offered by the Franchisee; (vii) bear all fees, costs, and expenses incurred by Franchisee in connection with services provided to Home Associa.

f. Repair or Replacement Products. Franchisee represents and warrants that all services provided to the Home Associa shall be free from defects in workmanship or materials, and in strict accordance with customary specification, Franchisor's standards and specifications as identified in the signed Franchise Agreement, confidential operations manual, or as otherwise communicated to the Franchisee. Franchisee shall be responsible for providing any repair or replacement work for National Associa Franchisee serviced. Franchisee shall make such repairs or replacements within thirty (30) days, subject to reasonable work conditions due to climate after Franchisee is served a valid claim from the customer. Franchisee shall be responsible for the costs of any materials, overhead, and/or labor required to bring the products within the standards prescribed by the Franchisor. In the event Franchisee fails to make any repairs or replacements as required hereunder, the Franchisor may undertake and/or arrange for such repair or replacements and charge Franchisee for the cost of effecting such repairs or replacements, including costs for labor, materials and overhead. Franchisor shall have the right to apply any payments by Franchisee to any past due indebtedness of Franchisee including payments under the Franchise Agreement in any proportion or priority. Franchisor's acceptance of payment from any entity other than the named Franchisee shall be deemed to be payment by the named Franchisee and shall not be deemed to be recognition or substitution of the paying entity for the named Franchisee.

g. Non-Participation by the Franchisee. For each project generated pursuant to the National Associa Program, the Franchisor in its sole discretion will determine if the franchisee is qualified. The certification process to be qualified will be based on but not limited to the Franchisee's capabilities and volume of current clients. In the event (i) Franchisee refuses or, in Franchisor's sole judgement, is not certified, or the volume needed exceeds Franchisee's abilities, or Franchisee is not available to perform services or otherwise cannot or does not perform services for any National Associa Program customer located within the Protected Area, or (ii) Franchisee requests assistance in the performance of National Associa Program services, or (iii) a National Associa Program customer, orally or in writing, specifically requests services within the Protected Area from a different franchisee or any other third party, Franchisor has the right to authorize another franchisee, designate or authorize a Franchisor or its affiliate's employee, Franchisor's affiliate, or any other third party to perform services for or sell products to said National Associa Program customers inside the Protected Area. Franchisor is not obligated to pay nor the Franchisee shall be entitled to any compensation or finder's fees with respect to either acquiring National Associa Program, Franchisee's participation in National Associa Program, or another party including Franchisor fulfilling National Associa Program projects in the Protected Area. In the event the Franchisee refuses to service a customer lead generated through the National Associa Program, and later if the Franchisee services such client for products or services as offered under the National Associa Program, regardless if the customer is within the Franchisee's Protected Area, the Franchisee shall be responsible for the payment of commission in the amount of 50% of gross revenue to the Franchisor and in addition the Franchisor in its sole discretion retains the right to terminate this this Agreement or Franchise Agreement at its sole discretion.

h. Reservation of Rights. Franchisor reserves and the Franchisee expressly acknowledges the Franchisor's exclusive right, but not the obligation, to negotiate directly or through an authorized third party (including, another franchisee) with national clients for the provision of goods and services by all System franchisees under this National Associa Program or through any future national accounts programs that may be implemented by the Franchisor. Franchisor further reserves the right to terminate or change the terms of the National Associa Program at its sole discretion upon written notice to the Franchisee which may be in the form of an electronic communication.

i. Indemnification. Franchisee and Principals, jointly and severally, shall indemnify Franchisor and its officers, directors, shareholders, agents, and employees, in their individual or corporate capacities, from and against any and all claims, damages, or demands of any nature, whatsoever, arising out of or relating to this Agreement or the operation of the SHINE franchised businesses under the terms of the Franchise Agreements, this Agreement, or any other agreement between the Franchisor and the Franchisee and/or Guarantors.

The Franchisee further expressly acknowledges and agrees that all work completed by the Franchisee pursuant to this National Associa Program shall be Franchisee's sole responsibility and shall indemnify the Franchisor in the event Franchisor incurs any cost or expense including but not limited to any claims as a result of the project completed by the Franchisee thereof. In the event a repair or warranty work needs to be done for the project completed by the Franchisee, Franchisor has the right to facilitate any warranty repairs and pass the costs onto Franchisee.

3. Governing Law. This Agreement is entered into in the State of Texas and shall be construed and interpreted in accordance with the laws of the State of Texas, without regard to any conflict of law principles.

4. Construction. Capitalized terms shall have the meaning ascribed to them in the Franchise Agreement unless otherwise defined in this Agreement.

5. General Release. In consideration of the Franchisor entering into this Agreement, Franchisee, Guarantors, and their members, for themselves and all persons and entities claiming by, through, or under, hereby fully, generally, and completely release Franchisor, and its affiliates, representatives, employees, and officers from any and all claims, demands, liabilities, damages, causes of action of any kind, whether known or unknown, liquidated or unliquidated, accrued or unaccrued, whether based in statute, equity, contract, tort or any other grounds, arising out of, related to, or under the Franchise Agreement, and/or sale of the SHINE franchise opportunity on or prior to the Effective Date of this Agreement.

6. Enforceability. If any one or more of the provisions contained in this Agreement are, for any reason, held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability will not affect any other provision herein, and this Agreement will be construed as if such invalid, illegal, or unenforceable provision had never been contained herein and such invalid, illegal or unenforceable provision shall be revised so as to be valid, legal and enforceable.

7. Miscellaneous. All other provisions of the Franchise Agreement are hereby ratified and affirmed. This Agreement and the Franchise Agreement represents the fully integrated and complete agreement between the parties and supersedes all other negotiations, agreements, representations, and covenants, oral or written.

8. Counterpart Execution; Facsimile Signatures. This Agreement may be executed in multiple counterparts, each of which will be an original when executed, and all of which will constitute one and the same instrument.

9. Recitals. The parties acknowledge and represent that the recitals appearing at the beginning of this Agreement are true and correct, and are specifically incorporated into this Agreement .

Accepted and agreed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_

FRANCHISOR:

SHINE DEVELOPMENT INC

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

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

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

FRANCHISEE:

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

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

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

GUARANTOR:

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

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

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

## EXHIBIT C

### List of Current Franchisees<sup>1</sup> As of December 31, 2022

Franchisee	Contact	Franchise ID	Address	Phone
<b>COLORADO</b>				
JKS Home Services, Inc.	Anthony John Corrigan; Kristen Corrigan	Centennial	7338 S. Alton Way, Unit 16F Centennial, CO 80112	720-759-2326
Shine Triple Play LLC	Wesley Mack	Denver/Aspen	3636 Bee Cave Road Suite 215 Austin, TX 78746	512-675-1204
JKS Home Services, Inc. <sup>1</sup>	John Corrigan	Littleton	10476 Willowwisp Way Highlands Ranch, CO 80126	214-425-0499
<b>FLORIDA</b>				
Melco Investments LLC	Keith Melvin	Cape Coral	11627 Timberline Cir. Fort Myers, FL 33966	239-747-1736
Shine Broward LLC	Tamara Chase	Fort Lauderdale	412 NW 27th Ave Fort Lauderdale, FL 33311	954-324-2930
Melco Investments LLC	Keith Melvin	Fort Myers	11627 Timberline Cir. Fort Myers, FL 33966	239-747-1736
Melco Investments LLC	Keith Melvin	Naples	11627 Timberline Cir. Fort Myers, FL 33966	239-747-1736
Wesley & Jessica Inc.	Wesley Lehman	North Orlando	530 S. Ronald Reagan Blvd. Suite 120, Longwood, FL 32750	407-634-1890
<b>GEORGIA</b>				
Georgia Home and Property SCA, LLC	Taylor and Rick Forbus	Alpharetta	1025 Nine North Drive, Ste. B Alpharetta, GA 30004	770-741-2837
Jack Helm Ford LLC	John Anderson	Roswell	48 King St. Unit B, Roswell GA 30075	678-593-6603
<b>ILLINOIS</b>				
J. Reeder Enterprises, Inc.	Jerilynn Reeder; Joseph Reeder, Jr.	Chicago	6465 North Avondale Ave. Suite 205 Chicago, IL 60631	773-610-4530
<b>MICHIGAN</b>				
Shine of Ann Arbor LLC	Brett Jasch	Ann Arbor	3880 Jackson Road, Suite C-1 Ann Arbor, MI 48104	734-339-2191
Haarsma Ventures LLC	Aaron Haarsma	Grand Rapids	2240 Byron Center SW Wyoming, MI 49519	616-208-4571
Bronco Window Cleaning LLC	Chris Reushel	Kalamazoo	7755 Stadium Drive Kalamazoo, MI 49009	909-473-4140
Shine of Lansing LLC	Dave Russell	Lansing	4245 Okemos Road Okemos, MI 48864	517-225-0896
YATHABHI LLC	Subhash Pande	Macomb County	50651 Wing Drive	586-697-3093

Franchisee	Contact	Franchise ID	Address	Phone
			Shelby Township, MI 48315	
Reif Enterprises LLC	Mark Haskin	Midland	805 Townsend St. #3 Midland, MI 48640	989-267-0865
Northern Elite, LLC	James Chatel	Traverse City	820 Duell Road Traverse City, MI 49686	231-824-7042
Shine of West Oakland County LLC	Brett Jasch	West Oakland	6632 Telegraph Rd Bloomfield Hills, MI 48301	248-929-0839
Ottawa County Window Cleaning LLC	Brett Jasch	West Michigan	520 Gordon St., Suite 2 Zeeland MI 49464	616-765-4009
Shine of Grosse Pointe	Steve Lacher	Grosse Pointe	44633 N Gratiot Ave, Clinton Twp, MI 48036	586-933-6286
<b>MINNESOTA</b>				
Jeff Hopwood	Jeff Hopwood	Minnetonka	7887 Fuller Rd. Ste 104 Eden Prairie, MN 55344	952-204-9986
<b>NEBRASKA</b>				
Daniel Locke; Rachel Locke	Daniel Locke; Rachel Locke	Omaha	14503 Grover Street Suite 105 Omaha, NE 68144	402-800-0049
<b>NEW YORK</b>				
Fahrbach Management LLC	Don Fahrbach	Long Island	194 Quality Plaza Hicksville, NY 11801	516-255-4343
Fahrbach Suffolk LLC	Don Fahrbach	Suffolk	194 Quality Plaza Hicksville, NY 11801	516-255-4343
Apap Painting LLC <sup>2</sup>	George Apap	Westchester	1278 Route 311 Patterson NY 12563	845-878-344
<b>NORTH CAROLINA</b>				
Jon Smith	Jon Smith	Raleigh	223 E Chatham Street Suite 101 Cary, NC 27511	919-634-6548
Axly LLC	Ron Weatherly; Alexander Sequina	Belmont	130 Performance Drive Belmont, NC 28012	980-243-4124
<b>OKLAHOMA</b>				
Shine of OKC Metro LLC	Tyler Cox	North Oklahoma City	5204 N Rockwell, Suite A Bethany, OK 73008	405-351-6359
<b>OHIO</b>				
Cincy Homes Services, LLC	Danniel Sehlhorst	Cincinnati	6306 Madison Road Cincinnati, OH 45227	513-561-6000
<b>PENNSYLVANIA</b>				
Keystone Gardening, Inc. <sup>2</sup>	Michael Garrison	Havertown	250 Conestoga Road Wayne, PA 19087	610-839-8126
<b>SOUTH CAROLINA</b>				
Shine Holiday Lighting of SC Inc. <sup>2,3</sup>	George Crouch	East & West Columbia	3021 McNaughton Drive Suite 9 Columbia, SC 29223	803-573-3868
<b>TENNESSEE</b>				

Franchisee	Contact	Franchise ID	Address	Phone
Southern Lawn and Pest, Inc. <sup>2</sup>	Steve Clark	East Memphis	214 Quinton Drive Munford, TN 38058	901-881-5406
Shine of Franklin LLC	Dave Haskin; Mindi Haskin	Franklin	1035 Parkway Drive #11B Springhill, TN 37174	651-240-2784
<b>TEXAS</b>				
Gator Business Management Inc.	Cami Wilson	Austin 4 Points	6811 N. Ranch Road 620 Austin, TX 78732	512-915-0600
Shine Triple Play, LLC	Wesley Mack	Dallas Highland Park	6170 Sherry Lane, Suite 120 Dallas, Texas 75225	512-632-6577
WRK ATX Holdings, LLC	Jeffrey J. Knoll; Matthew A. Roland; Michael J. Ward	Bellaire	5250 Gulfton Street Houston, TX 77081	713-903-9834
Shine of South Austin, LLC	Lee DeJonge	Cedar Park	700 S. Bell Blvd. Suite F007 Cedar Park, TX 78613	512-675-1261
Pine Star Plano, LLC	Davidson Russell; Esther Russell	Frisco	6950 Eubanks street, Suite A2, Frisco, Texas 74035	517-977-5884
Shine of South Austin, LLC	Lee DeJonge	Lakeway	700 S. Bell Blvd. Suite F007 Cedar Park, TX 78613	512-675-1261
Shine Star of Plano	Dave Russell	Plano	800 Fulgham Road Suite 5 Plano, TX 75093	972-848-8792
Jack Helm Ford LLC	Shane Brewer; Shawna Brewer	Rockwall	1008 Ridge Road Rockwall, TX 75087	972-584-1581
The Alderman Group LLC	Dan Alderman	East San Antonio	20626 Stone Oak Parkway Suite 202 San Antonio, TX 78258	210-899-6893
The Alderman Group LLC	Dan Alderman	West San Antonio	20626 Stone Oak Parkway Suite 202 San Antonio, TX 78258	210-899-6893
Southlake Services LLC	Lee DeJonge	Southlake	2211 E Continental Blvd Suite 170 Southlake, TX 76092	817-677-6647
HTH Enterprises LLC	Travis Hansen	The Woodlands	16920 Kuykendahl Rd. Ste. 104 Houston, TX 77068	281-615-8989
HTH Enterprises LLC	Travis Hansen	West Houston	16920 Kuykendahl Rd. Ste. 104 Houston, TX 77068	281-949-7996
HTH Enterprises LLC	Travis Hansen	Bellaire	5250 Gulfton St, Houston, TX 77081	713-903-9834
Westlake Homerun Services, LLC	Wesley Mack	Westlake	3636 Bee Cave Road Suite 215 Austin, TX 78746	512-675-1204

Note 1: The listed franchises above are based on Protected Areas serviced by the franchisees whether under a single franchise agreement or multiple franchise agreements.

Note 2: This franchised business offers holiday lighting services only. We no longer offer holiday lighting only franchised businesses.

Note 3: Franchisee originally operated 2 units with both units offering holiday lighting only. He has since closed his holiday lighting only units and reopened as a fully operational Shine Franchise.

**List of Franchisees With A Signed Franchise Agreement  
But Outlet Not Opened As of December 31, 2022**

Franchisee	Contact	Location Name	Address	Phone
None				

**List of Former Franchises  
As of December 31, 2022**

Franchisees Who Have Had an Outlet Terminated, Canceled, Not Renewed or Otherwise Voluntarily or Involuntarily Ceased to do Business Under the Franchise Agreement as of December 31, 2022, or Who Have Not Communicated with Franchisor Within 10 Weeks of the Issuance Date of the Disclosure Document:

Franchisee	Contact	City/State	Phone
Mary Reif	Mary Reif	Midland, MI	deceased
Shine of Traverse, LLC	Dave Russell	Traverse City, MI	517-225-0896

**EXHIBIT D**  
**OPERATIONS MANUAL TABLE OF CONTENTS**





# Operations Manual

Shine Development Inc  
800.513.1794

**CONFIDENTIAL**

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<b>TELEPHONE NUMBER:</b> .....	1
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5550 Granite Parkway, Suite 195.....	1
Plano, Texas 75024.....	1
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## EXHIBIT E

### LIST OF STATE ADMINISTRATORS

<p><u>California</u>                  Department of Financial Protection and Innovation                  320 W. 4<sup>th</sup> Street, Suite 750                  Los Angeles, California 90013                  866-275-2677</p>	<p><u>New York</u>                  NYS Department of Law                  Investor Protection Bureau                  28 Liberty Street, 21<sup>st</sup> Fl                  New York, New York 10005                  212-416-8222</p>
<p><u>Hawaii</u>                  Department of Commerce &amp; Consumer Affairs                  Business Registration Division                  335 Merchant Street, Room 205                  Honolulu, Hawaii 96813                  808-586-2722</p>	<p><u>North Dakota</u>                  Securities Commissioner                  North Dakota Securities Department                  600 East Boulevard Avenue                  State Capitol, Fifth Floor, Dept. 414                  Bismarck, ND 58505-0510                  (701) 328-4712</p>
<p><u>Illinois</u>                  Illinois Attorney General                  500 South Second Street                  Springfield, Illinois 62706                  (217) 782-4465</p>	<p><u>Rhode Island</u>                  Department of Business Regulation                  John O. Pastore Complex                  1511 Pontiac Avenue , Bldg. 69-1                  Cranston, Rhode Island 02920                  401-462-9500</p>
<p><u>Indiana</u>                  Indiana Secretary of State                  Securities Division                  302 West Washington Street, Room E-111                  Indianapolis, Indiana 46204                  317-232-6681</p>	<p><u>South Dakota</u>                  Division of Insurance                  Securities Regulation                  124 South Euclid, Suite 104                  Pierre, South Dakota 57501                  605-773-3563</p>
<p><u>Maryland</u>                  Office of the Attorney General                  Securities Division                  200 St. Paul Place                  Baltimore, Maryland 21202                  410-576-7042</p>	<p><u>Virginia</u>                  State Corporation Commission                  Division of Securities and Retail Franchising                  1300 East Main Street, 9<sup>th</sup> Floor                  Richmond, Virginia 23219                  804-371-9051</p>
<p><u>Michigan</u>                  Department of the Attorney General                  Consumer Protection Division, Franchise Section                  525 Ottawa Street                  G. Mennen Williams Building, 6<sup>th</sup> Floor                  Lansing, Michigan 48909                  517-373-7117</p>	<p><u>Washington</u>                  Department of Financial Institutions                  Securities Division                  P.O. Box 9033                  Olympia, Washington 98507                  360-902-8760</p>
<p><u>Minnesota</u>                  Minnesota Department of Commerce                  85 7<sup>th</sup> Place East, Suite 280                  St. Paul, Minnesota 55101                  651-539-1500</p>	<p><u>Wisconsin</u>                  Division of Securities                  Department of Financial Institutions                  345 West Washington Avenue                  Madison, Wisconsin 53703                  608-261-9555</p>

**LIST OF AGENTS FOR SERVICE OF PROCESS**

<p><u>Illinois</u> Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706</p>	<p><u>Minnesota</u> Minnesota Department of Commerce 85 7<sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101</p>
<p><u>Indiana</u> Indiana Secretary of State 200 W. Washington Street, Room 201 Indianapolis, Indiana 46204</p>	<p><u>New York</u> Secretary of State 99 Washington Avenue Albany, New York 12231</p>
<p><u>Maryland</u> Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202</p>	<p><u>Texas</u> 5550 Granite Parkway, Suite 195 Plano, Texas 75024</p>
<p><u>Michigan</u> Department of the Attorney General Consumer Protection Division G. Mennen Williams Building, 1<sup>st</sup> Floor 525 W. Ottawa Street Lansing, Michigan 48913</p>	<p><u>Virginia</u> Clerk of the State Corporation Commission Tyler Building, 1<sup>st</sup> Floor 1300 East Main Street Richmond, Virginia 23219</p>
	<p><u>Wisconsin</u> Administrator, Division of Securities Department of Financial Institutions 345 West Washington Street, 4<sup>th</sup> Floor Madison, Wisconsin 53703</p>

**EXHIBIT F**

**GENERAL RELEASE (SAMPLE FORM)**

THIS GENERAL RELEASE is made and given on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ , by \_\_\_\_\_, (“RELEASOR”) an individual/corporation/ limited liability company/partnership with a principal address of \_\_\_\_\_, in consideration of:

\_\_\_\_\_ the execution by Shine Development, Inc., a Texas corporation (“RELEASEE”), of a successor Franchise Agreement or other renewal documents renewing the franchise (the “Franchise”) granted to RELEASOR by RELEASEE pursuant to that certain Franchise Agreement (the “Franchise Agreement”) between RELEASOR and RELEASEE; or

\_\_\_\_\_ RELEASEE’S consent to RELEASOR’S assignment of its rights and duties under the Franchise Agreement; or

\_\_\_\_\_ RELEASEE’S consent to RELEASOR’S assumption of rights and duties under the Franchise Agreement; or

\_\_\_\_\_ [insert description]

and other good and valuable consideration, the adequacy of which is hereby acknowledged, and accordingly RELEASOR hereby releases and discharges RELEASEE, RELEASEE’S officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), and RELEASEE’S successors and assigns, from any and all causes of action, suits, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that RELEASOR and RELEASOR’S heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this RELEASE arising out of or related to the Franchise or the Franchise Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

This General Release shall not be amended or modified unless such amendment or modification is in writing and is signed by RELEASOR and RELEASEE.

IN WITNESS WHEREOF, RELEASOR has executed this General Release as of the date first above written.

RELEASOR: \_\_\_\_\_  
(type/print name)

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

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

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

(or, if an individual)

Signed: \_\_\_\_\_

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



**ACKNOWLEDGMENT**

State of \_\_\_\_\_ )  
 ) ss  
County of \_\_\_\_\_ )

On this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ before me personally came \_\_\_\_\_, known to me to be the same person whose name is signed to the foregoing General Release, and acknowledged the execution thereof for the uses and purposes therein set forth, [and who did swear and say that he/she is the \_\_\_\_\_ (title) of \_\_\_\_\_ (company name), and he/she has the authority to execute said General Release].

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public  
My Commission Expires:  
\_\_\_\_\_

(NOTARIAL SEAL)

[This General Release will be modified as necessary for consistency with any state law regulating franchising.]

**EXHIBIT G**

**ACH/EFT TRANSFER AUTHORIZATION**

**ELECTRONIC FUNDS TRANSFER  
AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO  
SHINE DEVELOPMENT, INC. ("PAYEE")**

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, "debits") drawn on such account which are payable to the above named Payee. It is agreed that Depository's rights with respect to each such debit shall be the same as if it were a check drawn and signed by Depositor. It is further agreed that if any such debt is not honored, whether with or without cause and whether intentionally or inadvertently, Depository shall be under no liability whatsoever. This authorization shall continue in force until Depository and Payee have received at least thirty (30) days written notification from Depositor of its termination.

The Depositor agrees with respect to any action taken pursuant to the above authorization:

a) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.

b) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

c) To defend at Depositor's own cost and expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein.

Name of Depository (Bank Name): \_\_\_\_\_ Bank Account Name: \_\_\_\_\_

Bank Acct #: \_\_\_\_\_ Routing #: \_\_\_\_\_

(Please attach one voided check for the above account)

Franchise Location Name: \_\_\_\_\_

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

Title of Authorized Representative (Depositor): \_\_\_\_\_

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

**EXHIBIT H**  
**SMALL BUSINESS ADMINISTRATION ADDENDUM**

**EXHIBIT I  
FRANCHISEE DISCLOSURE QUESTIONNAIRE**

As you know, Shine Development, Inc. and you are preparing to enter into a Franchise Agreement for the operation of a Franchised Business. In this Franchisee Disclosure Questionnaire, Shine Development, Inc. will be referred to as “Franchisor.” You will be referred to as “Franchisee.” The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we did not authorize and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

**FRANCHISEE’S ACKNOWLEDGMENTS**

1. Franchisee acknowledges, expressly represents, and warrants that it has received and personally reviewed Franchisor’s Disclosure Document Franchisor has provided to Franchisee.

\_\_\_\_\_ [Franchisee’s Initials]

Comments. (Attach additional pages, if necessary.)

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**The following only applies to Maryland residents and/or franchises to be operated in the State of Maryland:**

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.

By signing this Franchisee Disclosure Questionnaire, you are representing that you have responded truthfully to the above questions.

Name of Franchisee/Applicant:

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

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Name of Franchisee/Applicant:

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

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## EXHIBIT J

### STATE SPECIFIC ADDENDA

#### FOR THE STATE OF ILLINOIS

Item 5 is supplemented by the following:

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

Item 17 is supplemented by the following:

Section 705/4 of the Illinois Franchise Disclosure Act of 1987 (the "Illinois Franchise Disclosure Act") provides that any provision in the Franchise Agreement that designates venue outside of Illinois is void with respect to any cause of action that is otherwise enforceable in Illinois; however, the Agreement may provide for arbitration in a forum outside of Illinois.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Illinois law shall apply to and govern the Franchise Agreement.

The conditions under which your franchise can be terminated and your rights on renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

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.

#### FOR THE STATE OF MARYLAND

Item 5 of the disclosure document is supplemented by the following:

The Maryland Securities Division requires us to defer payment of the initial franchise fee and other initial payments owed by you to us until we have completed our pre-opening obligations under the Franchise Agreement. The collection of the initial franchise fee will be deferred until we have fulfilled our initial pre-opening obligations to you and you are open for business.

Item 17 of the disclosure document is supplemented as follows:

The Franchise Agreement provides for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law.

Any provisions requiring you to sign a general release of claims against us, including upon renewal, transfer or any amendment of the Franchise Agreement, does not release any claim you may have 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 may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Nothing in the General Release attached as Exhibit F-1 shall operate to release us from any liability under the Maryland Franchise Registration and Disclosure Law.

**FOR THE STATE OF MINNESOTA**

Item 6 of the disclosure document is supplemented by the following:

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
<b>Insufficient Funds Fee</b>	Our then current rate, currently \$100 per occurrence  <i>For residents of Minnesota and franchises operated in Minnesota the fee is \$30.00 per occurrence</i>	As invoiced	Payable only if you have insufficient funds in your bank account for us to process electronic funds transfer. Our rate is subject to change.

The following supplements Item 13:

The franchisor will protect the franchisee’s right 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 Statute 80C.12.Subd.1(g).

Item 17 of the Franchise Disclosure Document is supplemented by the following:

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.

Minn. Stat. Sec. 80C.21 and Minn. Rule 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.

Minnesota Rule 2860.4400D 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 Minnesota Rule 2860.4400(J).

Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.

**FOR THE STATE OF NEW YORK**

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 SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is 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 a or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of any franchise, antifraud, or securities law, fraud, embezzlement, fraudulent conversion, or misappropriation of property, or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of item 17(c), titled "**Requirements for franchisee to renew or extend**", and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

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

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

5. The following is added to the “Summary” section of Item 17(v), titled “**Choice of forum franchisor**”, 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.

#### **FOR THE STATE OF VIRGINIA**

Item 5 of the Franchise Disclosure Document is revised to include the following:

**The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17.h. of the Franchise Disclosure Document is supplemented by the following:

“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.”

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.

#### **FOR THE STATE OF WISCONSIN**

Item 17 of the disclosure document is supplemented by the following:

For franchisees subject to the Wisconsin Fair Dealership Law, Ch. 135, Stats., provisions in the Fair Dealership Law supersede any inconsistent provisions of the Franchise Agreement or a related contract.



## **EXHIBIT K**

### **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:

<b>STATES</b>	<b>EFFECTIVE DATE</b>
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
Virginia	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT L**  
**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 Shine Development, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Michigan requires that Shine Development, Inc. give you this disclosure document at least ten (10) business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires us to provide you the disclosure document to you by the earliest of (1) the first personal meeting to discuss our franchise; or (2) ten business days before the signing of a binding agreement; or (3) ten business days before a payment to Shine Development, Inc. or its agent.

If Shine Development, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and State law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A. Our agents for service of process are listed in Exhibit E .

Date of Issuance: April 27, 2023

The Franchise Seller(s) for this offering are:

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Christopher Fisher</u>	<u>John Blair</u>	_____	_____
<u>5550 Granite Parkway</u>	<u>5550 Granite Parkway</u>	_____	_____
<u>Ste. 195</u>	<u>Ste. 195</u>	_____	_____
<u>Plano, TX 75024</u>	<u>Plano, TX 75024</u>	_____	_____
<u>800-513-1794</u>	<u>800-513-1794</u>	_____	_____

I have received a disclosure document dated April 27, 2023. State registration effective dates are listed on the State Effective Dates page. The disclosure document included the following Exhibits:

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>A. Financial Statements</li> <li>B. Franchise Agreement with Attachments</li> <li>C. List of Current and Former Franchisees</li> <li>D. Operations Manual Table of Contents</li> <li>E. List of State Administrators and Agents for Service of Process</li> </ul> | <ul style="list-style-type: none"> <li>F. Sample General Release Agreement</li> <li>G. ACH/EFT Transfer Authorization</li> <li>H. Small Business Administration Addendum</li> <li>I. Franchise Disclosure Questionnaire</li> <li>J. State Specific Addenda</li> <li>K. State Effective Dates</li> <li>L. Receipt</li> </ul> |
|--|---|

DATED: \_\_\_\_\_  
Prospective Franchisee

Individually and as an officer, partner, member or manager of \_\_\_\_\_, a \_\_\_\_\_ organized under the laws of \_\_\_\_\_.

**[KEEP THIS RECEIPT FOR YOUR RECORDS]**

## 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 Shine Development, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Michigan requires that Shine Development, Inc. give you this disclosure document at least ten (10) business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires us to provide you the disclosure document to you by the earliest of (1) the first personal meeting to discuss our franchise; or (2) ten business days before the signing of a binding agreement; or (3) ten business days before a payment to Shine Development, Inc. or its agent.

If Shine Development, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and State law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A. Our agents for service of process are listed in Exhibit E .

Date of Issuance: April 27, 2023

The Franchise Seller(s) for this offering are:

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Christopher Fisher</u>	<u>John Blair</u>	_____	_____
<u>5550 Granite Parkway</u>	<u>5550 Granite Parkway</u>	_____	_____
<u>Ste. 195</u>	<u>Ste. 195</u>	_____	_____
<u>Plano, TX 75024</u>	<u>Plano, TX 75024</u>	_____	_____
<u>800-513-1794</u>	<u>800-513-1794</u>	_____	_____

I have received a disclosure document dated April 27, 2023. State registration effective dates are listed on the State Effective Dates page. The disclosure document included the following Exhibits:

- |   |   |
|---|---|
| A. Financial Statements   | F. Sample General Release Agreement       |
| B. Franchise Agreement with Attachments                           | G. ACH/EFT Transfer Authorization         |
| C. List of Current and Former Franchisees                         | H. Small Business Administration Addendum |
| D. Operations Manual Table of Contents                            | I. Franchise Disclosure Questionnaire     |
| E. List of State Administrators and Agents for Service of Process | J. State Specific Addenda                 |
|   | K. State Effective Dates                  |
|   | L. Receipt                                |

DATED: \_\_\_\_\_

\_\_\_\_\_  
Prospective Franchisee

Individually and as an officer, partner, member or manager of \_\_\_\_\_, a \_\_\_\_\_ organized under the laws of \_\_\_\_\_.

**[RETURN THIS COMPLETED FORM TO SHINE DEVELOPMENT, INC.  
5550 Granite Parkway, Suite 195, Plano, Texas 75024]**