

## FRANCHISE DISCLOSURE DOCUMENT

Archadeck Franchisor, LLC  
A Delaware Limited Liability Company  
2426 Old Brick Road  
Glen Allen, VA 23060  
(800) 722-4668  
[www.archadeck.com](http://www.archadeck.com)  
[www.archadeckfranchise.com](http://www.archadeckfranchise.com)  
[www.outdoorlivingbrands.com](http://www.outdoorlivingbrands.com)



The franchise described in this disclosure document is for the operation of an ARCHADECK Outdoor Living business, which offers certain construction sales and services of outdoor living spaces and environments.

The total investment necessary to begin operation of an ARCHADECK Outdoor Living franchise is \$58,625 to \$103,550. This includes \$39,175 to \$56,500 that must be paid to us.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Mike Reeder at 2426 Old Brick Road, Glen Allen, VA 23060, (800) 722-4668.

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

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

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

Issuance Date: September 9, 2021

## How to Use This Franchise Disclosure Document

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

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

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

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Virginia. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Virginia than in your own state.
2. **Mandatory 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.
3. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
4. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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.

**NOTICE REQUIRED  
BY**

**STATE OF MICHIGAN**

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This will 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 will include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

**THIS MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF  
MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

(f) A provision requiring that arbitration or litigation be conducted outside this state. This will not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause will include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

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

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

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

**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 the Department of Attorney General, State of Michigan, 670 Law Building, Lansing, Michigan 48913, telephone (517) 373-7117.**

**THIS MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

# ARCHADECK OUTDOOR LIVING FRANCHISE DISCLOSURE DOCUMENT

## TABLE OF CONTENTS

ITEM	PAGE
1. THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES .....	1
2. BUSINESS EXPERIENCE.....	5
3. LITIGATION.....	9
4. BANKRUPTCY .....	9
5. INITIAL FEES.....	9
6. OTHER FEES .....	11
7. ESTIMATED INITIAL INVESTMENT .....	16
8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES .....	17
9. FRANCHISEE’S OBLIGATIONS.....	20
10. FINANCING.....	20
11. FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING .....	21
12. TERRITORY .....	27
13. TRADEMARKS.....	30
14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION .....	31
15. OBLIGATIONS TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS .....	33
16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	33
17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.....	34
18. PUBLIC FIGURES.....	36
19. FINANCIAL PERFORMANCE REPRESENTATIONS .....	36
20. OUTLETS AND FRANCHISEE INFORMATION .....	42
21. FINANCIAL STATEMENTS .....	46
22. CONTRACTS.....	46
23. RECEIPTS .....	46
Exhibit A	Financial Statements
Exhibit B	Franchise Agreement
Exhibit C	Promissory Note
Exhibit D	National Guarantee Corporation and Fund Description
Exhibit E	Manual Table of Contents
Exhibit F	Franchisee Information (Parts 1 and 2)
Exhibit G	List of State Agencies/Agents for Service of Process
Exhibit H	State-Specific Addenda
Exhibit I	Guarantee of Performance
Exhibit J	Acknowledgement Addendum
Exhibit K	State Effective Dates and Receipts

## ITEM 1

### THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this franchise disclosure document (“**disclosure document**”), “**Archadeck**,” “**we**,” “**us**,” “**our**” or “**ourselves**” means Archadeck Franchisor, LLC, the franchisor and owner of the ARCHADECK Outdoor Living franchise system. “**You**” means the person or entity that buys the franchise. If the franchisee is a corporation, partnership or other entity, “you” also may mean its owners.

#### Franchisor and Predecessor

We are a Delaware limited liability company formed on August 31, 2021. Our principal business address is 2426 Old Brick Road, Glen Allen, Virginia 23060. As of the issuance date of this disclosure document, we do not do business under any name other than our own name and our registered marks “ARCHADECK” and ARCHADECK Outdoor Living.” Our agents for service of process are listed in Exhibit G.

We acquired the franchise assets related to the ARCHADECK system on September 9, 2021, as the result of a transaction between our parent company, Lynx Franchising, LLC (“**Lynx Franchising**”), and our predecessor, Archadeck Franchising Corporation (“**AD Corp.**”). AD Corp. was the franchisor of the ARCHADECK system from June 1980 to September 2021 and had a principal business address of 2426 Old Brick Road, Glen Allen, Virginia 23060. AD Corp. was a Virginia corporation formed on June 2, 1980, under the name U.S. Structures, Inc., which subsequently changed its name to Archadeck Franchising Corporation in March 2014. AD Corp. had not conducted a business of the type that you will operate, and had not offered franchises in any other line of business other than described in this Item 1. As of the issuance date of this disclosure document, we have no other predecessors required to be disclosed in this Item 1.

#### Parent and Affiliates

We are a wholly-owned subsidiary of Outdoor Living Brands Holdco, LLC (“**OLB Holdco**”), a Delaware limited liability company with a principal business address of 2426 Old Brick Road, Glen Allen, Virginia 23060. OLB Holdco is a wholly-owned subsidiary of Lynx Franchising, a Delaware limited liability company. Lynx Franchising was formerly known as Premium Franchise Brands, LLC and changed its name to Lynx Franchising, LLC in April 2019. Lynx Franchising is owned by Lynx-JP Holdings, Inc., a Delaware corporation (“**Lynx-JP Holdings**”). Lynx-JP Holdings was formerly known as Jan-Pro Holdings, Inc. and is owned by MidOcean BCAT Holdings, Inc. a Delaware corporation (“**BCAT**”). BCAT is owned by Bobcat Holdings Group, LP, a Delaware limited partnership (“**Bobcat**”). Bobcat is majority owned by MidOcean Associates V, LP (“**MidOcean**”). Lynx Franchising, Lynx-JP Holdings, BCAT and Bobcat each have a principal business address of 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009. MidOcean has a principal business address of 245 Park Ave 38th Floor, New York, NY 10167. None of these entities has conducted a business of the type that you will operate, and have not offered franchises in any line of business except as otherwise described in this Item 1.

#### Affiliates That Provide Services to Franchisees

Our affiliate, Lynx Franchising Intellectual Property, LLC (“**Lynx IP**”), a Delaware limited liability company with a principal business address of 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009, owns all of our rights, title and interest in and to the ARCHADECK Outdoor Living service mark, and other related trademarks, trade names, service marks and logos (the “**IP Assets**”), and we entered into a license agreement with Lynx IP granting us a perpetual right to use and sublicense others to use the IP Assets, including the ARCHADECK Outdoor Living service mark.



OLB Supply Chain, LLC (“**OLBSC**”), a Delaware limited liability company with a principal business address of 2426 Old Brick Road, Glen Allen, Virginia 23060, sources and distributes certain products for sale to our franchisees and certain affiliates’ franchisees.

### Lynx Franchising Brands

Lynx Franchising is the parent company to the following franchisors, including us: Outdoor Lighting Perspectives Franchisor, LLC (“**OLP**”), Conserva Irrigation Franchisor, LLC (“**Conserva**”), Jan-Pro Franchising International, Inc. (“**JPI**”), Jan-Pro Enterprises, LLC (“**JPE**”), The Intelligent Office System, LLC (“**IOS**”), Intelligent Office of Canada, Inc. (“**IOC**”) and FRSTeam, LLC (“**FRSTeam**”). OLP and Conserva have the same principal business address as us. JPI, JPE, IOS, IOC, and FRSTeam each have a principal address of 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009.

OLP is the U.S. franchisor of the OUTDOOR LIGHTING PERSPECTIVES® franchise system. OUTDOOR LIGHTING PERSPECTIVES franchises are businesses specializing in providing outdoor lighting design, automated lighting control equipment, holiday lighting design, installation services, and sales to residential and commercial customers. In September 2021, OLP became affiliated with Lynx Franchising through an acquisition. OLP, through its predecessor Outdoor Lighting Perspectives Franchising, Inc. (“**OLPFI**”), offered OUTDOOR LIGHTING PERSPECTIVES since March 2005. As of December 31, 2020, there were 87 OUTDOOR LIGHTING PERSPECTIVE franchises, including 85 located throughout the U.S., and 2 franchisees located in Canada. OLP has not conducted a business of the type that you will operate, and have not offered franchises in any other line of business other than described above.

Conserva is the franchisor of the CONSERVA IRRIGATION® franchise system in the U.S. CONSERVA IRRIGATION® franchises are businesses offering repair, maintenance, service, design and construction of irrigation systems for residential and commercial customers with an emphasis on water conservation. In September 2021, Conserva became affiliated with Lynx Franchising through an acquisition. Outdoor Living Brands, Inc. began offering royalty-free pilot licenses for CONSERVA IRRIGATION® businesses in April 2014. All pilot licensees were offered the opportunity to enter into franchise agreements with Conserva’s predecessor Conserva Irrigation Franchising, LLC (“**CI LLC**”) during 2017. As of December 31, 2020, there were 111 CONSERVA IRRIGATION® franchises located throughout the United States. Conserva has not conducted a business of the type that you will operate, and has not offered franchises in any other line of business other than described above.

JPI sells “Jan-Pro” regional developer franchises that sell and support unit franchises that operate commercial cleaning businesses. JPI is a Massachusetts corporation incorporated on April 6, 1995. JPI has offered Jan-Pro commercial cleaning regional developer franchises since 1995. As of September 30, 2020, there were 93 operating regional developer franchises in the United States. JPI has not conducted a business of the type that you will operate, and has not offered franchises in any other line of business.

JPE sells and supports JAN-PRO Franchise Development country master franchises and regional franchise development franchises that sell franchises and provide support services under the JAN-PRO Cleaning & Disinfecting™ brand for the operation of janitorial and building maintenance service franchises outside of the United States. JPE, was formed as a Delaware limited liability company on February 15, 2005. JPE has offered Jan-Pro franchises outside of the United States since February 2005. As of September 30, 2020, there were nine country or international regional developer franchises operating outside of the United States. JPE has not conducted a business of the type that you will operate, and has not offered franchises in any other line of business.

IOS franchises “Intelligent Office Centers” that operate progressive virtual office and communications solutions businesses, offering a range of vital business services to a mobile and non-mobile client base. In

December 2018, the IOS system became affiliated with Lynx Franchising through an acquisition. IOS is a Colorado limited liability company formed on March 22, 1999. IOS has offered Intelligent Office franchises since April 1999. As of September 30, 2020, there were 45 franchised Intelligent Office outlets in the United States. IOS has not conducted a business of the type that you will operate, and has not offered franchises in any other line of business.

The Intelligent Office, Inc. (“**TIO**”) operates company owned Intelligent Office Centers. In December 2018, TIO became affiliated with Lynx Franchising through an acquisition. TIO, with a principal business address of 4450 Arapahoe Avenue, Boulder, Colorado 80303, is a Colorado corporation incorporated on April 15, 1996. As of September 30, 2020, TIO operated three company owned outlets in Colorado. TIO has not conducted a business of the type that you will operate, and has not offered franchises in any other line of business.

IOC franchises “Intelligent Office Centers” in Canada. In December 2018, IOC became affiliated with Lynx Franchising through an acquisition. IOC, with a principal business address of 221 W. Esplanade, Suite 500, North Vancouver, BC V7M 3J3, is a Colorado corporation, incorporated on June 8, 2017. IOC has offered Intelligent Office franchises in Canada since September 2017. As of September 30, 2020, there were 12 franchised Intelligent Office outlets in Canada. IOC has not conducted a business of the type that you will operate, and has not offered franchises in any other line of business.

FRSTeam franchises businesses that provide specialty and emergency dry cleaning and laundry services for clothing and fabrics following a residential or commercial disaster, including damage due to smoke, fire, water and mold. As an option, Franchisees may also provide electronics restoration services following similar disasters. In June 2020, FRSTeam became affiliated with Lynx Franchising through an acquisition. FRSTeam. FRSTeam was incorporated as a California corporation on September 30, 2005 under the name “FRSTeam Corp.” FRSTeam was converted to a California limited liability company under the name “FRSTeam, LLC” on August 20, 2020. FRSTeam has offered FRSTeam franchises since March 2006. As of December 31, 2020, there were 37 franchised FRSTeam outlets in the United States. FRSTeam has not conducted a business of the type that you will operate, and has not offered franchises in any other line of business.

Custom Commercial Dry Cleaners, LLC (“**CCDC**”) operates company owned CCDC restoration dry cleaning and electronics restoration businesses. In June 2020, CCDC became affiliated with Lynx Franchising through an acquisition. CCDC, with a principal business address of 3201 A Investment Blvd., Hayward, CA 94545, was incorporated as a California corporation on May 26, 1993 under the name “Custom Commercial Dry Cleaners, Inc.” CCDC was converted to a limited liability company under the name “Custom Commercial Dry Cleaners, LLC” on August 20, 2020. As of December 31, 2020, CCDC operated nine company owned outlets. CCDC has not conducted a business of the type that you will operate, and has not offered franchises in any line of business.

#### Other Affiliates with Franchise Programs

Through control with private equity funds managed by MidOcean Partners, a New York-based private equity firm, we are affiliated with the following franchise programs. None of these affiliates operate an ARCHADECK® franchise.

Grease Monkey Franchising, LLC (“**GMF**”), which operates under the names Grease Monkey Franchising, LLC, Grease Monkey, and FullSpeed Automotive, is a franchisor of automotive quick lube franchises operating under the Grease Monkey® trade name and business system. GMF is a Colorado limited liability company with a principal business address of 5575 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111. In January 2021, GMF became an affiliate through an acquisition. GMF has

been offering Grease Monkey franchises since January 2006, and as of December 31, 2020, there were approximately 241 franchises operating in the United States (186 franchised and 55 company owned). GMF has not conducted a business of the type that you will operate, and has not offered franchises in any other line of business.

GMF acquired substantially all of its assets from Grease Monkey International, LLC (“**GMI**”), which was the franchisor of the Grease Monkey franchise system from approximately September 1978 through March 2006. GMI also offered franchises for Monkey Shine car wash facilities from approximately April 1998 to March 2001. GMI remains the franchisor of all Grease Monkey franchises granted before April 2006. GMI is a Delaware limited liability company with a principal business address of 5575 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111. In January 2021, GMI became an affiliate through an acquisition. As of December 31, 2020, GMI operated 55 Grease Monkey Centers, one Speedee Shop, 29 Uncle Ed’s Oil Shoppes, 50 American LubeFast locations, three Economy Oil Change locations, one Mobil 1 Express location, six Herbert Automotive locations, 40 Havoline Xpress locations, and seven Pit Stop Oil & Lube locations, all of which are located in the United States. GMI also owns one LubePro’s oil change and lubrication center located in Illinois. LubePro’s International, Inc. was dissolved in August 2016. Some of the franchises are a non-Grease Monkey brand, but are substantially similar to the Grease Monkey franchise. GMI has not conducted a business of the type that you will operate, and has not offered franchises in any other line of business.

GMI Services S de RL de CV (“**GMI Mexico**”) is a subsidiary of GMI. GMI Mexico provides support services to franchisees operating in Mexico. GMI Mexico’s principal business address is Calzada del Valle 255, Office 233, San Pedro Garza García, N.L., CP 66220, México. GMI Mexico has not conducted a business of the type that you will operate, and has not offered franchises in any line of business.

Speedee Worldwide, LLC (“**Speedee**”) is a franchisor of automotive maintenance and repair services operating under the Speedee® trade name and business system. Speedee is a subsidiary of GMI. Speedee is a Delaware limited liability company with a principal business address of 5575 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111. In January 2021, Speedee became an affiliate through an acquisition. Speedee has been franchising since 1986, and as of December 31, 2020, there were 74 franchises operating in the United States (74 franchised and one company owned), and 21 franchises operating internationally. Until January 2017, Speedee also offered co-branding franchises under a separate Franchise Disclosure Document and different franchise agreement with its former parent, Midas International Corporation (“**Midas**”), for a Midas/Speedee co-branding shop. Speedee also operates 81 Speedee franchises in the United States which are co-branded with Midas, who is not an affiliate. Speedee has not conducted a business of the type that you will operate, and has not offered franchises in any other line of business.

Fast Lube Plus, Inc. (“**Fast Lube**”) is a subsidiary of GMI which provides automotive maintenance and repair services. Fast Lube is a North Carolina limited liability company with a principal business address of 5575 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111. In January 2021, Fast Lube became an affiliate through an acquisition. As of December 31, 2020, there were six locations operating in the United States. Fast Lube has not conducted a business of the type that you will operate, and has not offered franchises in any line of business.

Except as described above, there are no other parents, predecessors or affiliates required to be disclosed in this Item 1.

## Franchise Offered

The franchise offered to you in this disclosure document is the right, license, and obligation to establish and operate an ARCHADECK Outdoor Living business within a certain geographic area under the terms and conditions of the ARCHADECK Outdoor Living Franchise Agreement (the “**Franchise Agreement**”). A copy of our current form Franchise Agreement is attached as Exhibit B. The franchised ARCHADECK Outdoor Living business you will operate is referred to in this disclosure document as the “**Business**” or the “**Construction Sales and Service Business**,” and the geographic area granted to you under the Franchise Agreement is referred to as the “**Territory**.”

The Construction Sales and Service Business is a contracting service business, which includes the marketing, selling, designing, repairing, remodeling, enhancing, constructing, installing, and maintaining of recreational, residential and commercial products and services, including, decks, screened porches, gazebos, sun rooms, room additions, garages, ramps, docks, trellises, bridges, arbors, landscape pavers, stone and paver patios and other hardscaping, and accessories like children’s play sets, awnings, benches, planters, privacy fences, deck lighting, swing supports, light landscaping design and planting services, and other remodeling, repairing, and altering services that enhance and complement the Business. We reserve the right to create new and additional franchise systems for other remodeling, repairing, and alteration products and services that enhance and complement the Business.

If you operate more than one Construction Sales and Service Business, you will sign the “Multi-Unit Addendum” attached to the Franchise Agreement, which will modify the provisions of your Franchise Agreements in order to accommodate the operation of multiple Businesses.

## Market and Competition

The general market for the products and services of the Business is principally owners of single family homes and builders of residential homes. The market is well developed and sales may be seasonal in some parts of the country. The principal competition is local privately owned contractors and businesses offering similar products and services.

## Laws, Licenses and Permits

Many states have specific laws covering some of the services you will be offering. There may also be laws of your city or other locality that will apply to the Business. In some areas you must obtain a home improvement or contractor’s license, or other license, to engage in the Construction Sales and Service Business. Also, in some areas, some construction documents or drawings must be prepared by an architect or engineer. In addition, many states have now adopted the International Residential Code. You should investigate these laws before you buy a franchise so that you understand your legal obligations, if any.

## **ITEM 2**

### **BUSINESS EXPERIENCE**

#### **Our Executives**

President, Chief Operating Officer and a Director: Scott Zide

Mr. Zide has served as our COO and President since our inception in September 2021. Prior to that, Mr. Zide was the COO of AD Corp. in Richmond, Virginia from September 2009 to September 2021, and its President and a Director from September 2010 to September 2021. He also serves as COO and President of Conserva and OLP since September 2021. Mr. Zide served as COO of AD Corp.’s parent, Outdoor Living Brands, Inc.,

and OLPMI, both located in Richmond, Virginia, from September 2008 to September 2021, as well as President and a Director of these entities from September 2010 to September 2021. From February 2002 to September 2008, he served as Vice President and various other senior management roles of OLPMI. Mr. Zide has owned and operated an OUTDOOR LIGHTING PERSPECTIVES business in Richmond, Virginia since March 2014. Mr. Zide also has served as the Secretary of Conserva since September 2021, and held that same role for Conserva's predecessor, CI LLC, from March 2017 to September 2021. Mr. Zide served as Mosquito Squad Franchising Corporation's COO in Richmond, Virginia from February 2009 until December 2018 and as President and a Director from September 2010 until December 2018. Mr. Zide also served as President, COO and a Director of Renew Crew Franchise Corporation from July 2012 to January 2020.

Vice President, Chief Financial Officer and a Director: Corey Schroeder, CFA

Mr. Schroeder has served as our Vice President and Chief Financial Officer, and as a Director since September 2021, and those same roles for our predecessor from January 2006 to September 2021. He has also served as Secretary and Treasurer, CFO and a Director of Outdoor Living Brands, Inc. from July 2008 to September 2021. In addition, since September 2021, Mr. Schroeder has served as Secretary and Treasurer, CFO and a Director of OLP, and other of our affiliates, and previously held those same roles for OLPMI and Outdoor Lighting Perspectives International, Inc. from September 2008 to September 2021. Mr. Schroeder was also the Secretary, Treasurer, Chief Financial Officer and a Director for Insurance Service Brands and its wholly owned subsidiary, National Restoration, both in Richmond, Virginia, from June 2010 until December 2016. Mr. Schroeder also has served as the Chief Financial Officer of Conserva since September 2021, and held that same role for Conserva's predecessor, CI LLC, from March 2017 to September 2021. Mr. Schroeder served as Secretary and Treasurer, CFO and a Director of Mosquito Squad Franchising Corporation in Richmond, Virginia from February 2009 until December 2018, and as Vice President, Secretary, Treasurer and CFO of Renew Crew Franchise Corporation from July 2012 to January 2020.

Vice President & Brand Leader: Michael Reeder

Mr. Reeder has served as our Vice President & Brand Leader since our inception in September 2021, and held that role for our predecessor from February 2016 to September 2021.

Director of Franchise Support: Christina Koch

Ms. Koch has served as our Director of Franchise Support since our inception in September 2021, and held that role for our predecessor from January 2018 until September 2021. Before joining us, Ms. Koch was the Franchise Account Manager for Smartbox in Richmond, Virginia from January 2009 to January 2018.

Director of Design & Pricing: Edward Repak

Mr. Repak has been our Director of Design & Pricing since our inception in September 2021, and held that role for our predecessor from September 2008 until September 2021, and started his career with our predecessor in 1989.

Director of Drafting: Jonathan Schofield

Mr. Schofield has served as our Director of Drafting since our inception in September 2021 and held that role for our predecessor from February 2021 until September 2021. Prior to joining us, Mr. Schofield was a General Manager for Distinctively Outdoors / Mercury Decks in Parsippany, New Jersey from January 2019 until February 2021. Mr. Schofield also was the General Manager for NOVA Build Pros from February 2017 until June 2019 in Manassas, Virginia and also was the UX and Trainer for Simpson Strong-Tie from October 2009 until February 2016 in Pleasanton, California.

Director of Franchise Recruiting: Erin Zide

Ms. Zide has served as our Director of Franchise Recruiting since our inception in September 2021, and held that role for our predecessor from March 2019 until September 2021. Ms. Zide has also served as the Director of Franchise Recruiting for OLP since September 2021, and held that role for OLPMI from March 2017 through September 2021. Prior to joining us, she owned and operated two successful Outdoor Lighting Perspectives franchises in St. Louis, Missouri from June 2000 to June 2004 and in Richmond, Virginia from March 2014 to January 2018.

Brand Marketing Consultant: Alexandra Mercer

Ms. Mercer has served as a Brand Marketing Consultant since our inception in September 2021, and held that role for our predecessor from October 2018 until September 2021. Ms. Mercer has also served as a Brand Marketing Consultant for OLP since September 2021, and held that role for its predecessor from October 2018 to September 2021. Prior to joining us, Ms. Mercer was an Account Executive with circle S studio in Richmond, Virginia from March 2013 until October 2018.

Digital Marketing Manager: Jane Campbell

Ms. Campbell has served as our Digital Marketing Manager since our inception in September 2021, and held that role for our predecessor from February 2010 until September 2021. Ms. Campbell has also served as the Digital Marketing Manager for OLP and Conserva since September 2021, and held that role for OLP's predecessor from February 2010 to September 2021 and Conserva's predecessor from March 2017 to September 2021. Ms. Campbell served as Business Relationship Manager and Inbound Marketing Manager for Renew Crew Franchising Corporation from January 2009 to January 2020. Ms. Campbell also served as Business Relationship Manager and Inbound Marketing Manager for Mosquito Squad Franchising Corporation from January 2009 to December 2018.

Digital Marketing Consultant: Annena Ellis

Ms. Ellis has served as our Digital Marketing Consultant since our inception in September 2021, and held that role for our predecessor from April 2018 until September 2021. Ms. Ellis also has served as the Digital Marketing Consultant for OLP and Conserva since September 2021 and held that role for their predecessors from April 2018 until September 2021. Prior to joining the Outdoor Living Brands team, she was a Digital Marketing Specialist at StyleCraftHomes from June 2016 to April 2018 in Richmond, Virginia.

Creative Director: Steve Nguyen

Mr. Nguyen has served as our Creative Director since our inception in September 2021, and held that role for our predecessor from October 2019 until September 2021. Mr. Nguyen also has served as the Creative Director of OLP and Conserva since September 2021, and held that role for their predecessors from October 2019 until September 2021. Prior to his current position, he has been with Outdoor Living Brands, Inc. and its affiliates since February 2009 serving as Senior Graphic Designer.

Franchise Technology Solutions Manager: Erich Johnston

Mr. Johnston has served as our Franchise Technology Solutions Manager since our inception in September 2021, and held that role for our predecessor from April 2019 until September 2021, and from July 2018 to March 2019 was our predecessor's IT Support and Project Specialist. Mr. Johnston also has served as the Franchise Technology Solutions Manager of OLP and Conserva since September 2021, and held that role for

their predecessors from April 2019 until September 2021. Prior to joining the Outdoor Living Brands team family, Mr. Johnston was the Account Manager at HindSite Software (CRM) in St. Paul, Minnesota from November 2012 through June 2018.

Director of Field Operations: John Hart

Mr. Hart has served as our Director of Field Operations for Archadeck since our inception in September 2021, and held that role for our predecessor from May 2019 through September 2021. Prior to joining us, Mr. Hart was the Project and Construction Manager for Colony Starwood Homes from February 2015 to March 2019 in Nashville, Tennessee.

**Our Parent's Executives**

President and Chief Executive Officer: Russell Reynolds

Mr. Reynolds has been the President and Chief Executive Officer of Lynx Franchising since October 2018. From July 2001 to October 2018, Mr. Reynolds was the Chief Executive Officer of Batteries Plus, L.L.C. and was a member of its Operating Committee from February 2000 to October 2018. He is based in Alpharetta, Georgia.

Chief Operating Officer: Thomas O'Hare

Mr. O'Hare has been the Chief Operating Officer of Lynx Franchising since October 2019. From April 2019 to October 2019, Mr. O'Hare enjoyed retirement from Batteries Plus, L.L.C. From October 2005 to April 2019, Mr. O'Hare was the Chief Operating Officer of Batteries Plus, L.L.C. He is based in Alpharetta, Georgia.

Vice President and Chief Financial Officer: Michael Borreca

Mr. Borreca has been the Vice President and Chief Financial Officer of Lynx Franchising since March 2017. From January 2015 to February 2017, Mr. Borreca was the Vice President, Corporate Finance and Treasurer of FOCUS Brands, Inc. in Atlanta, Georgia. From December 2007 to January 2015, Mr. Borreca held various positions with KPMG, LLP in Tampa and Miami, Florida. He is based in Alpharetta, Georgia.

Vice President, Information Technology: Andrew Forrest

Mr. Forrest has been the Vice President, Information Technology of Lynx Franchising since January 2018 and was the Director of Information Technology of Lynx Franchising from January 2017 to January 2018. From April 2016 to December 2016, Mr. Forrest was unemployed as he waited for his U.S. work permit to issue. During this time, he obtained a CAPM (Certified Associate Project Manager) certification, and a CSM (Certified Scrum Master) certification. From September 2009 to March 2016, Mr. Forrest worked for Abbey Protection Group in London, England, first as a Development Manager and then as Head of IT. He is based in Alpharetta, Georgia.

General Counsel: John Haraldson

From November 2019 to present, Mr. Haraldson has been the General Counsel of Lynx Franchising and has also been General Counsel for its affiliates: us, JPE, IOS, and TIO. From June 2020 to present, Mr. Haraldson has also been General Counsel for FRSTeam and CCDC. From June 2013 to January 2019, Mr. Haraldson was the Vice President and Division General Counsel for the ServiceMaster Franchise Services

Group, including the ServiceMaster Restore, ServiceMaster Clean, Merry Maids, Furniture Medic, and AmeriSpec franchised brands, in Memphis, Tennessee. He is based in Alpharetta, Georgia.

### ITEM 3

#### LITIGATION

No litigation is required to be disclosed in this Item.

### ITEM 4

#### BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

### ITEM 5

#### INITIAL FEES

If you purchase a Construction Sales and Service Business franchise, you will pay us a lump sum franchise fee equal to \$49,500 per Territory. If we terminate the Franchise Agreement because you have failed to obtain the applicable permits and licenses within 6 months after signing the Franchise Agreement, we will refund 50% of the initial franchise fee. The initial franchise fee is not otherwise refundable.

You also must pay us \$2,000 to purchase the SoftPlan software that we require you to use, as further described in Item 11. While you are required to purchase the license for the SoftPlan software directly from us, we charge you its cost for this software and do not take any mark-up or make any money on your purchase of this software from us. This fee is not refundable.

**Additional Population Fee.** If we permit you to purchase additional geographic areas for a specific Territory so that the Territory exceeds 600,000 people, then you must pay us an additional fee in an amount equal to the population in your Territory in excess of 600,000 multiplied by \$0.083 (the “Additional Population Fee”). We do not anticipate granting a single Territory that exceeds 999,999 individuals. The Additional Population Fee is earned upon receipt and not refundable under any circumstances.

For example, if we permit you to purchase additional geographic areas for your Territory so that the individual Territory consists of a total population of 750,000 people, then you must pay us an Additional Population Fee equal to \$12,450, for a total Initial Franchise Fee of \$61,950 (which is equal to \$49,500 + \$12,450).

**VetFran Discount.** We are a member of the International Franchise Association (“IFA”), and support and participate in IFA’s VetFran Program. If you are an honorably discharged veteran who meets our qualifications for new ARCHADECK Outdoor Living franchises, we will discount the franchise fee by 15%. The VetFran discount may be used only once for one Territory. The VetFran discount may be applied towards the purchase of only one of the franchise concepts offered by us and our affiliates Conserva and OLP.

**Multi-Territory Discount.** If you license two contiguous Territories from us at the same time (for which you are signing two separate Franchise Agreements), the Initial Franchise Fee under the second Franchise Agreement will be reduced to \$30,000 (i.e., a total Initial Franchise Fee of \$79,500 for the two



Territories). For each additional contiguous Territory after the \$30,000 (e.g., a total Initial Franchise Fee of \$109,500 for a total of three contiguous Territories).

**Existing Franchisee: Additional Territory Discount.** If you are an existing ARCHADECK Outdoor Living franchisee that: (a) has been operating a Construction Sales and Service Business for at least 18 months, (b) has been in full compliance with your franchise agreement for at least 18 consecutive months, (c) meets our qualifications for new ARCHADECK Outdoor Living franchisees, and (d) is purchasing an additional Territory from us (for which you are signing a separate franchise agreement), we will discount the then-current franchise fee by \$10,000.

**Existing Franchisee: Additional Concept Discount.** We and our Affiliates Conserva and OLP offer a program to reward qualified existing franchisees that purchase an additional franchise from us, Conserva, or OLP. If you have been a Conserva or OLP franchisee in full compliance under your franchise agreement for at least 2 consecutive years and you meet our qualifications for new ARCHADECK Outdoor Living franchisees, we will discount the then-current franchise fee by 20%.

**Discount for Employees of Franchisees.** We have a discount program to reward qualified employees of our franchisees who: (a) have been recommended in writing by a franchisee; (b) have been employed in good standing by a franchisee for at least 2 years; and (c) meet our qualifications for new ARCHADECK Outdoor Living franchisees. We offer a 5% discount for every year of employment over 2 years subject to a maximum discount of 50% as shown below:

Percentage Discount	Years of Consecutive Employment
10%	2
15%	3
20%	4
25%	5
30%	6
35%	7
40%	8
45%	9
50%	10 and more

**Combination and Application of Discounts.** The VetFran discount is the only discount that can be combined with any of our other discounts. If you qualify for the VetFran or employee discount, during the first 3 years of the term of the Franchise Agreement if you: (a) fail to maintain at least a 75% interest in the franchisee entity; or (b) cause any transfer under the terms of the Franchise Agreement, then you must immediately pay us the discounted amount of the franchise fee.

In addition to the standard discount programs described above, we reserve the right, from the issuance date of this disclosure document to periodically reduce the franchise fee based on specific circumstances. In addition, in limited circumstances, we may offer to finance up to 50% of your Initial Franchise Fee. Otherwise, the initial fees described above in this Item 5 are uniformly charged to all new franchisees. These initial fees are payable at the time you sign a Franchise Agreement and are not refundable under any circumstances.

During 2020, franchisees paid initial franchise fees ranging from \$34,650 to \$49,500.

**Guarantee Fund Contribution.** During the term of the Franchise Agreement, you will contribute to a guarantee fund (the “**Guarantee Fund**”). The Guarantee Fund is managed by National Guarantee Corporation, which is owned by participating franchisees and managed by its Board of Directors elected by participating franchisees (the “**NGC**”). Upon signing the Franchise Agreement, you must pay us \$5,000 for contribution to the Guarantee Fund. In the event that the NGC no longer provides either its third-party

guarantee of projection completion or its post-completion warranty coverage, we will instead direct your contribution toward our reserve for brand protection costs and expenses. This contribution is not refundable.

## ITEM 6

### OTHER FEES

Type of Fee(1)(2)	Amount	Due Date	Remarks										
Royalty (See Note 3)	<p>You must pay us a “Royalty” based on monthly Gross Sales equal to:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Monthly Gross Sales</th> <th style="text-align: center;">Royalty Percentage</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$0 to \$1,000,000</td> <td style="text-align: center;">6.5%</td> </tr> <tr> <td style="text-align: center;">Over \$1,000,000 to \$2,000,000</td> <td style="text-align: center;">5.5%</td> </tr> <tr> <td style="text-align: center;">Over \$2,000,000 to \$3,000,000</td> <td style="text-align: center;">4.5%</td> </tr> <tr> <td style="text-align: center;">Over \$3,000,000</td> <td style="text-align: center;">3.5%</td> </tr> </tbody> </table> <p>Beginning in the second full calendar year following the Operational Start Date (as defined in the Franchise Agreement), during the months of March through November, the Royalty must exceed \$1,500 (“Minimum Royalty”).</p>	Monthly Gross Sales	Royalty Percentage	\$0 to \$1,000,000	6.5%	Over \$1,000,000 to \$2,000,000	5.5%	Over \$2,000,000 to \$3,000,000	4.5%	Over \$3,000,000	3.5%	On or before the 10th day of each month for the previous month’s Gross Sales	In the event that the NGC no longer provides either its third-party guarantee of projection completion or its post-completion warranty coverage, we reserve the right to increase each Royalty rate by up to 0.50% in order to create a reasonable reserve for brand protection costs and expenses.
Monthly Gross Sales	Royalty Percentage												
\$0 to \$1,000,000	6.5%												
Over \$1,000,000 to \$2,000,000	5.5%												
Over \$2,000,000 to \$3,000,000	4.5%												
Over \$3,000,000	3.5%												
National Branding & Marketing Fee (See Notes 3 and 4)	Currently, 1.5% of Gross Sales.	On or before the 10th day of each month for the previous month’s Gross Sales	<p>Your obligation to pay the National Branding &amp; Marketing Fee begins on the 12 month anniversary of the Operational Start Date.</p> <p>You will not be required to pay us a National Branding &amp; Marketing Fee that exceeds \$22,500 in any calendar year.</p> <p>We may increase the National Branding &amp; Marketing Fee up to 2.5% of Gross Sales upon 90 days’ prior written notice to you.</p>										
Individual Advertising Investment (See Note 5)	<p>A minimum of \$45,000 per Territory each year</p> <p>Minimum \$75,000 per calendar year if you are granted two contiguous Territories, plus an additional \$20,000 per calendar year for each additional contiguous Territory.</p>	As incurred	<p>Paid to third party suppliers. You must spend at least \$15,000 on direct mail during your first two full calendar years, which will count towards your minimum marketing requirements. Your Individual Advertising Investment will be prorated during the first calendar year.</p> <p>We have the right, but not the obligation, to collect up to the minimum required Individual Advertising Investment from you, after you commence operations, and administer it on marketing and advertising investments in your Territory on your behalf</p>										
Digital Marketing Fee (See Note 6)	Our then-current fee, currently \$300 per month	Monthly	We may increase this fee upon 30 days’ prior written notice to you.										
NGC Contribution (See Note 7)	0.25% of Gross Sales until your NGC account reaches \$15,000, and then 0.10% of Gross Sales thereafter	30 days after billing, every other month	Currently paid to NGC through us as Managing Agent for NGC										
Technology Fee (See Note 8)	Then-current fee, which is currently \$200 per month	Monthly	The Technology Fee covers one license for certain software. You must pay us or our designated third party supplier the then-current per license monthly fee if you request additional licenses.										

<b>Type of Fee(1)(2)</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Construction Drawing Services (See Note 9)	Based on our then-current hourly rate for the services, which is currently \$85 per hour	As incurred	We may increase our hourly rate at any time upon 30 days' written notice to you.
Transfer Fee (See Note 10)	\$10,000	Before the transfer being completed	Paid when Franchise Agreement, assets, or interest in you is transferred
Late Payment and Interest Charges	\$100 per late payment plus interest equal to 1.5% per month or the highest legal rate permitted by law will be charged on any amounts past due	Due immediately after the date past due amounts were originally due to us	
Insufficient Funds Fee	Our then-current service charge (ranging from \$10 - \$50), plus any fees and expenses incurred by us	As incurred	Due if there are insufficient funds in your account to collect amounts by a transfer of funds on the due date, or if a withdrawal is otherwise rejected for any reason
Cost of Enforcement or Defense	All costs including accounting and attorneys' fees, plus interest on such amounts.	Upon settlement or conclusion	You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement
Annual Conference Fee	Our then-current conference fee (if any)	Monthly or as incurred	We may hold a mandatory annual conference at a location chosen by us. There is no minimum or maximum Annual Conference Fee. You are also responsible for the cost of all travel and living expenses incurred to attend. The estimated range of costs is \$500-\$2,500 plus materials estimated at \$50. We may collect the Annual Conference Fee in lump sums or on a monthly basis.
Seminars, meetings and additional training	Varies (if any)	30 days after billing	Attendance is optional but very strongly encouraged; you must pay the cost of all travel and living expenses incurred to attend
Audit	Cost of audit or inspection	15 days after billing	Paid only if there is a deficiency in the amount of any Royalty, National Branding & Marketing Fee or other amounts due by 2% or more than the amount you paid or reported to us
Indemnification	Varies based on circumstances	As incurred	You must reimburse us if we are held liable for a claim resulting from the operation of the Business
Successor Franchise Fee	10% of the then current Initial Franchise Fee for the applicable territory	Before renewal	
Insurance	Varies	As incurred	If you fail to obtain and maintain insurance coverage as required by us, we may, but are not obligated to, purchase insurance on your behalf from an insurance carrier of our choice, and you must reimburse us for the full cost of such insurance, along with a reasonable service charge to compensate us for the time and effort expended to secure such insurance, within 5 days after the date we deliver an invoice detailing such costs and expenses to you.
Supplier Approval	Varies	As incurred	If you request our evaluation of an alternative supplier, we reserve the right to charge a fee in connection with such evaluation. As of the issuance date of this disclosure document, we do not currently charge a fee. We have not established a maximum fee for supplier approval, but we anticipate that this fee will be based in part on our costs and expenses incurred in evaluating the alternative supplier.
Additional Assistance	Our then-current fee, up to \$500 per person per day, plus any related travel expenses.	As incurred	If we agree to provide additional guidance, coaching or assistance to you, we may charge you a reasonable fee for such additional services.
Customer Service Fee	Varies	As incurred	If we determine that you are unwilling or unable to provide Products or Services to a particular customer, we reserve the right to assign that customer to another ARCHADECK Outdoor Living franchisee, complete the job ourselves, or hire a third party to complete the job, and we may charge a fee for the services we, another franchisee or the third party provides.

Type of Fee(1)(2)	Amount	Due Date	Remarks
Supplemental or Refresher Training	Then-current fee	As incurred	Payable if we require you to attend any additional or supplemental training programs. We do not pay any travel expenses, lodging, meals, ground transportation or other personal expenses.
Early Termination Fee	An amount equal to 24 times the average monthly Royalty fees payable to Franchisor over (i) the last 12 months of the Franchised Business's active operations, or (ii) the entire period the Franchised Business has been open for business, whichever is the shorter period.	Within 30 days of the early termination date	We may require you to pay us early termination fees in the event the Franchise Agreement is terminated prior to its natural expiration date.

Notes:

- (1) Payment of Fees. Unless otherwise noted, all fees are payable to us, are non-refundable and are uniformly imposed. Whether payments to the NGC and other third parties will be refundable will depend on your arrangements with them. We reserve the right to require you to pay fees and other amounts due to us or our affiliates via electronic funds transfer or other similar means, as described in the Franchise Agreement. If payments are required in this method, you must comply with our procedures and perform all acts and deliver and sign all documents, including authorization (in the form attached as Exhibit D to the Franchise Agreement or any other form that we may accept) for direct debits from your business bank operating account, which may be necessary to assist in or accomplish payment by this method. Under this procedure you shall authorize us or our affiliates to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us or our affiliates and any interest that may be owing. You shall make the funds available to us for withdrawal by electronic transfer no later than the payment due date. If you have not timely paid the Royalty, National Branding & Marketing Fee or any other fee due to us or our affiliates for any month, then we or our affiliates shall be authorized, at our option, to debit your account for the Royalty (including the Minimum Royalty), National Branding & Marketing Fees and other applicable fees. A payment will be deemed delinquent if we or our affiliates do not receive the payment on or before the payment due date, or if there are insufficient funds in your bank account to collect the payment by a transfer of funds on or after the payment due date.
- (2) Gross Sales. The term "Gross Sales" means the total of all receipts derived from all sales of products and services at your Construction Sales and Service Business, labor, insurance claims for lost profits to the extent a claim is paid by the insurer, and all other products and services sold or performed by or for you or your Construction Sales and Service Business or by means of the business conducted under the Franchise Agreement, whether the receipts are evidenced by cash, credit, checks, gift certificates, scrip, services, property or other means of exchange. Gross Sales do not include:
- (i) the amount of any tax imposed by any federal, state, municipal or other governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and in fact paid by you to the appropriate governmental authority; and
  - (ii) all customer refunds, valid discounts and coupons, and credits made by the Construction Sales and Service Business (exclusions will not include any reductions for credit card user fees, reductions for third-party financing charges, returned checks or reserves for bad credit or doubtful accounts).

You must pay us all fees due based on Gross Sales as follows:

- (i) if there is a written contract between you and the customer for any Products or Services, you must pay us fees based on 50% of the total anticipated Gross Sales in the monthly reporting period when you and the customer sign the contract. You must then pay us applicable fees based on all remaining Gross Sales associated with the project upon “substantial completion of the job” (as defined in the Products and Services sample project contract we provide you in the Manual); or
- (ii) if there is no written contract between you and the customer for any Products or Services, you must pay us the total amount of fees due based on total anticipated Gross Sales for such Products or Services in the monthly reporting period during which you begin supplying such Products or Services. In the event that you receive any advance payment or additional payment for such Products or Services from the customer, then you must pay us all applicable fees corresponding with such payment amounts in the monthly reporting period you receive such payment.

Gross Sales are deemed received by you regardless of whether final payment (e.g., collection on a customer’s personal check) actually has been received by you. Gross Sales consisting of property or services received from customers shall be valued at the retail prices applicable and in effect at the time that they are received.

- (3) Modifications Under Multi-Unit Addendum. Under the Multi-Unit Addendum, provided that you are in full compliance with the terms of your Franchise Agreements, for purposes of determining the Royalty percentage, Minimum Royalty and the National Branding & Marketing Fee, you may aggregate the Gross Sales of each of your Construction Sales and Service Businesses operating under the Multi-Unit Addendum.
- (4) National Branding & Marketing Fee. Beginning on the 12 month anniversary of the Operational Start Date, you must pay to us a National Branding & Marketing Fee equal to 1.5% of Gross Sales. As further described in Item 11, we deposit all National Branding & Marketing Fees we receive into a marketing fund, which we administer and maintain.
- (5) Individual Advertising Investment. You must invest at least \$45,000 per Territory each calendar year on approved local marketing, advertising and promotion. The first calendar year will begin on the Operational Start Date and end on December 31st immediately following the Operational Start Date. Your Individual Advertising Investment will be prorated during the first calendar year. Upon our request, you must provide us with proof of your expenditures of the Individual Advertising Investment.

During your first two full calendar years, you must spend a minimum of \$15,000 on direct mail in your Territory (the “**New Launch Program**”). The amounts you spend on the New Launch Program will be credited towards your minimum local marketing requirements. We may require you to use our designated and approved supplier for the New Launch Program.

If any time during any calendar year, your Gross Sales meet or exceed \$750,000, your individual advertising requirements will be waived for that calendar year. See Item 11 for additional information.

- (6) Digital Marketing Fee. As described in Item 11, you must pay as our then-current digital marketing fee (“**Digital Marketing Fee**”), which may be used, in our sole discretion as we deem appropriate, for the development, production, publication, or distribution of digital advertisements, marketing, or promotions.
- (7) National Guarantee Corporation Guarantee Fund. As described in Item 5, you must contribute to the Guarantee Fund. In addition to your initial contribution described in Item 5, you must contribute 0.25%

of your Gross Sales payable every other month within 30 days of date of invoice, although we reserve the right to require that you pay this fee concurrent with the Royalty, until your account reaches \$15,000. Once your account reaches \$15,000, you are only required to contribute 0.10% of your Gross Sales to the Guarantee Fund, payable every other month within 30 days of date of invoice, although we reserve the right to require that you pay this fee concurrent with the Royalty. You will be required to execute a personal guaranty with respect to your obligations to the NGC. See Exhibit D for a current description of NGC and the Guarantee Fund, and a copy of the personal guaranty that you must execute with the NGC.

- (8) Technology Fee. You must pay us a monthly technology fee (“**Technology Fee**”) for access to our designated technology bundle, including electronic mail, QuickBooks, intranet access, and certain software licenses, such as design, architectural, pricing, CRM and/or project management. The amount of the Technology Fee will be determined by us and specified in the Manual.

Under the Multi-Unit Addendum, you will utilize the same technology package for all of your Construction Sales and Service Businesses, and we will only require you to pay applicable technology fees as if you were only operating one Construction Sales and Service Business.

- (9) Construction Drawing Services. Except as designated by us in the Manual, for all structures built by you, you must procure construction drawings from us, a registered architect or licensed professional engineer, or an individual certified by us to provide such construction drawings (either employed by you or another ARCHADECK Outdoor Living franchisee). You must use us to provide construction drawings for the first 10 structures associated with sold projects that you construct following the date of the Franchise Agreement. We will provide you such construction drawings for the first 10 structures at no charge.

If you elect to use us for your construction drawing services following the first 10 structures, you must pay us our then-current hourly rate for the services. As of the issuance date of this disclosure document, our current hourly rate is \$85 per hour. We may change the hourly rate at any time upon 30 days’ written notice to you.

If you elect to use a registered architect or licensed professional engineer, or another individual certified by us following the first 10 projects constructed, you must submit the drawings to us before commencement of construction so that we can confirm that the drawings were prepared and stamped by a registered architect or licensed professional engineer, and comply with our brand standards. If we need to correct, redraft, or otherwise modify the drawings because they do not meet our brand standards or other specifications, you must pay us our then-current hourly rate for those services.

- (10) Transfer Fee. If you engage a broker to assist you in selling your Construction Sales and Service Business, or if you ask that we assist you in the sale of your Business and we engage a broker, you will be responsible for any commission or fees that the broker charges in connection with the sale.

**ITEM 7**

**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure (1)	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Franchise Fee (see Note 2)	\$32,175-\$49,500	Lump sum	When you sign the Franchise Agreement	Us
Guarantee Fund Initial and Monthly Contributions (see Note 3)	\$5,000	Lump sum	When you sign the Franchise Agreement	NGC
Tools and Equipment (see Note 4)	\$1,000-\$2,500	As incurred	At delivery	Various suppliers
Travel and Living Expenses While Training (see Note 5)	\$2,500-\$4,500	As incurred	As incurred during training	Airlines, Hotels, Restaurants
Computer Hardware and Software (see Note 6)	\$3,900-\$4,800	As incurred	At delivery	Us and various suppliers
Start-up Advertising for First 3 Months (see Note 7)	\$7,500-\$15,000	As incurred	Twice monthly and as incurred	Various suppliers
Start-up Expenses and Working Capital for First 3 Months (see Note 8)	\$6,550-\$22,250	As incurred	Varied times	Various suppliers and utilities
<b>Total:</b>	<b>\$58,625-\$103,550</b>			

- (1) Expenditures. We have based the estimates in the tables above on our predecessor’s experience operating or franchising the Construction Sales and Service Business, as well as the experience of our franchisees in the Businesses. All payments to us are non-refundable. The NGC and other third party suppliers and providers will decide if payments to them are refundable. Except as described below and in Item 10, we do not offer any direct or indirect financing.
- (2) Franchise Fee. The low end of the range assumes that you qualified for the Existing Franchisee Additional Concept Discount of 20% off the initial fee and a VetFran discount of 15% off the initial fee (for a total discount of 35% off the initial franchise fee). The high end of the range assumes that you paid our standard initial fee. See Item 5 for a description of the franchise fee and the different discounts available. In limited circumstances, we may offer to finance up to 50% of your Initial Franchise Fee.
- (3) Guarantee Fund Initial Payment. See Items 5 and 6 for a description on the Guarantee Fund initial and monthly contributions made to the Guarantee Fund.
- (4) Tools and Equipment. This includes miscellaneous work tools and equipment, like drillers, hammers, ladders and other general tools, if you do not already have them. This assumes that you will purchase these items. However, some of the work tools and equipment may be available on a lease basis, and if acquired on a lease basis, the initial investment should be less. See Item 8.
- (5) Travel and Living Expenses While Training. We provide training at our corporate office located in Richmond, Virginia or at another location we designate. You must pay for airfare, meals, transportation costs, salaries, benefits, lodging and incidental expenses for all initial training program attendees.
- (6) Computer Hardware and Software. This includes costs related to the purchase of specified computer hardware (currently one computer with a printer), architectural design software and other software

(MS Office). This estimated range includes the \$2,000 that you must pay us for the SoftPlan software. See Items 5, 8 and 11 for a description of required computer hardware and software.

- (7) Start-up Advertising for First 3 Months. Includes estimated amounts of National Branding & Marketing Fees paid to us and local marketing, advertising and promotional expenditures. See Items 6 and 11.
- (8) Start-Up Expenses and Working Capital for First 3 Months. This is for budgeting purposes only to account for unanticipated expenses. This amount includes estimated operating expenses you should expect to incur during the first 3 months of operations, not including any Gross Sales generated by your Construction Sales and Service Business. It includes estimated payroll costs, security and other deposits, the Technology Fee, fees for city, state and local business licenses, bonds, quarterly insurance premiums, business entity organization expenses, office supplies, Internet and cell phone service, other prepaid expenses, accounting, legal and other professional fees, and other operational expenses. These figures do not include any taxes that you may pay. You should check with your local and state governmental agencies for any taxes that may be assessed. Most new franchisees do not hire employees during the initial period and it does not include any estimate of compensation that you may choose to draw from the business.

## ITEM 8

### RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

The goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, or real estate relating to the establishment or operation of the Construction Sales and Service Business that you must purchase or lease from us, an affiliate, or a designated supplier or suppliers, or for which we have required specifications, are described below.

You must provide specified services and use and sell specified products. The services include designing, repairing, remodeling, enhancing, constructing, installing, accessorizing, and maintaining of outdoor living spaces and outdoor living environments (“**Services**”). The products include all supplies, materials and equipment sold, prepared or otherwise dealt with in connection with the Construction Sales and Service Business (“**Products**”). We reserve the right to require that you sell additional or different Services and Products in your Construction Sales and Service Business on 30 days’ prior written notice to you. You must provide the Services and sell the Products per our specifications and standards. We reserve the right to change standards and specifications on 30 days prior written notice to you.

We have standards and specifications for your Products, Services, equipment, tools, vehicle, uniforms, inventory, supplies, forms, advertising materials, computer hardware and software, and most other services and products used in, sold or provided through your Construction Sales and Service Business (“**Required Items**”). We will notify you of our specifications and standards. To maintain our standards of consistent, high quality products, customer recognition, advertising support, value and uniformity in Construction Sales and Service Business, you must purchase or lease all of your Required Items per our specifications and standards, only from our designated or approved suppliers. The term “suppliers,” also includes vendors, manufacturers and distributors. We reserve the right, at any time and at our discretion, to designate ourselves or one of our affiliates as the only designated or approved supplier, or one of several designated or approved suppliers, of any Required Items.

Except for Required Items, we do not require that you purchase any equipment, tools, goods or services from us, our affiliates or any other source we designate. You may purchase these from any supplier that we have previously approved.



We will establish approved suppliers and specifications and standards that you must follow. Approved suppliers are set forth in our Manual. Approved suppliers and specifications and standards are determined based on the current needs for operating Construction Sales and Service Businesses. If you ever want to purchase a product from a supplier that does not appear on our approved supplier list or use a product that is not on our approved-product list, you must first furnish us samples of the product from the supplier, together with as much information as you can gather about the product's composition, properties and intended uses; the results of lab and field tests on its use; the manufacture's location, years in business, quality control standards and warranty policies; and such other information as we request. We evaluate existing and potential approved suppliers based on price, service, quality, warranty, delivery terms, and other commercially reasonable benchmarks. The identity of approved suppliers and these specifications and standards are updated periodically by modifying the Manual, and notifying you these updates. We have procedures for approving suppliers you recommend (including alternative suppliers for Required Items) based on the criteria described above. We will notify you within 90 days of your request to evaluate an alternative supplier of our approval or disapproval of that supplier. Currently, we do not charge a fee to evaluate an alternative supplier, but we reserve the right to charge a fee in the future. We may revoke our approval of any supplier with 30 days' prior written notice to you. It is a material breach of your Franchise Agreement if you buy Required Items from anyone other than our designated or approved suppliers without prior written approval.

As described in Item 11, you must purchase and use computer hardware and software that meets our specifications. Currently, we do not specify the make or model of computer equipment you buy or where you buy it, so long as it meets our specifications. You must use the software we designate, at your expense, and must pay us a Technology Fee for access to a designated technology package. We may require that you upgrade or change your computer equipment and software periodically. Additionally, you must pay a monthly Technology Fee as provided in Item 6 for use of our technology platform and electronic communications system.

You must use only approved marketing and promotional materials in promoting the Construction Sales and Service Business. See Item 11 for further information regarding advertising programs.

As described in Item 6, except as designated by us in the Manual, for all structures built by you, you must procure construction drawings from us, a registered architect or licensed professional engineer, or an individual certified by us to provide such construction drawings (either employed by you or another ARCHADECK Outdoor Living franchisee). You must use us to provide construction drawings for the first 10 structures associated with sold projects that you construct following the date of the Franchise Agreement. We will provide you such construction drawings for the first 10 structures at no charge.

If you elect to use us for your construction drawing services following the first 10 structures, you must pay us our then-current hourly rate. As of the issuance date of this disclosure document, our current hourly rate is \$85 per hour. We may change the hourly rate at any time upon 30 days' written notice to you. If you elect to use a registered architect or licensed professional engineer, or another individual certified by us following the first 10 structures, you must submit the drawings to us so that we can confirm that the drawings were prepared and stamped by a registered architect or licensed professional engineer and meet our brand standards. If we need to correct, redraft, or otherwise modify the drawings because they do not meet our brand standards or other specifications, you must pay us our then-current hourly rate for those services.

During the first two full years of operations, you must use a bookkeeping service approved by us.

You must purchase and maintain in full force and effect, at your expense, insurance policies, in such amounts and on such terms as described in the Manual, which may be adjusted periodically. Currently, you must procure and maintain, at your own expense, general liability insurance with coverage of at least

\$1,000,000 per occurrence and \$2,000,000 in the aggregate, auto liability insurance with at least \$1,000,000 in coverage, and hired and non-owned auto liability with at least \$1,000,000 in coverage. We also recommend umbrella liability with \$1,000,000 in coverage. You must also procure and maintain all other insurance required by state or federal law, including workers compensation insurance and unemployment insurance.

The policies must also stipulate that we shall receive a thirty-day prior written notice of cancellation and must contain endorsements by the insurance companies waiving all rights of subrogation against us. You must provide us with all proof of insurance we require, including original or duplicate copies of all insurance policies, certificates of insurance, original endorsements affecting the coverage required by us, together with proof of payment within ten days of issuance. You shall also furnish us with proof of insurance, including certificates and endorsements evidencing this insurance coverage within ten days after each of the following events: (i) at all policy renewal periods, no less often than annually, and (ii) at all instances of any change to, addition to, or replacement of any insurance. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All proof of insurance is subject to approval by us. If you fail to obtain the required insurance and to keep the same in full force and effect, we may, but are not obligated to, purchase insurance on your behalf from an insurance carrier of our choice, and you must reimburse us for the full cost of such insurance, along with a reasonable service charge to compensate us for the time and effort expended to secure such insurance, within 5 days after the date we deliver an invoice detailing such costs and expenses to you. We reserve the right to modify minimum insurance requirements at any time in our sole discretion by updating the Manual.

Except as described above in this Item 8, as of the issuance date of this disclosure document, you are not required to purchase or lease any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, or real estate relating to the establishment or operation of the Construction Sales and Service Business from us, an affiliate, or a designated supplier or suppliers, or for which we have required specifications.

We and our affiliates reserve the right to collect rebates and other consideration from third party manufacturers or suppliers of 1% to 5% or more of franchisee purchases. The payment of these rebates or consideration may or may not be reasonably related to services we or our affiliates provide to these third parties.

During our predecessor's last fiscal year, which ended December 31, 2020, based on its internal records, our predecessor received no revenues from the sale of required products and services to our franchisees.

Some of our officers own an indirect interest in Lynx Franchising or its subsidiaries. We and OLBSA are wholly owned subsidiaries of OLB Holdco, which is a wholly-owned subsidiary of Lynx Franchising. Otherwise, there are no suppliers in which one of our officers owns an interest.

You can expect items purchased or leased from us or our affiliates or in accordance with our specifications will represent approximately 60% to 75% of total purchases you will make to begin operations of the Business and 10% to 25% of the ongoing costs to operate the Business. We do not provide material benefits to you because of your purchase of particular products or services or use of particular suppliers.

There is no purchasing or distribution cooperative affiliated with us or with whom you are required or suggested to do business with and from whom we receive any revenue or material benefit. As described above, we periodically negotiate purchase arrangements with suppliers for the benefit of the franchisees.

## 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 other items of this disclosure document.**

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Definitions and Sections 7 and 8 of Franchise Agreement	Item 11
b. Pre-opening purchases/leases	Sections 8 and 9 of Franchise Agreement	Item 8 & Item 11
c. Site development and other pre-opening requirements	Section 8 of Franchise Agreement	Item 6, Item 7 & Item 11
d. Initial and ongoing training	Sections 7 and 8 of Franchise Agreement	Item 11
e. Opening	Section 8	Not Applicable
f. Fees	Sections 5, 6 and 11 of Franchise Agreement	Item 5 & Item 6
g. Compliance with standards and policies/operating manual	Section 8 of Franchise Agreement	Item 11
h. Trademarks and proprietary information	Section 10 of Franchise Agreement	Item 13 & Item 14
i. Restrictions on products/services offered	Sections 8 and 9 of Franchise Agreement	Item 8 & Item 16
j. Warranty and customer service requirements	Section 8 of Franchise Agreement	Item 11
k. Territorial development and sales quotas	Section 4 of Franchise Agreement	Item 11 & Item 12
l. Ongoing product/service purchases	Sections 8 and 9 of Franchise Agreement	Item 16
m. Maintenance, appearance and remodeling requirements	Sections 3 and 8 of Franchise Agreement	Item 7, Note 2
n. Insurance	Section 12 of Franchise Agreement	Item 8
o. Advertising	Section 11 of Franchise Agreement	Item 11
p. Indemnification	Sections 10 and 12 of Franchise Agreement	Not Applicable
q. Owner’s participation/management/staffing	Section 8 of Franchise Agreement	Item 15
r. Records/reports	Section 6 of Franchise Agreement	Item 6 & Item 17
s. Inspection/audits	Sections 6, 7 and 8 of Franchise Agreement	Item 6
t. Transfer	Section 15 of Franchise Agreement	Item 17
u. Renewal	Section 3 of Franchise Agreement	Item 17
v. Post-termination obligations	Sections 10 and 17 of Franchise Agreement	Item 17
w. Non-competition covenants	Section 14 of Franchise Agreement	Item 17
x. Dispute resolution	Section 19 of Franchise Agreement	Item 17
y. Personal Guaranty (including owners/spouses)	Attachment B	Item 15

## ITEM 10

### FINANCING

Except as indicated below, we require that the initial fees described in Item 5 be paid to us in cash at the time of signing the Franchise Agreement.

Under limited and special circumstances, we may make optional financing available to qualifying franchisees. In those situations, we may finance up to 50% of your franchise fee for up to 36 months, provided you sign the Promissory Note (“**Note**”) attached as Exhibit C at the time you sign the Franchise Agreement. The effective annual interest rate will be 3 percentage points above the prime interest rate on the effective date of the Franchise Agreement. There is no prepayment penalty and the rule of 78 does not apply (the rule of 78 is a method of computing interest which requires the interest originally calculated to still be paid even if

prepaid). No security interest is required and no person other than you and, if you are an entity, those individuals who are required to sign the form Guarantee and Assumption of Obligations attached as Attachment B to the Franchise Agreement, must sign the Note.

If we offer and you accept financing from us, and you sign the Note, you will be required to waive and excuse presentment for acceptance and payment, notice of dishonor, and protest of dishonor. Other than as mentioned in the previous sentence, neither the Note, nor any other financing document you sign will contain any waiver of defense or similar provision. In the event payment of the Note is not made under its terms, we may either accept a late payment, together with a late charge equal to 10% of the late payment, or declare the entire balance of the Note immediately due. If the balance of the Note is accelerated, we must give written notice and, if the balance is not paid within 10 days after notice is given, you must pay us interest at the maximum legal rate (not to exceed 18%) and any attorneys' fees and other costs we incur in collecting the monies owed. We also have the right to terminate the Franchise Agreement if we accelerate the Note and the Note is not paid within the 10 days after acceleration. We have not in the past and do not currently intend to sell, assign or discount to any third party the Note or any other financing document you sign.

We will comply with all appropriate laws governing any direct financing we offer to you including, if applicable, the California Finance Lenders Law.

Other than as described above, we do not offer direct or indirect financing and we do not guarantee your note, lease or obligation. We reserve the right to terminate our financing program at any time, offer different terms or assist franchisees in obtaining financing in the future.

## ITEM 11

### FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

#### Pre-opening Obligations

Before you open your Construction Sales and Service Business, we (or our designee) will provide the following guidance, coaching and assistance to you.

Designate your Territory (Sections 7.3(a) of the Franchise Agreement and Attachment A to the Franchise Agreement).

Provide you with our specifications for all initial and replacement equipment, tools, supplies, inventory and Required Items for the operation of your Construction Sales and Service Business (Section 7.3(b) of the Franchise Agreement).

We will conduct up to a 5 business day training course for you, or if you are not an individual, your Designated Business Manager in Richmond, Virginia, or at another location we designate (Section 7.3(c) of the Franchise Agreement).

Loan you one copy of our confidential and proprietary operations manual ("**Manual**") containing mandatory and suggested specifications, standards, operating procedures and rules prescribed from time to time by us and containing information relative to your obligations. The Manual consists of one or more manuals, technical bulletins or other written materials and may be modified by us periodically. The Manual may be in printed or in an electronic format in our discretion. We reserve the right to require you to use an electronic version of the Manual and to require you to access the document using the Internet or an intranet created

and supported by us. The Manual currently contains 254 pages. The Table of Contents for the Manual is attached to this disclosure document as Exhibit E (Section 7.3(d) of the Franchise Agreement).

We will provide you with a list of the makes and models of vehicles that we consider suitable for use as vans dedicated to the Construction Sales and Service Business (Franchise Agreement, Section 7.3(b)).

Provide you with access to certain graphics suitable for letterhead and business cards and other start up materials (Section 7.3(e) of the Franchise Agreement).

At our sole discretion, we may provide pre-opening assistance for your Construction Sales and Service Business (Section 7.3(g) of the Franchise Agreement).

### Continuing Obligations

During the term of the Franchise Agreement, we (or our designee) will provide the following guidance, coaching and assistance to you:

Make a representative reasonably available to speak with you on the telephone during normal business hours, as we determines is necessary, to discuss your operational issues and support needs. (Section 7.4(a) of the Franchise Agreement)

We may hold periodic conferences to discuss sales techniques, new Product or Service developments, bookkeeping, training, accounting, inventory control, performance standards, advertising programs, merchandising procedures and other topics. You must pay a conference fee, if any, and all your travel and living expenses to attend. These elective conferences are held at our Richmond, Virginia, headquarters or at a location chosen by us. (Section 7.4(b) of the Franchise Agreement)

We may also hold a mandatory annual conference to discuss sales techniques, new Service and Product developments, operations, marketing strategies and tactics, training, bookkeeping, accounting, performance standards, advertising programs, merchandising procedures and other topics. You must pay the conference fee, if any, and all personal travel and living expenses. These mandatory annual conferences are held at a location chosen by us. (Section 7.4(c) of the Franchise Agreement)

Informing you of mandatory specifications, standards and procedures for the operations of the Construction Sales and Service Business. (Section 7.4(d) of the Franchise Agreement)

Researching new Products, Services and methods, from time to time and in our sole discretion, and providing you with information concerning developments of this research. (Section 7.4(e) of the Franchise Agreement)

Maintaining the National Branding & Marketing Fund and using these funds to develop promotional brand awareness and advertising programs for Construction Sales and Service Businesses. (Section 7.4(f) of the Franchise Agreement)

Providing advertising materials to you in the form of certain graphic artwork. (Section 7.4(g) of the Franchise Agreement)

A representative of ours may, in its sole discretion, provide additional assistance as it deems necessary. (Section 7.4(h) of the Franchise Agreement)

Provide construction drawings for the first 10 structures associated with sold projects that you construct. (Section 7.4(i) of the Franchise Agreement)

We reserve the right, in our discretion, to delegate some or all of our pre-opening and continuing obligations under the Franchise Agreement to a designee with regional responsibility over the geographic area in which you operate your Construction Sales and Service Business. Except as listed above, we do not provide any additional assistance to you.

### Site

You may operate your Construction Sales and Service Business from any location. We do not select or approve a site for the Business. The office for the Business may be located in a residence provided that there is a dedicated office space within the residence.

Under the Multi-Unit Addendum, you will operate your Construction Sales and Service Businesses from a single location.

### Schedule for Opening

If you are purchasing a Franchise, we estimate that the typical length of time between the signing of the Franchise Agreement and the opening of your Construction Sales and Service Business will be 1 to 4 months. Some factors which may affect this timing are your ability to secure any necessary financing, your ability to obtain any necessary licenses, permits and certifications, the timing of the delivery of equipment and the season of the year in which you sign the Franchise Agreement.

You may not open your Construction Sales and Service Business until: (1) initial training is completed to our satisfaction; (2) all amounts due to us have been paid; (3) we have been furnished with copies of all insurance policies and proof of insurance required by the Franchise Agreement, or other documentation of insurance coverage and payment of premiums that we request; (4) you notify us that all approvals and conditions set forth in the Franchise Agreement have been met; (5) you have received all required permits and licenses; and (6) you have ordered, received and installed your equipment, supplies, inventory and Computer System. You must be prepared to begin operating your Construction Sales and Service Business immediately after we state that your Construction Sales and Service Business is ready for opening.

### Initial Training Program

You or if you are an entity, a person designated to manage the Business (“Designated Business Manager”) must attend and successfully complete our mandatory training program to our satisfaction before opening the Business. The initial training program will take place at our facilities in Richmond, Virginia, or another field location designated by us. Training may include a discussion of the System, techniques, procedures, installation and methods of operation, advertising, sales techniques, promotional ideas, marketing plans, customer relations, instructions on quality standards, administrative practices and procedures, safety practices, accounting practices, and practical experience in the operation of a franchise. The initial training program must be completed by you or your Designated Business Manager before the Operational Start Date. The training program is generally scheduled up to 5 times each year, and is generally canceled only if no one is scheduled to attend. The initial training program is provided to you at no additional charge, however, will need to pay all costs of attending, such as travel, living and other costs.

Training is based on and related to information contained in the Manual. The subjects and schedule of the initial training program as of December 31, 2020, were as follows:

### TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of “On-the-Job” Training	Location
Product Knowledge /Design	32	4	Richmond, Virginia or a location we specify
Project Pricing	20	0	Richmond, Virginia or a location we specify
Sales Techniques	16	0	Richmond, Virginia or a location we specify
Marketing	12	0	Richmond, Virginia or a location we specify
Construction Management	16	6	Richmond, Virginia or a location we specify
Software	12	0	Richmond, Virginia or a location we specify
Business Management and Budget Plan Review	8	0	Richmond, Virginia or a location we specify

The instructional materials include printed material, videos, and audio tapes, in addition to verbal instruction.

Mike Reeder oversees all aspects of our training program and serves as an instructor for the training program. He has been our Vice President and Brand Leader since February 2016 and prior to that was an Archadeck franchisee since July 2001. We may change or substitute training personnel as necessary, and we may delegate our duties and share our responsibilities with regard to training. Any individual involved in training will have at least one year of experience in the subject he/she teaches. Most of the individuals described in Item 2 currently serve as instructors in our training program.

#### Mandatory and Optional Conferences

We may hold a mandatory annual conference to discuss sales techniques, new Service and Product developments, operations, marketing strategies and tactics, training, bookkeeping, accounting, performance standards, advertising programs, merchandising procedures and other topics. You must pay the conference fee, if any, and all personal travel and living expenses to attend. These mandatory annual conferences are held at a location chosen by us.

We may also hold periodic conferences to discuss sales techniques, new Product or Service developments, bookkeeping, training, accounting, inventory control, performance standards, advertising programs, merchandising procedures and other topics. You must pay a conference fee, if any, and all travel and living expenses to attend. These elective conferences are held at our Richmond, Virginia, headquarters or at a location chosen by us.

#### Advertising Programs

You must invest a minimum amount per calendar year per Territory for marketing purposes in your Territory(ies) (“**Individual Advertising Investment**”) which is based on upon the number of Territories you are granted. The first calendar year will begin on the Operational Start Date and end on December 31st immediately following the Operational Start Date. If you operate one Construction Sales and Service franchise, the Individual Advertising Investment is \$45,000. Your Individual Advertising Investment will be prorated during the first calendar year. We have the right, but not the obligation, to collect and administer up to the minimum required Individual Advertising Investment from you and administer it on marketing and advertising investments in your Territory on your behalf.

During your first two full calendar years, you must spend a minimum of \$15,000 on direct mail in your Territory for the New Launch Program. The amounts you spend on the New Launch Program will be credited towards your Individual Advertising Investment. You must coordinate the New Launch Program through our designated third party supplier.

If any time during any calendar year your Gross Sales meet or exceed \$750,000, the Individual Advertising Investment is waived for that calendar year. You must submit monthly reports to us reflecting your advertising expenditures. The Individual Advertising Investment must be used by you for local advertising, to be selected and placed by you, in your Territory. These funds are reserved only for marketing, promotions and advertising of your Construction Sales and Service Business. You may not advertise outside your Territory without our approval, which may be withheld in our sole discretion. You must obtain our prior approval of all of your marketing, promotional and advertising materials.

Under the Multi-Unit Addendum, provided that you are in full compliance with the terms of your Franchise Agreements, you will only be required to reach the Individual Advertising Investment minimum amounts described in your longest-standing Franchise Agreement with us. You may reach the Individual Advertising Investment minimum amounts by aggregating the amounts you spend on promotional advertising for all of your Construction Sales and Service Businesses. If your longest-standing Franchise Agreement with us includes a provision that waives your yearly Individual Advertising Investment minimum amount based on your Gross Sales during any calendar year, you may aggregate your Gross Sales of each of your Construction Sales and Service Businesses operating under the Multi-Unit Addendum for purposes of calculating that amount.

We do not require you to participate in or to contribute to an advertising cooperative. We do not have an advertising council composed of franchisees that advise us on advertising policies.

We have formed a national branding and marketing fund (“**National Branding & Marketing Fund**”). Under the Franchise Agreement, you must pay us a National Branding & Marketing Fee, which is currently 1.5% of Gross Sales as of the issuance date of this disclosure document. We may periodically increase the National Branding & Marketing Fee upon 90 days’ prior written notice to you; provided that the National Branding & Marketing Fee will not exceed 2.5% of Gross Sales. You will begin paying the National Branding and Marketing Fee on the 12 month anniversary of the Operational Start Date. You must pay the National Branding & Marketing Fee at the same time that you pay your Royalty. You will not be required to pay us a National Branding & Marketing Fee that exceeds \$22,500 in any calendar year. Your contribution to the National Branding & Marketing Fund will be in addition to all other advertising fees set out in this Item 11.

Under the Multi-Unit Addendum, provided that you are in full compliance with the terms of your Franchise Agreements, for purposes of determining the National Branding & Marketing Fee, you may aggregate the Gross Sales of each of your Construction Sales and Service Businesses operating under the Multi-Unit Addendum.

The National Branding & Marketing Fund will be maintained by us in a separate account. The National Branding & Marketing Fund will be administered by us, in our discretion, and we may use a professional advertising agency or media buyer to assist us. We may reimburse ourselves, our authorized representatives or our affiliates from the National Branding & Marketing Fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other reasonable direct or indirect expenses that may be incurred by us or our authorized representatives and associated with the programs funded by the National Branding & Marketing Fund. We assume no other direct or indirect liability or obligation to collect amounts due to the National Branding & Marketing Fund or to maintain, direct or administer the National Branding & Marketing Fund. Any unused funds in any calendar year will be applied to the following year’s funds, and we reserve the right to contribute or loan additional funds to



the National Branding & Marketing Fund on any terms we deem reasonable. Since we do not have this fund audited, audited financial statements are not available to Franchisees. We will make available to you, upon request, an annual accounting for the National Branding & Marketing Fund that shows how the National Branding & Marketing Fund proceeds have been spent for the previous year.

We may use the National Branding & Marketing Fund for the creation, production and placement of commercial advertising; internet advertising; agency costs and commissions; creation and production of video, audio and written advertisements; administering multi-regional advertising programs, direct mail and other media advertising; in-house staff creative development, assistance and related administrative costs; local promotions; supporting public relations; market research; website development; public relations efforts including affiliations with charitable organizations related to the Construction Sales and Service Business; and other advertising and marketing activities, including participating at trade shows or industry associations. Advertising may be placed in local, regional or national media of our choice, including print, direct mail, internet, radio or television. We do not guarantee that advertising expenditures from the National Branding & Marketing Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all.

We will not use National Branding & Marketing Fund monies to solicit franchisees in our current fiscal year. Neither our affiliates nor we receive payments for providing goods or services to the National Branding & Marketing Fund, except for reimbursement of expenses as described above.

During our predecessor's last fiscal year ended on December 31, 2020, our predecessor spent the following amounts from its National Branding & Marketing Fund: 38.1% was used for advertising production, 54.4% % was used for media placement, and 7.5% was used for media services.

You are strongly encouraged to order sales and marketing material from our designated supplier(s). It is a material breach of the Franchise Agreement to use other marketing material without prior written approval. If you desire to use your own advertising materials you must obtain our prior approval. We will review your request and we will respond in writing within 15 days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. Use of logos, Marks and other name identification materials must be consistent with our approved standards. You may not use our logos, Marks and other name identification materials on items to be sold or services to be provided without our prior written approval. If we approve of promotional items or services that will be sold in your Construction Sales and Service Business, those items or services must be included in your Gross Sales.

You must also pay us our then-current Digital Marketing Fee, which is currently \$300 per month. We may use the Digital Marketing Fee in our sole discretion as we deem appropriate, including, without limitation for: (a) the development, production, publication, or distribution of digital advertisements, marketing, or promotions; (b) search engine optimization; (c) local digital marketing efforts; or (d) any other digital or electronic marketing related programs, technologies, or concepts. We may increase the Digital Marketing Fee upon 30 days' prior written notice to you. As with the National Branding & Marketing Fund, we do not guarantee that advertising expenditures from the Digital Marketing Fee will benefit you or any other franchisee directly, on a pro rata basis, or at all.

Except as described above, we are not obligated to spend any amount on advertising in the geographical area where you are or will be located.

We retain the sole right to market on the Internet, including all use of websites, domain names, URL's, linking, advertising, and co-branding arrangements. You may not independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique, with words or symbols similar to the Marks. We intend that any Franchisee website be accessed only through our home

page. You will provide us content for our Internet marketing. We retain the right to approve any linking or other use of our website.

### Computer Items

You must purchase, use and maintain one computer, a printer and certain software programs (the “**Computer System**”) that meet our specifications to operate the Business, as we change or update periodically. As of the issuance date of this disclosure document, the Computer System includes the SoftPlan software that you must purchase from us, and the ServiceMinder CRM software that you will use through our license, as well as the QuickBooks and MS Office software you may purchase from any supplier. We estimate that the cost for purchasing the Computer System will range from \$1,400 to \$2,100 for the computer and printer, and from \$2,500 and \$2,700 for the architectural design software (currently, SoftPlan) and other software. You must have, at all times, access to the internet through an established service provider. In addition, as further described in Item 6, you must pay us a monthly Technology Fee (currently \$200) for access to our designated technology bundle, including but not limited to electronic mail, QuickBooks, intranet access, and certain software licenses, such as design, architectural, pricing, CRM and/or project management. In addition, you must pay us or our designated third party supplier all initial software license fees for any software you are required to use in the operation of your Construction Sales and Service Business. We may change the fees described in this paragraph at any time upon 30 days’ written notice.

Under the Multi-Unit Addendum, you will utilize the same technology package for all of your Construction Sales and Service Businesses, and we will only require you to pay applicable technology fees as if you were only operating one Construction Sales and Service Business.

The Technology Fee *does not* cover your costs of support, other maintenance, repairs, upgrades, updates, replacement or training, if required, nor the cost of replacing any of the components that make up your Computer System. You must pay these costs, which we estimate may be up to \$2,000 per year. We will provide advice and recommendations as to the computer hardware and printer to obtain if you do not already have them. You must maintain and upgrade the Computer System for the Business as we reasonably require and there is no limit on the frequency or cost of this obligation. We have the right to independently access any information on your Computer System, including customer data, and there are no contractual limitations on our right to access that information.

You are solely responsible for protecting yourself from viruses, computer hackers, and other communications and computer-related problems, and you may not sue us for any harm caused by these communications and computer-related problems.

## ITEM 12

### TERRITORY

You will be granted a protected territory in which to operate the Construction Sales and Service Business under the Franchise Agreement (the “**Territory**”). Your Territory is based on demographics and other characteristics including population density, home values, average income and other characteristics of the surrounding area, natural boundaries, extent of competition and the amount and size of urban, suburban and rural areas. A typical Territory will have a population of less than 600,000 people (“**Population Limit**”). If you are granted a Territory in excess of the Population Limit, then you will need to pay us an Additional Population Fee, which equals \$0.083 per individual in the Territory in excess of 600,000 individuals. We will use the most recent population information available in the U.S. Census Data, or other population statistical sources of our choosing to determine qualified households. You will maintain rights to your Territory even though the population in your Territory may increase or decrease. We have the

exclusive right to determine the boundaries of your Territory in our sole discretion. We reserve the right to change, modify, or delete the Population Limit in our sole discretion. We will use our business judgment to determine whether the Population Limit makes good business sense for us and all of our franchisees. Enforcing the Population Limit may not be practical when considering limitations on geography, housing availability, natural physical boundaries and population and demographic shifts. In the event that utilizing a Population Limit does not make good business sense as determined by us we may delete the Population Limit in our sole discretion. You may not relocate your Territory without our prior written consent.

You may be granted, in our sole discretion, express permission to sell or service customers in an unsold territory adjacent to your Territory (“**Adjacent Territory**”). However, you must agree that when the Adjacent Territory is granted to another franchisee, you will, upon receipt of written notice from us, cease all sales and service efforts within the Adjacent Territory and, (a) within 10 days of such notice, return to us all lists of customers and prospects within the Adjacent Territory; and (b) complete all open customer contracts within the Adjacent Territory in a commercially reasonable manner. You do not have any first claim on any Adjacent Territory. Territories are awarded on a first-come, first-served basis to qualified applicants that meet our requirements to operate an Construction Sales and Service Business. In addition, if you receive a direct referral for a customer located in another ARCHADECK Outdoor Living territory from one of your existing or past customers or from one of your existing trade relationships, you may provide Products and Services to such customers in accordance with the terms in the Manual. Other ARCHADECK Outdoor Living franchisees may service customers in your Territory if such franchisee had a direct referral from one of its existing or past customers or from one of its existing trade relationships. In addition, if we determine that you are unwilling or unable to provide Products or Services to a particular customer, we reserve the right to assign that customer to another ARCHADECK Outdoor Living franchisee, complete the job ourselves, or hire a third party to complete the job, and we may change a fee for the services we, another franchisee or the third party provides.

Other than as described above, you may not solicit or accept orders from customers located outside your Territory or use other channels of distribution, including the Internet. If you receive a request for Products and Services from a customer located in another ARCHADECK Outdoor Living territory, you must refer such customer to the other franchisee or us.

Customers from your Territory may purchase Services and Products from us and our affiliates or designees over the Internet, or in other reserved channels of distribution without compensation to you. If you advertise or market your Construction Sales and Service Business outside of your Territory, unless otherwise approved by us, you will be in breach of your Franchise Agreement, and we would have the right to terminate your franchise.

We will not operate locations or grant franchises for a Construction Sales and Service Business within your Territory unless during each full calendar year following your Operational Start Date, you do not attain certain levels of annual Gross Sales (“**Minimum Annual Sales Quota**”) as follows by Territory:

Year	<b>TERRITORY Annual Gross Sales</b>
Second and Third Full Calendar Years	\$300,000
Fourth Full Calendar Year through the Balance of the Initial Term and any Interim Period	\$500,000

There is no Minimum Annual Sales Quota for the first full calendar year after your Operational Start Date.

If you sign a Successor Franchise Agreement, your Minimum Annual Sales Quota will be the amount described in that Agreement. As of the issuance date of this disclosure document, we anticipate that

the Minimum Annual Sales Quota will be the highest Minimum Annual Sales Quota specified in our then-current form of Franchise Agreement for new franchisees. We have the right, however, to vary the Minimum Annual Sales Quota and how it is determined in any Successor Franchise Agreement you may sign.

The failure to achieve these Minimum Annual Sales Quotas is a material breach of the Franchise Agreement. If you fail to meet your Minimum Annual Sales Quota, we have the right to grant additional franchises within the Territory, reduce the size of your Territory or terminate your franchise upon 30 days' written notice.

We reserve the right to modify your Territory at the time you execute a Successor Franchise Agreement to conform the size of your Territory to our then-current standards for protected territories that are being granted to new franchisees, for example, if there has been an increase or decrease in the population or number of qualified households within your original Territory, or if we use different standards or calculations in determining the size of protected territories. If at the time you intend to sign a Successor Franchise Agreement your original Territory encompasses more than one protected territory based upon our then-current standards for determining protected territories, we may require you to execute multiple Successor Franchise Agreements if you wish to continue operating within the entire original Territory.

Under the Multi-Unit Addendum, for purposes of calculating the Minimum Annual Sales Quotas required under your Franchise Agreements, you may not aggregate the Gross Sales of each of the Construction Sales and Service Businesses operating under the Multi-Unit Addendum. You must meet the Minimum Annual Sales Quota required under each Franchise Agreement for each Territory.

Among other rights, we specifically reserve the following rights, which we may exercise without any compensation to you or other franchisees:

1. We reserve the right to own, franchise, or operate Construction Sales and Service Businesses at any location outside of the Territory, regardless of the proximity to your Construction Sales and Service Business.

2. We reserve the right to use the Marks and the System to sell any products or services, similar to those, which you will sell, through any alternate channels of distribution within or outside of the Territory. This includes retail locations and other channels of distribution such as television, mail order, catalog sales, wholesale to unrelated retail outlets, or over the Internet. We exclusively reserve the Internet as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce.

3. We reserve the right to use and license the use of other proprietary and non-proprietary marks or methods which are not the Marks, whether in alternative channels of distribution or in the operation of a Construction Sales and Service Business, at any location, including within the Territory, which may be the same as, similar to or different from the Construction Sales and Service Business operated by you.

4. We reserve the right to purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your Construction Sales and Service Business, wherever located.

5. We reserve the right to acquire and convert to the System operated by us any businesses offering services similar to the Construction Sales and Service Business including those businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned and whether located inside or outside of the Territory.

You have no right of first refusal or similar rights to acquire additional franchises. 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 we control.

Neither we nor our affiliates currently operate or franchise or have plans to operate or franchise a business under a different trademark selling goods and services similar to those offered by a Construction Sales and Service Business.

### ITEM 13

#### TRADEMARKS

You acquire the right to operate a Construction Sales and Service Business under the name “ARCHADECK Outdoor Living” and to utilize the mark “ARCHADECK Outdoor Living” and the ARCHADECK Outdoor Living logo mark set on the cover of this disclosure document, and any other marks owned or licensed by us, in conjunction with the Business *provided however*, you may neither operate a business using ARCHADECK or ARCHADECK Outdoor Living in its business name nor open or maintain any trade or credit account using the name ARCHADECK or ARCHADECK Outdoor Living or any colorable variation thereof. Your Construction Sales and Service Business may adopt a trade or fictitious name using ARCHADECK Outdoor Living. However, all customer and other contracts entered into by the Business must be in the business name, not the trade or fictitious name, unless state law or trade account policy requires the use of your trade or fictitious name, in which case, both the Construction Sales and Service Business name and your trade name must be shown.

Our affiliate, Lynx IP, owns the following service marks registered on the Principal Register with the United States Patent and Trademark Office (“USPTO”) and it intends to file all required affidavits and renewals:

Principal Trademarks	U.S. Reg. or Serial No.	Reg. or Application Date	Principal/Supplemental Register
ARCHADECK	1328943	April 2, 1985	Principal
ARCHADECK Outdoor Living	4599761	September 9, 2014	Principal

Lynx IP has granted us the perpetual right to use and sublicense others to use the principal Mark, as well as other Marks under a trademark license agreement with an effective date of September 9, 2021. Lynx IP may terminate the trademark agreement if any misuse of these Marks materially impairs the goodwill associated with these Marks, if we violate any provision of the license agreement or we do not comply with Lynx IP’s instruction concerning the quality of these Marks. If the trademark agreement is terminated, any then-existing sublicenses (franchises) will continue for the term of the sublicenses, provided that the sublicensees (franchisees) comply with all other terms of their franchise agreements. The trademark license agreement contains no other limitations.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, any pending infringement, opposition or cancellation proceedings or any pending material litigation involving any of the Marks which are relevant to the use of these Marks. No currently effective litigation affects our or Lynx IP’s use or ownership rights in any Mark. No currently effective agreement limits our or Lynx IP’s right to use or license the use of the Marks.

You must notify us immediately when you learn about an infringement of or challenge to your use of the Marks. We and/or Lynx IP may take whatever action we deem necessary to protect the unauthorized

use of the Marks and you must cooperate with us and/or Lynx IP. If we and/or Lynx IP require you to join in any action, we will pay for your out-of-pocket expenses. We and/or Lynx IP are not required to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed by us to you or if the proceeding is resolved unfavorably to you.

You must modify or discontinue the use of a Mark if we modify or discontinue the Mark. If this happens, we will reimburse you for your tangible out of pocket cost of compliance (for example, changing letterhead and business cards). You must not directly or indirectly contest our rights to the Marks, or any other trademarks, trade names, service marks, logos, trade secrets or business techniques that are part of our business.

We do not know of any infringing uses that could materially affect your use of the Marks.

## ITEM 14

### PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

The information contained in the Manual is proprietary and is protected by copyright and other laws. The Manual and the limitations of the use of it by you and your employees are described in Item 11 and Sections 7, 8, 10 and 14 of the Franchise Agreement. The designs contained in the Marks, the layout of our advertising materials, the content and format of any other writings or copyright and other laws also protect recordings in print or electronic form. Although we have not filed an application for copyright registration for the Manual, the advertising materials, the content and format of any other writings and recordings, we and our affiliates claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information (“**Copyright Works**”) in connection with your operation of your Construction Sales and Service Business, but these copyrights remain our or our affiliates’ sole property.

There are currently no effective determinations of the United States Copyright Office or any court regarding any of our or our affiliates’ Copyrighted Works, nor are any proceedings pending, nor are there any currently effective agreements between us or our affiliates, and third parties, or infringing uses pertaining to the Copyrighted Works that will or may significantly limit your use of our or our affiliates’ Copyrighted Works.

Our Manual, electronic information and communications, sales and promotional materials, the development and use of our System, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of and experience in the development, operation and franchising of Construction Sales and Service Businesses, formulations for and packaging of Products and Services sold at Construction Sales and Service Businesses, information concerning Product and Service sales, operating results, financial performance and other financial data of Construction Sales and Service Businesses and other related materials are proprietary and confidential (“**Confidential Information**”) and are considered to be our property to be used by you only as described in the Franchise Agreement or the Manual. Where appropriate, certain information has also been identified as trade secrets (“**Trade Secrets**”). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Trade Secrets and Confidential Information.

We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for the development of your Construction Sales and Service Business during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and Trade Secrets are valuable assets of ours and are disclosed

to you on the condition that you, and your owners, if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement that we can enforce. Nothing contained in the Franchise Agreement will be construed to prohibit you from using the Confidential Information or Trade Secrets in the operation of other Construction Sales and Service Business during the term of the Franchise Agreement.

You must notify us within 3 days after you learn about another's use of language, a visual image, or a recording of any kind, that you perceive to be identical or substantially similar to one of our Copyright Works or use of our Confidential Information or Trade Secrets or if someone challenges your use of our Copyright Works, Confidential Information or Trade Secrets. We or our affiliates will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyright Works, Confidential Information or Trade Secrets, which may include payment of reasonable costs associated with the action. However, the Franchise Agreement does not require us to take affirmative action in response to any apparent infringement of or challenge to your use of any Copyright Works, Confidential Information or Trade Secrets or claim by any person of any rights in any Copyright Works, Confidential Information or Trade Secrets. You must not directly or indirectly contest our rights to any of our Copyright Works, Confidential Information or Trade Secrets. You may not communicate with anyone except us and our counsel with respect to any infringement, challenge or claim. We will have discretion to take action as we deem appropriate regarding any infringement, challenge or claim, and the sole right to control exclusively any litigation or other proceeding arising out of any infringement, challenge or claim under any Copyright Works, Confidential Information or Trade Secrets. You must sign any and all instruments and documents, give the assistance, and do acts and things that may, in the opinion of our counsel, be necessary to protect and maintain our interests in any litigation or proceeding or to protect and maintain our interests in the Copyright Works, Confidential Information or Trade Secrets.

No patents are material to us at this time and we do not have any pending patent applications that are material to the franchise.

We have the right to inspect, copy and use all records with respect to the customers, suppliers, and other services providers of, and related in any way to, your Construction Sales and Service Business. This includes, without limitation, all databases (whether in print, electronic, or other form), including all names, addresses, phone numbers, e-mail addresses, and customer purchase records. We may use or transfer the records in any way we wish, both before and after any termination, expiration, repurchase, transfer or otherwise. We may contact any or all of your customers, suppliers, and other service providers for quality control, market research, and other purposes, as we deem appropriate, in our sole discretion.

You must disclose to us all ideas, techniques and products concerning the development and operation of the Construction Sales and Service Business you or your employees conceive or develop during the term of the Franchise Agreement. You must grant to us and agree to obtain from your owners or employees a perpetual, non-exclusive and worldwide right to use these ideas, techniques and products concerning the development and operation of Construction Sales and Service Business that you or your employees conceive or develop during the term of the Franchise Agreement in all related product and service businesses that you operate. We will have no obligation to make any lump sum or on-going payments to you with respect to any idea, concept, method, technique or product. You must agree that you will not use nor will you allow any other person or entity to use any of these ideas, techniques or products without obtaining our prior written approval.

## ITEM 15

### OBLIGATIONS TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

If you are an individual, you must directly supervise the Construction Sales and Service Business at your franchised location. If you are a business entity, the direct, on-site supervision must be done by a Designated Business Manager, which could be one of your employees. The Designated Business Manager is not required to own a beneficial interest in the business entity.

If we believe you lack sufficient business experience, you must designate a Designated Business Manager to act as the operating manager for your Construction Sales and Service Business. We must approve the selection of the Designated Business Manager before signing the Franchise Agreement. The Designated Business Manager must attend and successfully complete the initial training program, and must abide by the obligations in the Franchise Agreement and the Operating Manual. The Designated Business Manager must agree to the same confidentiality and non-competition obligations that you are required to abide by (see Attachment A to the Franchise Agreement).

Within your first year of operations, you must hire a designated office manager (“Office Manager”) who will be responsible for administrative support for the Construction Sales and Services Business, including answering phones, permitting, bookkeeping, and scheduling projects. The Office Manager must work a minimum of 20 hours per week for the Construction Sales and Services Business during the primary operating months of the season each year. The Office Manager would not need to attend our initial training program, but you can elect to send the Office Manager to the initial training program subject to our training schedule and availability of our personnel.

If you are a legal or business entity, each individual who owns, directly or indirectly, a 5% or greater interest in you (and, if you are an individual, your immediate family defined as your spouse and domestic partner) must sign the Guaranty and Assumption of Franchisee’s Obligations assuming and agreeing to discharge all of your obligations and comply with all restrictions under the Franchise Agreement (See Attachment B to the Franchise Agreement).

In signing the Franchise Agreement, you acknowledge that the risks, financial and otherwise, which are inherent with the beginning of any new business, are yours alone. We, as a matter of policy, will not assist you in any decision-making process that may affect the operations of your Construction Sales and Service Business. The success or failure of the franchise as a business enterprise is dependent on your efforts. The licensing of this franchise should not be considered by anyone who is unfamiliar with standard business practices or is unwilling to accept the responsibilities associated with running a small business.

## ITEM 16

### RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You are licensed under the Franchise Agreement to operate a Construction Sales and Service Business under the name and mark “ARCHADECK Outdoor Living.” This license permits and obligates you to operate the Construction Sales and Service Business under the ARCHADECK Outdoor Living name and mark.

You must sell or offer for sale only those Services and Products which are authorized by us and which meet our standards and specifications. (See Item 8.) You may sell or offer for sale those Services and Products to any customer in the Territory. You must follow our policies, procedures, methods, and techniques. We may change or add to our required Services and Products at our discretion with prior notice to you. (See Item 8.)



You must discontinue selling and offering for sale any Services or Products, which we may, in our discretion, disapprove in writing at any time. We impose these requirements to control the quality of the Services and Products that you and other franchisees may offer though the use of our trade name and Marks.

We may grant you permission, in our sole discretion, to sell or service customers in an adjacent, unsold territory. However, when the adjacent territory is sold to another franchisee, you must cease all sales and service activities in that adjacent territory. (See Item 12.)

While operating the Construction Sales and Service Business, you may also operate any non-related business or offer sales and services unrelated to the Construction Sales and Service Business, provided they are neither offered or conducted under the ARCHADECK Outdoor Living name or mark, nor by the corporation or other business entity operating as an ARCHADECK Outdoor Living franchisee.

## 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.**

Provision	Section in Franchise Agreement	Summary
a. Length of the Franchise Term	Section 3 of Franchise Agreement	7 years.
b. Renewal or extension of the term	Section 3 of Franchise Agreement	If you wish to do so, and you satisfy all of the pre-conditions to obtaining a Successor Franchise, we will offer you the right to obtain an additional term of for a period of time equal to our then-current initial term (but no less than 5 years).
c. Requirements for franchisee to renew or extend	Section 3 of Franchise Agreement	Renewal means obtaining the right to operate the Business for another term. Requirements to renew include: sign our then-current successor franchise agreement (“ <b>Successor Franchise Agreement</b> ”) for the Successor Term, and this new Franchise Agreement may have materially different terms and conditions (including, <i>e.g.</i> higher royalty and advertising contributions) from the Franchise Agreement that covered your original term, be current in all payments, not have committed 2 breaches in the 24 months before the end of the term, sign release, pay renewal fee, meet our qualifications for new and renewing franchisees, provide notice, upgrade the computer system and vehicle, and provide proof of current licenses, insurance and permit.
d. Termination by franchisee	Not applicable	Not applicable (subject to state law)
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Section 17 of Franchise Agreement	Can terminate upon certain violations of the Franchise Agreement
g. “Cause” defined – curable defaults	Section 17 of Franchise Agreement	You have 30 days to cure defaults including: failure to comply with operating procedures and standards; failure to obtain our prior written consent; failure to comply with the Manual; default under the lease for any premise used to operate the Business; failure to submit reports; failure to accurately report Gross Sales; or failure to comply with other provision of the Franchise Agreement.

Provision	Section in Franchise Agreement	Summary
h. "Cause" defined – non-curable defaults	Section 17 of Franchise Agreement	Non-curable defaults include: disclosure of confidential information; abandonment; insolvency; bankruptcy; material judgment against you; you or your operators are convicted of a felony, a crime of moral turpitude or any crime that will affect the System or Marks; failure to pay amounts due; failure to use the Marks correctly; 3 notices of default within a 12-month period; unauthorized transfer; 2 or more times during the term, you underreport Gross Sales by 3% or more; failure to submit reports or other information 2 or more times during the term; offer for sale any unauthorized product or service; contests the validity of our Marks; liquidation; failure to complete training; 4 or more notices of default during the term; misrepresentation; failure to meet Minimum Annual Sales Quota; or failure to obtain and maintain all required permits and licenses.
i. Franchisee's obligations on termination/non-renewal	Sections 10, 12, 14 & 17 of Franchise Agreement	Obligations include complete de-identification, payment of amounts due and return of Manual, all Confidential Information, trade secrets and records, assignment of customer contracts, payment of any customer prepayment, and compliance with post-termination noncompetition provision.
j. Assignment of contract by franchisor	Section 15.1 of Franchise Agreement	No restriction on our right to assign
k. "Transfer" by franchisee – defined	Section 15 of Franchise Agreement	Includes transfer of contract or assets or ownership change
l. Franchisor approval of transfer by franchisee	Section 15 of Franchise Agreement	We have the right to approve all transfers
m. Conditions for franchisor approval of transfer	Section 15 of Franchise Agreement	New franchisee qualifies, Transfer Fee paid, purchase agreement approved, training arranged, release signed by you and current agreement signed by new franchisee.
n. Franchisor's right of first refusal to acquire your business	Section 16 of Franchise Agreement	We can match any offer for your business
o. Franchisor's option to purchase franchisee's business	Section 16 of Franchise Agreement	We may, but are not required to, purchase your inventory and equipment at fair market value if your franchise is terminated for any reason
p. Death or disability of franchisee	Section 15.9 of Franchise Agreement	Your estate or legal representative must apply to us for the right to transfer to the next of kin within one hundred twenty days
q. Non-competition covenants during the term of the franchise	Section 14 of Franchise Agreement	No involvement in competitive business (subject to state law)
r. Non-competition covenants after the franchise is terminated or expires	Sections 14, 17 of Franchise Agreement	No involvement in competitive business for 2 years (i) in the Territory or any other Franchisee's Territory; (ii) 10 miles of the Territory or any other Franchisee's Territory or (iii) 10 miles of any of our or our affiliate owned Construction Sales and Service Business. (subject to state law)
s. Modification of the agreement	Sections 2.3, 7.3 & 20.11 of Franchise Agreement	No modifications of Franchise Agreement during term generally, but Operating Manual subject to change. Modifications permitted on renewal.
t. Integration/merger clause	Section 20.5 of Franchise Agreement	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document, franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 19 of Franchise Agreement	Except for certain claims, all disputes must be arbitrated in Virginia, subject to state law.
v. Choice of forum	Sections 19.1 & 20.1	Arbitration must be in Virginia, subject to state law
w. Choice of law	Sections 19.1 & 20.1 of Franchise Agreement	Virginia law applies, subject to state law.

## ITEM 18

### PUBLIC FIGURES

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

## ITEM 19

### FINANCIAL PERFORMANCE REPRESENTATIONS

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

Written substantiation of the data used in preparing the financial performance representations included in this Item 19 will be made available to you upon reasonable request.

#### A. Average Gross Sales for ARCHADECK Outdoor Living Franchisees for the 12 Months Ending December 31, 2020

The following table presents the average annual gross sales realized by certain ARCHADECK Outdoor Living franchisees in 2020. We have provided this information to help you to make a more informed decision regarding the ARCHADECK Outdoor Living franchise system. You should conduct your own independent research and due diligence to assist you in preparing your own projections.

The information provided in the table below was compiled from 39 ARCHADECK Outdoor Living franchisees that operated 56 Territories and were operational for the entire 12-month period ending December 31, 2020. The data excludes company-owned businesses and franchisees that either began operations, or ceased active operations during this period.

10 of the 39 ARCHADECK Outdoor Living franchisees operate in 2 Territories under 20 different Franchise Agreements, one of the ARCHADECK Outdoor Living franchisees operates in 4 Territories under 4 different Franchise Agreements, and one ARCHADECK Outdoor Living franchisee operated in 5 Territories under 5 different Franchise Agreements. These ARCHADECK Outdoor Living franchisees report Gross Sales to us for all their Territories on the same report. As a result, for the purposes of this Item 19, each of these ARCHADECK Outdoor Living franchisees was considered to be 1 franchisee even though they operate in more than one Territory.

Sales Volume	# of Franchisees	Sales in Dollars				Median	# of Franchisees Above Average (and %)	Years in Business			% of Franchisees
		Minimum	Average	Maximum	Minimum			Average	Maximum		
Greater than \$3.0M	7	3,187,895	4,080,409	7,985,638	3,507,861	1 (14%)	1.9	14.2	28.1	17.9%	
Between \$1.5M - \$3.0M	9	1,540,512	2,039,119	2,704,111	1,870,302	4 (44%)	1.5	9.0	20.3	23.1%	
Between \$750K - \$1.5M	12	778,514	1,063,525	1,251,057	1,100,899	7 (58%)	1.5	7.9	27.4	30.8%	
Less than \$750K	11	252,600	539,651	696,251	539,809	6 (55%)	1.1	6.3	23.9	28.2%	
<b>Franchisees</b>	<b>39</b>		<b>1,682,395</b>		<b>1,178,640</b>	<b>13 (33%)</b>		<b>8.8</b>		<b>100.0%</b>	

Additionally, our predecessor's affiliate operated one Construction Sales and Service Business with 3 territories that achieved \$7,206,603 of Gross Sales in 2020. This Construction Sales and Service Business reflects the

standard ARCHADECK Outdoor Living business prototype and offers the same products and services as those offered by franchised Construction Sales and Service Businesses. This entity also paid our predecessor Royalties and contributed to the National Branding & Marketing Fund. Our predecessor’s affiliate sold its Construction Sales and Service Business and all 3 territories to a franchisee in September 2021.

The following table presents information for Archadeck franchisees in their first, second, third and fourth year of operations for a full 12 months of 2017, 2018, 2019 and 2020. As of December 31, 2020, there were four Franchisees that opened in 2016 and conducted their first full calendar year of operations in 2017 (2017 New Franchisees). There were four Franchisees that opened in 2017 and conducted their first full calendar year of operations in 2018 (2018 New Franchisees). There were two Franchisees that opened in 2018 and conducted their first full calendar year of operations in 2019 (2019 New Franchisees). There were eight Franchisees that opened in 2019 and conducted their first full calendar year of operations in 2020 (2020 New Franchisees).

Reporting Franchisees	Number of Reporting Franchisees	2020 Average Gross Sales	2020 Median Gross Sales	# above average (and %)	2019 Average Gross Sales	2019 Median Gross Sales	# above average (and %)	2018 Average Gross Sales	2018 Median Gross Sales	# above average (and %)	2017 Average Gross Sales	2017 Median Gross Sales	# above average (and %)
2017 New Franchisees	4	\$ 1,187,058	\$ 1,047,958	2 (50%)	\$ 896,980	\$ 918,339	2 (50%)	\$ 716,494	\$ 604,918	1 (25%)	\$ 478,673	\$ 444,345	1 (25%)
2018 New Franchisees	4	\$ 904,626	\$ 931,958	2 (50%)	\$ 555,990	\$ 591,867	2 (50%)	\$ 435,054	\$ 474,359	3 (75%)	N/A	N/A	N/A
2019 New Franchisees	2	\$ 396,205	\$ 396,205	1 (50%)	\$ 524,916	\$ 524,916	1 (50%)	N/A	N/A	N/A	N/A	N/A	N/A
2020 New Franchisees	8	\$ 784,448	\$ 638,268	4 (50%)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Among the Reporting 2017 New Franchisees, the highest Gross Sales was \$1,870,302 and the lowest was \$782,014. Among the Reporting 2018 New Franchisees, the highest Gross Sales was \$1,221,938 and the lowest was \$532,649. Among the Reporting 2019 New Franchisees, the highest Gross Sales was \$539,809 and the lowest was \$252,600. Among the Reporting 2020 New Franchisees, the highest Gross Sales was \$1,540,512 and the lowest was \$276,884.

Of the 4 Franchisees with at least four years of operations (2017 New Franchisees), one (25%) operated more than one territory. Of the 4 franchisees with at least three years of operations (2018 New Franchisees), one (25%) operated more than one territory. Of the 2 Franchisees with at least two years of operations (2019 Franchisees) none operated more than one territory. Of the 8 franchisees with at least one year of operations (2020 Franchisees), one (13%) operated more than one territory.

The term “Gross Sales” in this Item 19 means the total of all receipts derived from all sales of products and services at your Construction Sales and Service Business, labor, insurance claims for lost profits to the extent a claim is paid by the insurer, and all other products and services sold or performed by or for Archadeck, by or for their Construction Sales and Service Business or by means of the business conducted under the Franchise Agreement. Gross Sales do not include any taxes or customer refunds, valid discounts and coupons, and credits made by the Construction Sales and Service Business

ARCHADECK Outdoor Living contracts are for design and construction services and can be long term in nature. Gross Sales should not be construed as a measure of revenue or cash collections, which can vary substantially from Gross Sales dependent on several factors, including franchisees’ backlog of projects, size of projects or contract terms. The financial performance representations above do not reflect the costs of sales, royalties or operating expenses that must be deducted from the gross sales figures to obtain a net income or owner’s profit number. The best source of cost and expense data may be from current or former franchisees as listed in this disclosure document.

**B. Average 2020 Contract Price and Residential Contract Price by Project Type for ARCHADECK Outdoor Living Franchisees**

The following table presents data regarding the average project size for the entire ARCHADECK Outdoor Living franchise system for the 12 months ending December 31, 2020. The information provided was compiled from every ARCHADECK Outdoor Living franchisee that sold at least one project during that period.

Residential Project Types	Average Contract Sales Price	Median Contract Sales Price	Total # of Projects	# of Projects at or Above Average Contract Sales Price (and %)
Average Residential Project	\$31,131	\$25,710	2,354	937 (40%)
Average Builder Projects	\$36,620	\$31,845	9	4 (44%)
Average Overall Project	\$31,152	\$25,750	2,363	941 (40%)

The following data presents additional breakdown of the average contract value of 1,864 of the 2,354 Residential Projects by project type completed by the entire ARCHADECK Outdoor Living franchise system for the 12 months ending December 31, 2020. The information provided was compiled from every ARCHADECK Outdoor Living franchisee that sold one of these project types during that period. The nine Residential Project Types presented below represent the most commonly sold project types sold by ARCHADECK Outdoor Living franchisees. The remaining 490 Residential Projects were not included because our predecessor did not receive enough information about these projects to be able to classify the projects into one of the project types listed below.

Residential Project Types	Average Sales Price	Median Sales Price	Total # of Projects	# of Projects at or Above Average Contract Sales Price (and %)
Decks	\$27,751	\$23,800	735	290 (40%)
Screened Porches	\$35,982	\$35,697	148	70 (47%)
Open Porches	\$31,126	\$27,491	93	41 (44%)
Deck/Porch Combination	\$54,081	\$49,250	177	73(41%)
Sunroom	\$44,749	\$41,919	101	46 (46%)
Deck/Sunroom Combination	\$69,550	\$62,255	22	9 (41%)
Pergola	\$13,507	\$10,057	74	26 (35%)
Hardscape Patio	\$21,551	\$18,281	240	99 (41%)
Hardscape Patio with Other Design Elements	\$54,523	\$44,474	274	113 (41%)

The Residential Project types listed above are defined as follows:

- 1) “Deck” Residential Projects include structures built on or above the ground and covered by wood or composite decking material.
- 2) “Screen Porches” Residential Projects include structures built on or above the ground with roof coverings and enclosed with screens.
- 3) “Open Porches” Residential Projects include structures built on or above the ground with roof covering and no material, neither windows nor screen, enclosing the structure.
- 4) “Deck/Porch Combination” Residential Projects include projects involving both a deck and a porch structure.
- 5) “Pergola” Residential Projects include structures built on or above the ground covered with open roof that provides partial shade.

- 6) “Hardscape Patio” Residential Projects include concrete, natural stone or paver patio coverings built at ground elevation.
- 7) “Hardscape Patios with Other Design Elements” Residential Projects include projects with hardscape patios built at ground elevation that include and additional hardscape feature built above the ground such as sitting walls, retaining walls, fireplaces, fire pits, outdoor kitchens or other hardscape decorative design features.

The financial performance representations above do not reflect the costs of sales, royalties or operating expenses that must be deducted from revenues to obtain a net income or owner’s profit. The best source of cost and expense data may be from current or former franchisees as listed in this disclosure document.

### **C. Gross Margin Benchmarking Study for ARCHADECK Outdoor Living Franchisees for the 12 Months Ending December 31, 2019**

We do not provide prospective franchisees with projections of income, profits or earnings. However, we do provide prospective franchisees with information from a financial benchmarking study (the “**Benchmarking Study**”) conducted for the ARCHADECK Outdoor Living franchise system by Profit Planning Group (“PPG”), an independent third party financial benchmarking organization serving trade associations and franchise networks across the country.

In 2020, PPG conducted an independent financial Benchmarking Study for ARCHADECK Outdoor Living franchisees. The Benchmarking Study was conducted solely on a voluntary basis. Interested franchisees were required to submit their income statements for the year ending December 31, 2019, to PPG. PPG then calculated certain financial metrics to allow participants to compare their financial performance against their peer group of ARCHADECK Outdoor Living franchisees. 32 out of 41 (78%) ARCHADECK Outdoor Living franchisees as of December 31, 2019 participated in the Benchmarking Study. We have reviewed the composition of franchise participants and believe it contains a random, representative sampling of ARCHADECK Outdoor Living franchisees based on level of sales, years in the business and geography.

As defined in the Benchmarking Study, Gross Profit Margin measures profitability after material, construction labor and other direct construction costs are subtracted from Gross Sales (as defined above). It is calculated by dividing gross profit dollars by Gross Sales. While Gross Profit Margin measures profitability after material, construction labor and other direct costs are subtracted from Gross Sales, it excludes royalties, any commissions and other operating expenses.

As reported in the Benchmarking Study, the median Gross Profit Margin of the participating ARCHADECK Outdoor Living franchisees is 38.1%. The table below provides a further breakdown of Gross Profit Margins among the ARCHADECK Outdoor Living franchisees participating in the Benchmarking Study.

	<b>Participating Archadeck Franchise</b>	<b>Sales Under \$1.1M</b>	<b>Sales Over \$1.1M</b>	<b>Less than 5 Years in Business</b>	<b>More than 5 Years in Business</b>
Number and % of Participating Franchises Reporting	32/100%	16/50%	16/50%	16/50%	16/50%
<b>Gross Profit Margin (Median)</b>	<b>39.4%</b>	<b>34.8%</b>	<b>40.9%</b>	<b>39.4%</b>	<b>39.5%</b>
<b>Gross Profit Margin (Average)</b>	<b>38.1%</b>	<b>37.5%</b>	<b>38.9%</b>	<b>39.6%</b>	<b>36.8%</b>
# above average (and %)	18 (56%)	7 (44%)	9 (56%)	7 (44%)	9 (56%)

This financial information utilized in the benchmarking study was based entirely upon information voluntarily reported by the 32 ARCHADECK Outdoor Living franchisees, none of which information was audited or otherwise reviewed or investigated by us or by any independent accountant or auditing firm, and no one has audited, reviewed or otherwise evaluated this information for accuracy or expressed his/her opinion with regard to its content or form.

**D. Aggregate ARCHADECK Outdoor Living Franchise System Gross Sales for Years ending December 31, 2016, 2017, 2018, 2019, and 2020**

The information provided in the table below is based on the aggregate Gross Sales (as defined above) reported to us from all ARCHADECK Outdoor Living franchisees whose ARCHADECK Outdoor Living business were operational for any part, even as little as one month if the franchisee completed initial training in December of their initial year of operations, of each calendar year (“System Gross Sales”) ended December 31, 2016, December 31, 2017, December 31, 2018, December 31, 2019, and December 31, 2020.

**Aggregate Archadeck Franchise System Gross Sales by Year from 2016 – 2020  
(Years Ending December 31)**

<b>Year</b>	<b>System Gross Sales</b>
2016	\$42,354,039
2017	\$47,417,119
2018	\$51,580,343
2019	\$54,726,643
2020	\$74,262,315



**Notes That Apply To Subsections A through D Above:**

A. You are responsible for developing your own business plan for your ARCHADECK Outdoor Living franchise, including capital budgets, financial statements, projections, pro forma financial statements and other elements appropriate to your particular circumstances. In preparing your business plan, we encourage you to consult with your own accounting, business and legal advisors to assist you to identify the expenses you likely will incur in connection with your ARCHADECK Outdoor Living franchise, to prepare your budgets, and to assess the likely or potential financial performance of your ARCHADECK Outdoor Living franchise.

**B. Some outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn 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 outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Scott Zide, Archadeck Franchisor, LLC, 2426 Old Brick Road, Glen Allen, Virginia 23060, (804) 353-6999, the Federal Trade Commission, and the appropriate state regulatory agencies.



**ITEM 20**

**OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NUMBER 1  
Systemwide Business Summary  
For Years 2018 to 2020**

<b>Business Type</b>	<b>Year</b>	<b>Businesses at the start of the year</b>	<b>Businesses at the end of the year</b>	<b>Net Change</b>
Franchised	2018	53	52	-1
	2019	52	54	+2
	2020	54	64	+10
Company-Owned	2018	2	2	0
	2019	2	2	0
	2020	2	3 <sup>†</sup>	+1
<b>Total Businesses</b>	<b>2018</b>	<b>55</b>	<b>54</b>	<b>-1</b>
	<b>2019</b>	<b>54</b>	<b>56</b>	<b>+2</b>
	<b>2020</b>	<b>56</b>	<b>67</b>	<b>+11</b>

<sup>†</sup>The company-owned outlet, which operated all 3 territories, was sold to a franchisee in September 2021.

**TABLE NUMBER 2  
Transfers of Businesses From Franchisee to New Owners  
(Other than the Franchisor)  
For Years 2018 to 2020**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Connecticut	2018	0
	2019	0
	2020	1
Indiana	2018	1
	2019	0
	2020	0
Kansas	2018	0
	2019	1
	2020	0
Maryland	2018	0
	2019	1
	2020	0
Virginia	2018	1
	2019	0
	2020	0
<b>Total</b>	<b>2018</b>	<b>2</b>
	<b>2019</b>	<b>2</b>
	<b>2020</b>	<b>1</b>

**TABLE NUMBER 3**  
**Status of Franchised Businesses**  
**For Years 2018 to 2020**

State	Year	Businesses at Start of Year	Businesses Opened	Terminations	Non - Renewals	Reacquired by Franchisor	Ceased Operations / Other Reasons	Businesses at the End of the Year
Alabama	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Arkansas	2018	1	0	0	0	0	0	1
	2019	1	0	1	0	0	0	0
	2020	0	0	0	0	0	0	0
Colorado	2018	2	3	0	0	0	0	5
	2019	5	0	0	0	0	0	5
	2020	5	1	0	0	0	0	6
Connecticut	2018	2	0	0	0	0	0	2
	2019	2	0	1	0	0	0	1
	2020	1	1	0	0	0	0	2
Delaware	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Florida	2018	3	0	1	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
Georgia	2018	1	0	0	0	0	0	1
	2019	1	2	0	0	0	0	3
	2020	3	0	0	0	0	0	3
Illinois	2018	4	0	0	0	0	0	4
	2019	4	0	0	0	0	0	4
	2020	4	3	0	0	0	0	7
Indiana	2018	1	0	0	0	0	0	1
	2019	1	1	0	0	0	0	2
	2020	2	1	0	0	0	0	3
Iowa	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Kansas	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	1	0	0	0	0	2
Kentucky	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Louisiana	2018	1	0	1	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Maine	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Maryland	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1

State	Year	Businesses at Start of Year	Businesses Opened	Terminations	Non - Renewals	Reacquired by Franchisor	Ceased Operations / Other Reasons	Businesses at the End of the Year
Massachusetts	2018	2	0	1	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Minnesota	2018	1	0	0	0	0	1	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Missouri	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	1	0	0	0	0
North Carolina	2018	4	0	0	0	0	0	4
	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
Ohio	2018	3	0	0	0	0	0	3
	2019	3	1	0	0	0	0	4
	2020	4	0	0	0	0	0	4
Oregon	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Pennsylvania	2018	3	0	0	1	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
Rhode Island	2018	1	0	0	0	0	0	1
	2019	1	0	1	0	0	0	0
	2020	0	0	0	0	0	0	0
South Carolina	2018	1	0	0	0	0	0	1
	2019	1	1	0	0	0	0	2
	2020	2	0	0	0	0	0	2
Tennessee	2018	3	0	0	0	0	0	3
	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
Texas	2018	4	1	0	0	0	1	4
	2019	4	2	0	0	0	0	6
	2020	6	0	0	0	0	0	6
Utah	2018	2	0	0	0	0	0	2
	2019	2	0	2	0	0	0	0
	2020	0	0	0	0	0	0	0
Virginia	2018	3	0	0	0	0	0	3
	2019	3	1	1	0	0	1	2
	2020	2	2	0	0	0	0	4
Washington	2018	1	1	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	2	0	0	0	0	4
Canada	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
<b>Total</b>	<b>2018</b>	<b>53</b>	<b>5</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>52</b>
	<b>2019</b>	<b>52</b>	<b>9</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>54</b>
	<b>2020</b>	<b>54</b>	<b>11</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>64</b>

\* Our predecessor's fiscal year ended December 31<sup>st</sup>, and therefore the numbers for the years 2018-2020 reflect amounts based upon a fiscal year ended December 31<sup>st</sup>.

**TABLE NUMBER 4**  
**Status of Company-Owned Businesses**  
**For Years 2018 to 2020\***

State	Year	Businesses at the start of the year	Businesses Opened	Businesses Reacquired from Franchisees	Businesses Closed	Businesses Sold to Franchisees	Businesses at the End of the Year
North Carolina	2018	2	0	0	0	0	2
	2019	2	0	0	0	0	2
	2020	2	1	0	0	0	3
<b>Total</b>	<b>2018</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
	<b>2019</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
	<b>2020</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3<sup>†</sup></b>

<sup>†</sup> The company-owned outlet, which operated all 3 territories, was sold to a franchisee in September 2021.

**TABLE NUMBER 5**  
**Projected Openings**  
**As of December 31, 2020**

State	Franchise Agreements Signed but Business Not Opened	Projected New Franchised Business in the Next Fiscal Year	Projected New Company-Owned Businesses in the Fiscal Year
Florida	1	1	0
Georgia	0	1	0
Indiana	0	1	0
Michigan	1	0	0
Pennsylvania	0	1	0
South Carolina	0	1	0
Texas	2	2	0
<b>Total</b>	<b>4</b>	<b>7</b>	<b>0</b>

Notes to Above Tables:

- (\*) Our predecessor's fiscal year ended December 31<sup>st</sup>, and therefore the numbers for the years 2018-2020 reflect amounts based upon a fiscal year ended December 31<sup>st</sup>. The numbers will reflect a fiscal year ended September 30<sup>th</sup> on a going forward basis.
- (\*\*) If multiple events occurred in the process of transferring ownership of a particular ARCHADECK Outdoor Living business, we have reported the event that occurred last in time.
- (\*\*\*) All of the tables in this Item 20 include numbers for Canada, as applicable.
- (\*\*\*\*) Some franchisees may have a territory that covers multiple states or may have signed separate franchise agreements with us for different territories.

Attached as Part 1 to Exhibit F is complete list of the names, business addresses, and business telephone numbers of all of our ARCHADECK Outdoor Living franchisees in the U.S. and Canada as of December 31, 2020. Attached as Part 2 to Exhibit F is a list of the name, city, state and business telephone number (or, if unknown, the last known phone number) of every ARCHADECK Outdoor Living franchisee in the U.S. and Canada that had its franchise terminated, cancelled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement in 2020, or who had not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, neither we nor our predecessor has signed any agreements with franchisees that contain confidentiality clauses that would restrict a franchisee's ability to speak openly about their experience.

Our predecessor helped create and we are a sponsor of the ARCHADECK Outdoor Living Strategic Advisory Board (the "**Board**"), which consists of 3 Regional Presidents and Vice Presidents, all of whom are current ARCHADECK Outdoor Living franchisees elected by their fellow franchisees. One of the Regional Presidents is also elected to serve as the National President. The Board is funded by both us and ARCHADECK Outdoor Living franchisees, and we collect and hold franchisee dues in a separate account. The members of the Board hold periodic national and regional meetings to discuss issues relating to the future growth of the ARCHADECK Outdoor Living system. The Board serves in an advisory capacity only. Because the Board is not a legal entity, it does not have a separate address or telephone number. Upon request, however, we will provide you with the names of the Board then current members.

## **ITEM 21**

### **FINANCIAL STATEMENTS**

Attached to this Disclosure Document as Exhibit A are the audited consolidated financial statements and supplementary information of Lynx-JP Holdings, Inc. and Subsidiaries for the years ended September 30, 2020, September 30, 2019 and September 30, 2018, and the unaudited financial statements as of July 31, 2021. Our fiscal year end is September 30th. Lynx-JP Holdings, Inc. has absolutely and unconditionally guarantees our obligations under your Franchise Agreement. See Exhibit I for a copy of the written guarantee.

## **ITEM 22**

### **CONTRACTS**

Attached as Exhibit B is a copy of the Franchise Agreement you must sign. The form of Promissory Note to be used if we offer you any financing of the franchise fee is attached as Exhibit C. A description of the NGC and Guarantee Fund, and copies of the Shareholder Agreement and NGC Guarantee are attached as Exhibit D. The Acknowledgement Addendum is attached as Exhibit J.

## **ITEM 23**

### **RECEIPTS**

The last two pages of Exhibit K to this disclosure document are copies of a detachable acknowledgment of receipt. Please sign and return to us our copy of the receipt (Copy for Archadeck Franchisor, LLC), and sign and retain for your records your copy of the receipt (Copy for Prospective Franchisee).

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

**LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES  
(FORMERLY PFB-JP HOLDINGS, INC. AND SUBSIDIARIES)**

**CONSOLIDATED FINANCIAL STATEMENTS  
and  
SUPPLEMENTARY INFORMATION  
YEARS ENDED SEPTEMBER 30, 2020, 2019 and 2018**

**with  
INDEPENDENT AUDITORS' REPORT**



## TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	3-4
CONSOLIDATED BALANCE SHEET	5-6
CONSOLIDATED STATEMENT OF OPERATIONS	7
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY	8
CONSOLIDATED STATEMENT OF CASH FLOWS	9-10
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	11-23
SUPPLEMENTARY INFORMATION	
CONSOLIDATED STATEMENT OF OPERATING EXPENSES	25





## INDEPENDENT AUDITORS' REPORT

### **To the Board of Directors and Stockholders Lynx-JP Holdings, Inc.**

We have audited the accompanying consolidated financial statements of Lynx-JP Holdings, Inc. and Subsidiaries (formerly PFB-JP Holdings, Inc. and Subsidiaries), which comprise the consolidated balance sheet as of September 30, 2020, 2019 and 2018 and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lynx-JP Holdings, Inc. and Subsidiaries as of September 30, 2020, 2019, and 2018 and the results of their operations and cash flows for the years then ended in accordance with GAAP.

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**Other Matter**

As discussed further in Note 13, PFB-JP Holdings, Inc. sold two of its subsidiaries, Maid Right Franchising, LLC and MRNF LLC, in 2018. Accordingly, the consolidated financial statements have been modified to reflect the impact of these discontinued operations.

**Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures, in accordance with GAAS. In our opinion, the information is fairly stated in all material respects, in relation to the consolidated financial statements as a whole.

*Smith & Howard*

January 25, 2021



**LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES**  
**(FORMERLY PFB-JP HOLDINGS, INC. AND SUBSIDIARIES)**  
**CONSOLIDATED BALANCE SHEET**  
**SEPTEMBER 30, 2020, 2019 AND 2018**

**ASSETS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current Assets			
Cash and cash equivalents	\$ 2,966,204	\$ 2,073,428	\$ 910,658
Accounts receivable, net	11,307,731	4,367,708	5,149,399
Insurance receivable, current portion	1,387,735	386,228	-
Royalties receivable	2,105,554	1,829,250	1,745,240
Notes receivable, current portion	374,457	461,650	406,413
Prepaid expenses	301,596	188,075	284,403
Income taxes receivable	175,220	-	287,419
Other current assets	<u>-</u>	<u>-</u>	<u>200,000</u>
Total Current Assets	18,618,497	9,306,339	8,983,532
Property and Equipment, Net	5,726,914	971,701	386,301
Other Assets			
Intangibles, net	134,493,972	119,059,864	108,521,986
Notes receivable, net of current portion and allowance for doubtful accounts	222,018	368,751	2,907,152
Insurance receivable, net of current portion	2,994,031	2,663,493	323,603
Other assets	<u>358,675</u>	<u>650,662</u>	<u>332,234</u>
	<u>138,068,696</u>	<u>122,742,770</u>	<u>112,084,975</u>
	<u>\$ 162,414,107</u>	<u>\$ 133,020,810</u>	<u>\$ 121,454,808</u>

(Continued)

The accompanying notes are an integral part of these consolidated financial statements.



**LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES**  
**(FORMERLY PFB-JP HOLDINGS, INC. AND SUBSIDIARIES)**  
**CONSOLIDATED BALANCE SHEET**  
**SEPTEMBER 30, 2020, 2019 AND 2018**

(Continued)

**LIABILITIES AND STOCKHOLDERS' EQUITY**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current Liabilities			
Accounts payable and accrued expenses	\$ 7,299,273	\$ 4,472,322	\$ 3,604,460
Deferred revenue on franchise sales	234,606	199,434	67,868
Funds held on behalf of others	940,728	-	-
Deferred rent	260,560	105,336	39,859
Income taxes payable	341,103	142,585	-
Earnout provision	2,500,000	-	-
Current portion of long term debt	<u>1,061,250</u>	<u>695,000</u>	<u>1,085,000</u>
Total Current Liabilities	12,637,520	5,614,677	4,797,187
Earnout Provision	-	2,500,000	-
Long Term Obligations, Net of Current Portion and Debt Issuance Costs	77,673,131	60,731,860	53,934,478
Deferred Income Taxes Payable	17,429,102	12,490,320	11,686,424
Stockholders' Equity			
Preferred stock	582	582	567
Common stock	124	124	121
Additional paid in capital	58,366,634	58,366,634	56,836,812
Accumulated deficit	<u>(3,692,986)</u>	<u>(6,683,387)</u>	<u>(5,230,621)</u>
	54,674,354	51,683,953	51,606,879
Less: shares held in treasury, at cost	<u>-</u>	<u>-</u>	<u>(570,160)</u>
Total Stockholders' Equity	<u>54,674,354</u>	<u>51,683,953</u>	<u>51,036,719</u>
	<u>\$ 162,414,107</u>	<u>\$ 133,020,810</u>	<u>\$ 121,454,808</u>



**LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES**  
**(FORMERLY PFB-JP HOLDINGS, INC. AND SUBSIDIARIES)**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**YEARS ENDED SEPTEMBER 30, 2020, 2019 AND 2018**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenue			
Franchise royalties and fees	\$ 22,307,547	\$ 18,947,783	\$ 15,870,757
Franchise fees	429,727	394,000	295,000
Service contracts and fees	630,014	490,877	410,300
Cleaning and restoration services	6,537,530	-	-
Office space rental, technology and service fees	3,082,470	2,794,462	-
Ancillary	1,144,122	457,009	461,222
	<u>34,131,410</u>	<u>23,084,131</u>	<u>17,037,279</u>
Cost of Cleaning and Restoration Services	1,858,363	-	-
Operating Expenses	<u>20,043,475</u>	<u>16,530,344</u>	<u>9,929,929</u>
	<u>21,901,838</u>	<u>16,530,344</u>	<u>9,929,929</u>
Income from Operations	12,229,572	6,553,787	7,107,350
Other Income (Expense)			
Other income	1,164,569	1,574,687	1,352,706
Depreciation and amortization	(4,129,007)	(2,626,636)	(2,547,789)
Interest income	533,092	282,632	38,666
Interest expense	(5,160,542)	(6,079,636)	(5,412,150)
	<u>(7,591,888)</u>	<u>(6,848,953)</u>	<u>(6,568,567)</u>
Income (Loss) From Continuing Operations Before Income Taxes	4,637,684	(295,166)	538,783
Provision (Credit) for Income Taxes	<u>1,647,283</u>	<u>1,157,600</u>	<u>(6,858,200)</u>
Net Income (Loss) from Continuing Operations	2,990,401	(1,452,766)	7,396,983
Loss from Discontinued Operations			
Net of Income Tax Benefit of \$343,500 for 2018	-	-	(1,068,703)
Loss from Sale of Subsidiaries, Net of Income Tax Benefit of \$2,882,700 for 2018	<u>-</u>	<u>-</u>	<u>(8,969,914)</u>
	<u>-</u>	<u>-</u>	<u>(10,038,617)</u>
Net Income (Loss)	<u>\$ 2,990,401</u>	<u>\$ (1,452,766)</u>	<u>\$ (2,641,634)</u>

The accompanying notes are an integral part of these consolidated financial statements.



LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES  
(FORMERLY PFB-JP HOLDINGS, INC. AND SUBSIDIARIES)  
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY  
YEARS ENDED SEPTEMBER 30, 2020, 2019 AND 2018

	Preferred Stock		Common Stock		Additional Paid in Capital	Accumulated Deficit	Treasury Stock	Stockholders' Equity
	Number of Shares	Amount	Number of Shares	Amount				
Balance, September 30, 2017	567,164	\$ 567	121,092	\$ 121	\$ 56,836,812	\$ (2,588,987)	\$ (17,500)	\$ 54,231,013
Purchase of 8,537 shares of treasury stock	-	-	-	-	-	-	(727,660)	(727,660)
Issuance of 2,119 shares of treasury stock	-	-	-	-	-	-	175,000	175,000
Net loss	-	-	-	-	-	(2,641,634)	-	(2,641,634)
Balance, September 30, 2018	567,164	567	121,092	121	56,836,812	(5,230,621)	(570,160)	51,036,719
Issuance of 6,629 shares of treasury stock, 14,829 shares of preferred stock and 2,980 shares of common stock	14,829	15	2,980	3	1,529,822	-	570,160	2,100,000
Net loss	-	-	-	-	-	(1,452,766)	-	(1,452,766)
Balance, September 30, 2019	581,993	582	124,072	124	58,366,634	(6,683,387)	-	51,683,953
Net income	-	-	-	-	-	2,990,401	-	-
Balance, September 30, 2020	581,993	\$ 582	124,072	\$ 124	\$ 58,366,634	\$ (3,692,986)	\$ -	\$ 51,683,953

The accompanying notes are an integral part of these consolidated financial statements.



**LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES**  
**(FORMERLY PFB-JP HOLDINGS, INC. AND SUBSIDIARIES)**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2020, 2019 AND 2018**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities:</b>			
Net Income (Loss) From Continuing Operations	\$ 2,990,401	\$ (1,452,766)	\$ 7,396,983
Adjustments to reconcile net income (loss) from continuing operations to net cash provided by operating activities:			
Bad debt expense	341,452	2,773,676	696,252
Depreciation and amortization	4,129,007	3,492,310	2,773,393
Insurance captive income	(1,087,780)	(1,087,780)	-
Provision (credit) for deferred income taxes	(136,957)	822,343	(7,052,236)
(Increase) decrease in:			
Accounts receivable	(2,977,507)	669,022	(1,260,261)
Other receivables - insurance captive	(244,265)	(1,604,588)	(25,808)
Royalties receivable	(276,304)	(84,010)	(275,377)
Notes receivable	233,926	191,529	403,473
Prepaid expenses	56,660	96,328	(148,868)
Income taxes receivable	(175,220)	288,194	(279,426)
Other current assets	-	200,000	-
Other assets	291,987	(334,816)	(56,597)
Increase (decrease) in:			
Accounts payable and accrued expenses	2,194,184	718,149	830,554
Deferred revenues	190,396	12,784	51,831
Funds held on behalf of others	309,893	-	-
Income taxes payable	198,518	142,585	-
Net Cash Provided by Operating Activities - Continuing Operations	<u>6,038,391</u>	<u>4,842,960</u>	<u>3,053,913</u>
Net Cash Required by Operating Activities - Discontinued Operations	<u>-</u>	<u>-</u>	<u>(736,125)</u>
Net Cash Provided by Operating Activities	<u>6,038,391</u>	<u>4,842,960</u>	<u>2,317,788</u>
<b>Cash Flows from Investing Activities:</b>			
Net cash received from acquisition (Note 14)	1,029,172	25,734	-
Proceeds from sale of subsidiaries	-	-	200,000
Purchases of property and equipment	<u>(1,238,244)</u>	<u>(847,632)</u>	<u>(238,766)</u>
Net Cash Required by Investing Activities - Continuing Operations	<u>(209,072)</u>	<u>(821,898)</u>	<u>(38,766)</u>
Net Cash Required by Investing Activities - Discontinued Operations	<u>-</u>	<u>-</u>	<u>(10,881)</u>
Net Cash Required by Investing Activities	<u>(209,072)</u>	<u>(821,898)</u>	<u>(49,647)</u>
<b>Cash Flows from Financing Activities:</b>			
Proceeds from issuance of notes payable	1,301,375	-	-
Principal payments on notes payable	(6,237,918)	(4,722,500)	(2,242,500)
Debt issuance costs	-	(235,792)	-
Issuance of stock	-	2,100,000	175,000
Purchase of stock	<u>-</u>	<u>-</u>	<u>(727,660)</u>
Net Cash Required by Financing Activities	<u>(4,936,543)</u>	<u>(2,858,292)</u>	<u>(2,795,160)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	892,776	1,162,770	(527,019)
Cash and Cash Equivalents, Beginning of Year	<u>2,073,428</u>	<u>910,658</u>	<u>1,437,677</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,966,204</u>	<u>\$ 2,073,428</u>	<u>\$ 910,658</u>

(Continued)

The accompanying notes are an integral part of these consolidated financial statements.



**LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES**  
**(FORMERLY PFB-JP HOLDINGS, INC. AND SUBSIDIARIES)**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2020, 2019 AND 2018**

(Continued)

Supplemental Disclosures of Cash Flow Information:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Cash paid during the year for:			
Interest	\$ 4,390,123	\$ 5,213,962	\$ 5,186,546
Income taxes	\$ 1,479,272	\$ 94,747	\$ 438,178

Schedule of Non-Cash Investing and Financing Activities:

As discussed further in Note 14, during 2018 the Company sold Maid Right Franchising, LLC and MRNF LLC for total consideration of \$400,000 including \$200,000 as a note receivable which was received during 2019.

As discussed further in Note 6, during 2019 the Company amended its existing Term Note payable agreement to obtain additional borrowings of \$17,500,000 which were used to repay its Subordinate Note payable.

As discussed further in Notes 6 and 14, during 2019 the Company amended its existing Term Note payable agreement to obtain additional borrowings of \$11,000,000 which was used in conjunction with an earnout provision of \$2,500,000 to fund the acquisition of three entities and to pay a portion of related acquisition and debt issuance costs of \$500,000.

As discussed further in Notes 6 and 14, during 2019 the Company amended its existing Term Note payable agreement to obtain additional borrowings of \$23,250,000 which was used to fund the acquisition of two entities and to pay a portion of related acquisition and debt issuance costs.

The accompanying notes are an integral part of these consolidated financial statements.





**LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES  
(FORMERLY LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020, 2019 AND 2018**

**NOTE 1 – DESCRIPTION OF BUSINESS**

Lynx-JP Holdings, Inc. (formerly PFB-JP Holdings, Inc.) (“Lynx-JPH”) is the parent company of Lynx Franchising, LLC and its wholly owned subsidiaries: Jan-Pro Franchising International, Inc., Jan-Pro Enterprises, LLC, Maid Right Franchising, LLC, MRNF LLC, The Intelligent Office System, LLC, Intelligent Office of Canada, Inc., The Intelligent Office, Inc., FRSTeam, LLC and Custom Commercial Dry Cleaners, LLC.

The accompanying consolidated financial statements include the accounts of Lynx-JPH and each of its acquired subsidiaries described below (collectively the “Company”).

1. (“Lynx”) Lynx Franchising, LLC: Lynx contains the investments in all of the operating companies (described below).
2. (“JPI”) Jan-Pro Franchising International, Inc.: JPI is engaged in the business of selling and supporting Regional Franchise Developer (“RFD”) cleaning service franchises in the United States and Canada. These RFDs sell and support Certified Business Owner (“CBO”) franchises within their territories and pay royalties to JPI on their operations.
3. (“JPE”) Jan-Pro Enterprises, LLC: JPE is engaged in the business of selling country RFD cleaning service franchises worldwide except North America, selling and servicing national accounts, as well as providing new business services to franchisees worldwide. These country RFD franchisees sell and support RFD franchisees who sell and support CBO franchisees within their territories and pay royalties to JPE on their operations.
4. (“MRF”) Maid Right Franchising, LLC: MRF is engaged in the business of selling and supporting RFD residential cleaning service franchises in the United States. These RFD franchisees sell and support unit franchises within their territories and pay royalties to MRF on their operations.
5. (“MRNF”) MRNF LLC: MRNF was created in 2016 for the sole purpose of purchasing and operating a MRF RFD residential cleaning service franchise territory.
6. (“IOS”) The Intelligent Office System, LLC is engaged in the business of selling franchises in the United States of America for its distinctive concept for telecommuting services, virtual offices and executive services which provide advanced telecommunications and office support services to business and individuals.
7. (“IOC”) Intelligent Office of Canada, Inc is engaged in the business of selling franchises in the United States of America and Canada for its distinctive concept for telecommuting services, virtual offices and executive services which provide advanced telecommunications and office support services to business and individuals.
8. (“IOI”) The Intelligent Office, Inc is engaged in the business providing “big-business” infrastructure for business of any size by leasing office space, technology and staff solutions to assist its customers in achieving their long-term goals. IOI operates in Denver, Colorado and surrounding metro areas as a franchisee of IOS.
9. (“FRST”) FRSTeam, LLC: FRST sells franchises to operate restoration dry cleaning businesses for fabric and electronic goods damaged in a residential or commercial loss. The Company’s franchisees operate under the business model developed and used by Custom Commercial Dry Cleaners, LLC.



**LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES  
(FORMERLY LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020, 2019 AND 2018**

**NOTE 1 – DESCRIPTION OF BUSINESS (Continued)**

10. ("CCDC") Custom Commercial Dry Cleaners, LLC: CCDC provides residential and commercial restoration services for a variety of textiles, electronics and fabrics damaged by mold, fire, water, smoke or other elements. The Company operates in California, Oregon, Washington, Idaho, Colorado, and Nevada as a franchisee of FRST.

All material inter-company transactions have been eliminated. As discussed further in Note 14, FRST and CCDC were acquired by Lynx-JPH during 2020. As discussed further in Note 14, IOS, IOC, and IOI were acquired by Lynx-JPH during 2019. As discussed further in Note 13, Lynx-JPH sold MRF and MRNF during 2018.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Presentation

The Company follows accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, the Company considers all temporary investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consists of amounts for cleaning contracts, supplies, amounts due from franchisee royalties, and management fees earned by the Company. The Company uses the reserve method of accounting for doubtful accounts. The reserve for doubtful accounts receivable was approximately \$811,000, \$654,000 and \$19,000 at September 30, 2020, 2019 and 2018, respectively.

Property and Equipment

Property and equipment are recorded at cost. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. The cost and accumulated depreciation for property and equipment sold, retired, or otherwise disposed of are relieved from the accounts, and resulting gains and losses are recognized currently. Minor maintenance, repairs, and renewals are expensed as incurred.



**LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES  
(FORMERLY LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020, 2019 AND 2018**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Intangibles

The Company's RFD franchise agreements and territory rights, customer contracts, trademarks, insurance contracts, non-compete agreements and goodwill were assigned initial fair values based upon an appraisal obtained as part of a recapitalization during 2017 and the acquisitions of IOS, IOC, IOI, FRST and CCDC discussed further in Note 14. The value associated with the RFD franchise agreements and territory rights, trademarks, customer contracts, insurance contracts and non-compete agreements are being amortized on a straight-line basis over 5-25 years.

The Company periodically evaluates whether changes have occurred that would require revision of the remaining estimated useful life of the RFD franchise agreements, trademarks, non-compete agreements and insurance contracts, as well as whether changes have occurred to determine if all intangible assets are recoverable.

Goodwill is not amortized, but is tested for impairment using a fair value approach. If the fair value of the reporting unit is less than its carrying value, or if the fair value of the goodwill has been diminished, an impairment loss would be recorded to the extent of that difference. The Company tests for impairment as of September 30 annually. Goodwill will be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value or diminish the fair value of the goodwill. Management believes there has been no impairment of intangible assets for the years ended September 30, 2020, 2019 or 2018.

Revenue Recognition

For JPI, JPE, IOS, IOC and FRST, revenue from sales of RFD franchises and territory franchises ("Initial Franchise Fees") is recognized when substantially all significant initial services to be provided by the Company have been performed. When a RFD franchise is sold, the Company agrees to provide certain initial services, including advertising material, manuals and training aids, training and on-site assistance. Deferred revenue on franchise sales represents that portion of total revenue from RFD franchise sales attributable to service required to be provided by the Company that has not yet been performed. Franchise royalties and fees revenues are recognized monthly as earned.

IOI earns revenues from leasing of office space, use of technology and staffing services are recognized as services are rendered and as office space is utilized. Deferred revenues represent deposits for utilization of office space and technology and staffing services to be rendered at a future time.

MRNF was obligated to provide cleaning contracts to its unit franchisees at a guaranteed level of monthly gross revenue and recognized revenue based on the percentage of the obligation MRNF had fulfilled with cost of the services separately recognized.

CCDC's revenues from cleaning and restoration services are recognized as services are rendered.

Service contracts and fees include administrative fees charged to RFD franchisees. The Company handles billings and collections on behalf of the RFD franchisees for national accounts, deducts the associated fee and remits payments to the RFD franchisees.

Other income includes estimated income related to the Company's self-insurance program discussed further Note 10.



**LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES  
(FORMERLY LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020, 2019 AND 2018**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Concentrations of Credit Risk

The Company grants credit to its RFD franchisees in the form of notes receivable secured by personal guarantees of the owners of the RFD franchise. At September 30, 2020, 2019 and 2018, JPI and JPE had gross RFD franchisee notes receivable totaling \$719,378, \$953,304, and \$3,407,152, respectively (See Note 3). The Company routinely assesses the financial strength of its franchisees, and as a consequence, believes its receivable credit risk exposure is limited. Based on the assessment by management, the Company has decided to implement an allowance for collection of notes receivables of \$122,903, \$122,903, and \$93,587 at September 30, 2020, 2019 and 2018, respectively.

The Company maintains its cash in bank deposits which, at times, may exceed federally-insured limits. The Company has not experienced any losses in such accounts. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying consolidated financial statements.

The Company has not experienced a disruption of normal business operations caused from COVID-19. It is possible that changes in risks in the near term could occur which could result in a change to the consolidated financial statements.

Income Taxes

GAAP requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income.

The Company accounts for uncertainty in income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the consolidated financial statements. The Company utilizes a two-step approach for evaluating tax positions. Recognition occurs when the Company concludes that a tax position, based solely on its technical merits, is more likely than not to be sustained upon examination. Measurement is only addressed if recognition has been satisfied. Under measurement, the tax benefit is measured at the largest amount of benefit, determined on a cumulative probability basis that is more likely than not to be realized upon final settlement. The term "more likely than not" is interpreted to mean that the likelihood of occurrence is greater than 50%. The Company recognizes penalties and interest accrued related to unrecognized tax benefits in income tax expense and these amounts were not significant in 2020, 2019, or 2018.

Deferred income taxes are provided for differences in timing of income and expenses for financial reporting and income tax reporting purposes. In general, the Company is no longer subject to income tax examinations for tax years ending before September 30, 2017.

Subsequent Events

Management has evaluated subsequent events through the date of this report, which is the date the consolidated financial statements were available to be issued.



**LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES**  
**(FORMERLY LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020, 2019 AND 2018**

**NOTE 3 – FRANCHISE SALES AND NOTES RECEIVABLE**

At September 30, 2020, JPI is financing the sales of nine RFD franchises to the purchasers. The notes receivable at September 30, 2020, 2019 and 2018 contain interest rates up to 10% and mature at various dates through 2022. Outstanding principal balances under the notes receivable total \$353,064, \$547,891, and \$748,528 at September 30, 2020, 2019 and 2018, respectively.

At September 30, 2020, JPE is financing the sales of four franchises to the purchasers. The notes receivable at September 30, 2020, 2019 and 2018 contain interest rates up to 10% and mature at various dates through 2023. Outstanding principal balances under the notes receivable, net of allowance for doubtful accounts, total \$243,411, \$282,510, and \$2,565,037 at September 30, 2020, 2019 and 2018, respectively.

The notes receivable are scheduled to mature during the years ending September 30 as follows:

	<u>JPI</u>	<u>JPE</u>	<u>Total</u>
2021	\$ 289,268	\$ 85,189	\$ 374,457
2022	61,582	89,278	150,860
2023	2,214	191,847	194,061
2024	-	-	-
	<u>353,064</u>	<u>366,314</u>	<u>719,378</u>
Less: allowance for doubtful accounts	-	(122,903)	(122,903)
	<u>\$ 353,064</u>	<u>\$ 243,411</u>	<u>\$ 596,475</u>

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment is summarized as follows at September 30:

	<u>Estimated Useful Life</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Computers and software	3-5 years	\$ 2,044,689	\$ 1,066,951	\$ 408,040
Furniture and fixtures	7 years	446,104	208,290	160,518
Equipment	5-7 years	2,920,903	47,674	32,829
Automobiles	5 years	1,175,537	-	-
Leasehold improvements	15 years	147,807	32,258	10,797
Website development costs	3 years	<u>679,279</u>	<u>526,259</u>	<u>421,616</u>
		7,414,319	1,881,432	1,033,800
Less: accumulated depreciation		<u>(1,687,405)</u>	<u>(909,731)</u>	<u>(647,499)</u>
		<u>\$ 5,726,914</u>	<u>\$ 971,701</u>	<u>\$ 386,301</u>

Depreciation expense was \$777,850, \$262,231, and \$183,384 for the years ended September 30, 2020, 2019 and 2018, respectively.



**LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES**  
**(FORMERLY LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020, 2019 AND 2018**

**NOTE 5 – INTANGIBLES**

Intangibles consist of the following at September 30:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Franchise agreements and territory rights	\$ 54,718,729	\$ 53,008,729	\$ 53,008,729
Customer contracts	9,560,000	-	-
Trademarks	4,330,001	3,110,001	3,110,000
Non-compete agreements	<u>183,611</u>	<u>183,611</u>	<u>183,612</u>
	68,792,341	56,302,341	56,302,341
Less: accumulated amortization	<u>(9,673,952)</u>	<u>(7,093,214)</u>	<u>(4,728,810)</u>
	59,118,389	49,209,127	51,573,531
Goodwill and franchise system	<u>75,375,583</u>	<u>69,850,737</u>	<u>56,948,455</u>
	<u>\$ 134,493,972</u>	<u>\$ 119,059,864</u>	<u>\$ 108,521,986</u>

Amortization expense was \$2,580,738 for the year ended September 30, 2020 and \$2,364,405 the years ended September 30, 2019 and 2018.

**NOTE 6 – FINANCING ARRANGEMENTS**

During 2017, Lynx-JPH refinanced their existing arrangements with new financial institutions and obtained additional borrowings under these arrangements. The new financing arrangements included a Term Loan of \$41,000,000, a Revolving Loan with available borrowings of \$5,000,000, Subordinated Note of \$18,000,000 and a Bridge Loan of \$9,900,000.

The Subordinated Note had quarterly interest payments and bore interest at either a base prime rate or a LIBOR based rate, plus applicable margins as defined within the agreement, with the principal balance due April 3, 2022. The outstanding Subordinated Note principal balance was \$18,000,000 at September 30, 2018.

The Bridge Loan did not bear interest and the principal balance was due on November 3, 2016. Prior to its maturity date, this Bridge Loan was converted to shares of preferred and common stock equivalent to the outstanding borrowings under the Bridge Loan of \$9,900,000.

The Term Loan required quarterly principal payments of \$102,500 through October 2018, at which time Lynx-JPH amended their existing financing arrangements to obtain additional borrowings of \$17,500,000 on the Term Loan. These additional borrowings along with \$500,000 of free cash flow were used for the purpose of repayment of the Subordinated Note.

In June 2020 and December 2018, Lynx-JPH amended the Term Loan to obtain additional borrowings of \$23,250,000 and \$11,000,000, respectively, used to finance the acquisition of FRST and CCDC and IOS, IOC, and IOI as further discussed in Note 14. As amended, the Term Loan requires quarterly principal payments of \$377,750 and bears interest at either a base prime rate or a LIBOR based rate, plus applicable margins as defined within the agreement (an effective rate of 7.00% at September 30, 2020), with the principal balance due October 3, 2021. The outstanding Term Loan principal balance was \$79,437,082, \$62,425,000 and \$38,147,500 at September 30, 2020, 2019 and 2018, respectively.



**LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES  
(FORMERLY LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020, 2019 AND 2018**

**NOTE 6 – FINANCING ARRANGEMENTS (Continued)**

The Revolving Loan allows for maximum borrowings of \$5,000,000, bears interest at LIBOR plus 5.50% (an effective rate of 5.66% at September 30, 2020), and the principal balance is due on the same date as the Term Loan. Allowable borrowings are reduced by a letter of credit for JPE's premium collections on its self-insurance program as further discussed in Note 10. There were no outstanding borrowings on the Revolving Loan at September 30, 2020, 2019 or 2018.

Financing arrangements are presented net of unamortized debt issuance costs of \$702,701 at September 30, 2020. Total expense associated with amortization of debt issuance costs was \$710,419 for the year ended September 30, 2020, which is included within interest expense in the accompanying consolidated statement of operations.

The new arrangements are secured by substantially all assets of the Company and guaranteed by the Company. Additionally, the financing arrangements contain various covenants including restrictions on capital expenditures, events of default, and certain financial coverage ratios. The Company was in compliance with all of its covenants as of September 30, 2020.

As discussed further in Note 15, subsequent to year end, Lynx-JPH completed a recapitalization resulting in new financing arrangements replacing those described above.

**NOTE 7 – RELATED PARTY TRANSACTIONS**

The Company is party to management and consulting agreements with certain members of equity groups holding ownership units of Lynx-JPH. Board fees incurred by the Company's continuing operations during 2020, 2019 and 2018 approximated \$1,352,000, \$1,179,000, and \$993,000, respectively.

**NOTE 8 – INCOME TAXES**

The provision (credit) for income taxes consists of the following for the years ended September 30:

	<u>2020</u>		<u>2019</u>		<u>2018</u>
Current:					
Federal	\$ 1,257,679	\$	60,756	\$	1,871,300
Foreign	128,201		186,734		60,400
State	398,360		87,767		141,900
	<u>1,784,240</u>		<u>335,257</u>		<u>2,073,600</u>
Deferred:					
Federal	(443,698)		1,132,312		(8,762,200)
State	306,741		(309,969)		(169,600)
	<u>(136,957)</u>		<u>822,343</u>		<u>(8,931,800)</u>
	<u>\$ 1,647,283</u>	\$	<u>1,157,600</u>	\$	<u>(6,858,200)</u>



**LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES**  
**(FORMERLY LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020, 2019 AND 2018**

**NOTE 8 – INCOME TAXES (Continued)**

Deferred income tax assets (liabilities) at September 30 consist of the following:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Intangibles	\$ (15,468,659)	\$ (12,565,928)	\$ (13,197,717)
Tax over book depreciation	(1,255,237)	(132,642)	(96,098)
Net operating loss	381,776	924,017	1,699,956
Valuation allowance	(381,776)	(375,238)	(337,866)
Other	(705,206)	(340,529)	245,301
	<u>\$ (17,429,102)</u>	<u>\$ (12,490,320)</u>	<u>\$ (11,686,424)</u>

The provision for income taxes differs from statutory rates primarily because of certain tax differences arising from non-deductible items, state and foreign taxes, changes to a valuation allowance related to state net operating losses and the benefit recorded associated with the Tax Cuts and Jobs Act (the "Tax Act") discussed below. While management does not anticipate material changes to provisional estimates, there could be changes in estimates that can result from finalizing the filing of the Company's related income tax returns.

During 2018, the President of the United States of America signed into law the Tax Act. Under the Tax Act, maximum corporate tax rates were reduced from a rate of 35% to a flat tax rate of 21%. In connection with the initial analysis of the impact of the Tax Act, the Company has recorded a discrete tax benefit of approximately \$6,000,000 during the year ended September 30, 2018, which primarily consists of remeasuring the net deferred income tax liability for the corporate rate reduction.

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

Operating Leases

JPI, IOI, FRST and CCDC have non-cancelable operating leases covering certain facilities and equipment which expire at various dates through August 2027. JPI and IOI's office operating leases contain rent abatement periods resulting in deferred rent. Future minimum lease payments for non-cancelable operating leases with terms in excess of one year approximately are as follows for years ending September 30:

2020	\$ 1,928,000
2021	1,832,000
2022	1,585,000
2023	1,386,000
2024	1,129,000
Thereafter	<u>961,000</u>
	<u>\$ 8,821,000</u>

Rental expense under all operating leases approximated \$1,458,000, \$944,000, and \$114,000 for the years ended September 30, 2020, 2019 and 2018, respectively.





**LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES  
(FORMERLY LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020, 2019 AND 2018**

**NOTE 9 – COMMITMENTS AND CONTINGENCIES (Continued)**

Legal Contingencies

Certain legal actions, proceedings, and claims have been instituted or asserted against the Company. Litigation is subject to many uncertainties, the outcome of individual matters is not predictable with assurance, and it is reasonably possible that some of the legal actions, proceedings, and claims could be decided unfavorably to the Company. The Company's policy is to accrue a liability if an unfavorable outcome is probable and the amount can be reasonably estimated. Based upon currently available information, it is the opinion of management that any such liability resulting from these matters will not materially affect the consolidated financial position, results of consolidated operations, or liquidity of the Company.

Letter of Credit

During 2019, in connection with the new self-insurance program discussed in Note 10, Lynx obtained a letter of credit JPE utilizes for purposes of collection of premiums and payment of claims. This letter of credit totaled \$1,193,146 at September 30, 2020 and reduces the availability under the Revolving Loan discussed in Note 6.

**NOTE 10 – SELF-INSURANCE**

Self-Insurance Program

During 2016, the Company began providing a self-insurance program for its franchisees to cover workers compensation claims through October 2018. The program expired in October 2018 and was replaced with a new program to be reviewed for renewal on an annual basis. Under both self-insurance programs, premiums are charged to franchisees monthly and provides coverage for the franchisees through program expiration. Claims and administrative fees are paid out of premiums charged to franchisees. The Company has stop loss coverage for any losses in excess of program maximums. Estimated total premiums charged to franchisees collected over the term of the program that are in excess of claims and administrative fees incurred are recorded to income over term of the program. Based on actuarial estimates, the Company has recorded estimated revenues in the accompanying statement of operations totaling approximately \$1,158,000, \$1,088,000 and \$1,353,000 related to the self-insurance programs during 2020, 2019 and 2018, respectively.

Estimated collections for premiums remitted in excess of claims and fees from both self-insurance programs are included within insurance receivable on the accompanying balance sheet.

In connection with the new program, the Company utilizes a letter of credit for purposes of collection of premiums and payment of claims. This letter of credit totals \$1,193,146 and reduces the availability under the Revolving Line of Credit of Lynx-JPH.



**LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES  
(FORMERLY LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020, 2019 AND 2018**

**NOTE 10 – SELF-INSURANCE** (Continued)

Terminated Captive

During 2007, the Company became a shareholder in a captive self-insurance company (“captive”) and participated in its programs for workers compensation coverage. The captive was terminated during 2012. Program premiums were paid by franchises of both the Company and JPI to the insurance company based on traditional underwriting practices coupled with usual and customary brokerage and administrative fees, while the insurance risk is spread among all members of the captive. Any losses per occurrence greater than \$100,000 or a maximum of \$750,000 in the aggregate, are underwritten by an outside insurance carrier. The maximum additional liability to the Company, based on a formula in the membership agreement, was approximately \$500,000 at September 30, 2020, 2019 and 2018. The financial statements do not include an accrual for these contingent liabilities as management believes the likelihood of incurring additional liability is remote.

In addition, the program contained a re-insurance arrangement through a major underwriter. Subsequent to the policy period end date, the captive will close that policy year. After determining the amount of final claims to be paid or reserved, the balance remaining is returned to the Company. It generally takes more than one year to collect these amounts, at September 30, 2020, 2019, and 2018, the Company has estimated the timing of receipt of these amounts and included with insurance receivable, net of current portion in the accompanying balance sheet.

At September 30, 2020, the insurance receivable on the accompanying balance sheet comprised of the following:

Active self-insurance program	\$ 2,271,818
Expired self-insurance program	1,797,874
Terminated captive	<u>312,074</u>
	4,381,766
Less: current portion	<u>(1,387,735)</u>
	<u>\$ 2,994,031</u>

**NOTE 11 – STOCK PLANS**

During 2017, the Board of Directors of Lynx-JPH formed a new Management Incentive Plan (“New Incentive Plan”) for the benefit of certain key employees of Lynx-JPH. The purpose of the Incentive Plan was to provide additional incentives if and when the Company’s ownership changed. The purpose of the New Incentive Plan is to provide additional incentives upon meeting certain time, performance and return on capital requirements. During 2020, 2019 and 2018 the shares associated and compensation expense incurred to Lynx-JPH was not material to the consolidated financial statements, accordingly, no expense was recorded associated with these shares.



**LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES**  
**(FORMERLY LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020, 2019 AND 2018**

**NOTE 12 – STOCKHOLDERS' EQUITY**

The number of shares of stock issued and outstanding was as follows at September 30:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Common stock, \$0.001 stated value, 150,000 authorized	<u>124,072</u>	<u>124,072</u>	<u>121,092</u>
Preferred stock, \$0.001 stated value, 750,000 authorized	<u>581,993</u>	<u>581,993</u>	<u>567,164</u>

**NOTE 13 – DISCONTINUED OPERATIONS**

During 2018, the Lynx-JPH entered an agreement to sell MRF and MRNF for total consideration of \$400,000 consisting of \$200,000 cash and a \$200,000 note receivable due in April 2019. The loss from the sale of subsidiaries for the year ended September 30, 2018 was approximately \$8,969,900 after consideration of an income tax benefit of \$2,882,700.

In accordance with GAAP, the Company's consolidated financial statements have been prepared with the assets, liabilities, results of operations and cash flows of these businesses displayed separately as "discontinued operations."

The consolidated loss from discontinued operations of MRF and MRNF was approximately \$1,069,000, net of tax benefit of approximately \$343,500 for the year ended September 30, 2018. The consolidated loss of MRF and MRNF was comprised of the following for the year ended September 30, 2018:

Revenues	\$ 798,040
Operating Expenses	<u>(2,029,322)</u>
	<u>(1,231,282)</u>
Other Expense	(180,921)
Credit for Income Taxes	<u>343,500</u>
Net Loss	<u>\$ (1,068,703)</u>



**LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES**  
**(FORMERLY LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020, 2019 AND 2018**

**NOTE 14 – ACQUISITIONS**

FRST and CCDC

On June 9, 2020, Lynx-JPH acquired FRST and CCDC at a purchase price of \$21,473,645. This purchase was funded through borrowings under the financing arrangements discussed in Note 6. The opening balance sheet of the Company, effective on June 10, 2020 was as follows:

Cash	\$ 1,029,172
Accounts receivable	4,303,968
Prepaid expenses and other assets	170,181
Property and equipment	4,294,819
Intangibles	<u>18,014,846</u>
Total Assets	<u>\$ 27,812,986</u>
Accounts payable and accrued expenses	\$ 632,767
Funds held on behalf of others	630,835
Deferred tax liability	<u>5,075,739</u>
Total Liabilities	<u>6,339,341</u>
Member's Equity	<u>21,473,645</u>
Total Liabilities and Member's Equity	<u>\$ 27,812,986</u>

IOS, IOC, and IOI

On December 21, 2018, Lynx-JPH acquired all assets and assumed all liabilities of IOS, IOC, and IOI, for total consideration of \$13,319,036. The purchase was funded through the December 2018 financing discussed in Note 6, cash, and a \$2,500,000 earnout provision subject to the acquired entities maintaining certain revenue thresholds through December 2020. The earnout provision is expected to be paid out in 2021. The consideration was allocated to the assets acquired and liabilities assumed based on their fair values at the acquisition date. Lynx-JPH allocated any excess purchase price over the fair value of the net tangible and intangible assets acquired to goodwill. The allocation of the purchase price consisted of the following:

Cash	\$ 344,770
Receivables	369,372
Deposits and other assets	17,362
Deferred taxes	19,222
Goodwill	<u>12,902,282</u>
Total Assets	<u>\$ 13,653,008</u>
Accounts payable and accrued expenses	\$ 149,713
Rental deposits	184,259
Total Liabilities	<u>333,972</u>
Equity	<u>13,319,036</u>
Total Liabilities and Equity	<u>\$ 13,653,008</u>



**LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES  
(FORMERLY LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020, 2019 AND 2018**

**NOTE 15 – SUBSEQUENT EVENTS**

During November 2020, the ownership group of Lynx entered into an agreement with a third party to sell its ownership interests in Lynx-JPH. Due diligence was completed and the transaction was closed and funded on December 23, 2020. The acquisition of Lynx-JPH was funded with cash and borrowings under debt agreements totaling \$141,500,000. The debt agreements entered into replace the credit facilities discussed in Note 6. At the date of this report, purchase price accounting and allocations have not been completed.

Borrowings under the new debt agreement bear interest at LIBOR plus an applicable margin (an effective rate of 7.25% at September 30, 2020). Principal payments required under this new debt agreement, which includes additional borrowings obtained of approximately \$61,600,000, are as follows for the year ending September 30:

2021	\$ 1,061,250
2022	1,415,000
2023	1,415,000
2024	1,415,000
2025	1,415,000
Thereafter	<u>134,278,750</u>
	<u>\$ 141,000,000</u>



**SUPPLEMENTARY INFORMATION**



**LYNX-JP HOLDINGS, INC. AND SUBSIDIARIES**  
**(FORMERLY PFB-JP HOLDINGS, INC. AND SUBSIDIARIES)**  
**CONSOLIDATED STATEMENT OF OPERATING EXPENSES**  
**YEARS ENDED SEPTEMBER 30, 2020 , 2019 AND 2018**

	<u>2020</u>		<u>2019</u>		<u>2018</u>
Salaries and wages	6,499,579	\$	4,774,683	\$	3,730,625
Payroll taxes	615,735		410,627		211,839
Fringe benefits	591,622		209,581		162,571
Professional fees	2,942,235		1,286,921		951,338
Office expenses	1,647,072		1,060,603		562,401
Rent	1,458,669		944,107		420,818
Website and software expenses	1,389,040		970,400		505,049
Board fees	1,352,552		1,178,858		993,130
Cost of supplies	974,178		-		-
Meetings and seminars	410,664		567,269		252,069
Travel and entertainment	385,730		506,262		217,007
Commissions	358,223		311,159		191,311
Bad debt expense	341,452		2,773,676		696,252
Advertising and promotion	339,760		156,199		141,494
Insurance expense	165,192		171,105		149,371
Recruiting fees	159,265		52,479		72,658
Marketing	154,844		399,429		209,434
Training	146,846		684,154		325,921
Telephone	92,654		62,570		124,565
Postage	18,163		10,262		12,076
	<u>\$ 20,043,475</u>		<u>\$ 16,530,344</u>		<u>\$ 9,929,929</u>



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



**LYNX Franchising**  
**Balance Sheets**  
**Proforma with ASC 805 Estimated Entries - UNAUDITED**

	<b>Pro Forma</b> <b>7/31/2021</b>
<b>ASSETS</b>	
Current Assets	
Cash	\$ 3,382,255
Accounts and Royalties Receivable	\$ 15,270,207
Notes Receivable - CP	\$ 403,566
Prepaid expenses	\$ 1,008,087
Other current assets	\$ 256,717
Total Current Assets	<u>\$ 20,320,832</u>
Property and Equipment, net	\$ 4,508,210
Other Assets	
Intangibles and debt issue costs, net	\$ 301,658,904
Investment in stock of subsidiaries	\$ 5,544,861
Notes receivable, long-term portion	\$ 231,070
Other receivables - captive insurance, LT	\$ 3,837,442
Deposits and other assets	\$ 195,183
Total Other Assets	<u>\$ 311,467,461</u>
Total Assets	<u>\$ 336,296,503</u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 9,480,145
Accrued interest	\$ 912,263
Income & Sales taxes payable	\$ (389,482)
Deferred Revenue	\$ 488,900
Deferred rent	\$ 383,552
Senior debt, current	\$ 1,415,000
Total Current Liabilities	\$ 12,290,378
Senior Debt, Less Current Maturities	\$ 144,641,175
Deferred income taxes payable	\$ 17,429,141
<b>EQUITY</b>	
Retained Earnings	\$ 163,016,740
Net Income	\$ (1,080,931)
Total Equity	<u>\$ 161,935,809</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 336,296,503</u>

**LYNX-JP Holdings  
Statement of Income**

**Ten Months  
7/31/2021  
UNAUDITED**

Revenue	
Franchise royalties and fees	\$ 22,151,237
Franchise development fees	1,134,006
National accounts	731,867
Company market sales	21,608,743
Marketing fund	2,856,840
Ancillary	3,108,630
	51,591,322
Cost of Goods	
Equipment Purchases	6,925,203
	44,666,119
Gross Profit	44,666,119
Operating Expenses	24,127,875
<b>Income from Operations</b>	<b>20,538,244</b>
Other Income (Expense)	
Depreciation and amortization	3,159,272
Interest and dividend income	-
Other Non Operating Expenses	10,191,347
Interest expense	7,677,915
	21,028,534
Income before Provision for Income Taxes	(490,290)
Provision for Income Taxes	593,702
<b>Net Income</b>	<b>\$ (1,083,993)</b>

**EXHIBIT B**

**FRANCHISE AGREEMENT**



**ARCHADECK FRANCHISOR, LLC**  
**FRANCHISE LICENSE AGREEMENT**

**Franchise #:** \_\_\_\_\_

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

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

**Territory:** \_\_\_\_\_

## TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
1. COVENANTS, REPRESENTATIONS, AND WARRANTIES OF FRANCHISEE .....	4
2. GRANT OF LICENSE.....	5
3. TERM OF THE AGREEMENT AND LICENSE .....	6
4. TERRITORY .....	7
5. FEES .....	9
6. ACCOUNTING, RECORDS, AUDITS AND LATE PAYMENT CHARGES.....	11
7. GUIDANCE, COACHING AND ASSISTANCE .....	14
8. FRANCHISEE’S DUTIES, OBLIGATIONS AND OPERATING STANDARDS.....	17
9. PURCHASE OF EQUIPMENT, INVENTORY AND SUPPLIES .....	21
10. MARKS, COPYRIGHTED WORKS AND OWNERSHIP OF IMPROVEMENTS.....	22
11. ADVERTISING AND PROMOTION.....	25
12. INSURANCE AND INDEMNITY .....	27
13. RELATIONSHIP .....	29
14. CONFIDENTIAL INFORMATION AND RESTRICTIVE COVENANTS .....	30
15. ASSIGNMENT .....	32
16. OPTION TO PURCHASE — RIGHT OF FIRST REFUSAL .....	36
17. DEFAULT AND TERMINATION .....	37
18. NOTICES .....	43
19. ARBITRATION.....	44
20. MISCELLANEOUS.....	44
21. ACKNOWLEDGEMENT .....	46

### ATTACHMENTS:

- A. Territory
- B. Guaranty and Assumption of Franchisee’s Obligations
- C. Statement of Ownership
- D. Electronic Payment Authorization
- E. Collateral Assignment of Telephone Numbers, Telephone Listings and Internet Addresses
- F. Sample Release Agreement
- G. Successor Addendum
- H. Multi-Unit Addendum

## FRANCHISE LICENSE AGREEMENT

**THIS FRANCHISE LICENSE AGREEMENT** (“**Agreement**”) is made this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_, by and between **ARCHADECK FRANCHISOR, LLC**, a Delaware limited liability company, located at 2426 Old Brick Road, Glen Allen, VA 23060 (“**Franchisor**”) and \_\_\_\_\_, located at \_\_\_\_\_ (“**Franchisee**”).

### RECITALS

**WHEREAS**, Franchisor and its predecessor and affiliates have developed a comprehensive system for the operation of a Construction Sales and Service Business (as defined below).

**WHEREAS**, Construction Sales and Service Businesses are operated under a business format per a unique system, including valuable know-how, information, Trade Secrets, Confidential Information, methods, Manual, standards, designs, methods of trademark usage, copyrights, sources and specifications, confidential electronic and other communications, methods of Internet usage, marketing programs, and research and development.

**WHEREAS**, the distinguishing characteristics of the System include the trademark “**ARCHADECK Outdoor Living**” and other trademarks and trade names, confidential operating procedures, confidential Manual, standards and specifications for equipment, services and products, method of Internet usage, methods of service, management and marketing programs and sales techniques and strategies. All of these distinguishing characteristics may be changed, improved, and further developed by Franchisor from time to time.

**WHEREAS**, Franchisor’s affiliate, Lynx Franchising Intellectual Property, LLC (“**Lynx IP**”), is the owner of certain trademarks and service marks associated with or related to the System, and which represent the System’s high standards of quality, service and customer satisfaction, and Lynx IP has granted to Franchisor the right to use and sublicense others to use those trademarks and service marks.

**WHEREAS**, Franchisee acknowledges the benefits to be derived from being identified with the System, and also recognizes the value of the Marks and the continued uniformity of image to Franchisee, Franchisor, and other franchisees of Franchisor.

**WHEREAS**, Franchisee acknowledges the importance to the System of Franchisor’s high and uniform standards of quality, service and customer satisfaction, and further recognizes the necessity of opening and operating a Construction Sales and Service Business in conformity with the System.

**WHEREAS**, Franchisee recognizes that in order to enhance the value of the System and goodwill associated with it, this Agreement places detailed obligations on Franchisee, including strict adherence to Franchisor’s reasonable present and future requirements regarding the types of products sold, services offered, advertising used, operational techniques, marketing and sales strategies and related matters.

**WHEREAS**, Franchisee is aware of the foregoing and is desirous of obtaining the right and obligation to use the System and in association therewith, the right and obligation to use the Marks, and wishes to be assisted, trained, and franchised to operate a Business pursuant to the provisions and within the Territory specified in this Agreement, subject to the terms and conditions contained in this Agreement.

The parties therefore agree as follows:

## DEFINITIONS

For the purposes of this Agreement, the following are hereby defined:

(a) **“Agreement”** - means this agreement, attachments, addenda and all instruments in amendment hereof.

(b) **“Affiliate”** - means any person or entity that controls, is controlled by, or is in common control with, Franchisor.

(c) **“Business”** or **“Construction Sales and Service Business”** - means the business operations conducted or to be conducted by Franchisee consisting of a business focused on outdoor living spaces and outdoor living environments including the marketing, selling, designing, repairing, remodeling, enhancing, constructing, installing, accessorizing, and maintaining of recreational, residential and commercial products and services, including, but not limited to, decks, screened porches, gazebos, room additions such as sunrooms, three-season rooms and four-season rooms, outdoor kitchens, outdoor fireplaces and firepits, and patios, and such other remodeling, repairing, and alteration products and services for outdoor living spaces and outdoor living environments. A Business does not include a pool installation or repair business.

(d) **“Confidential Information”** - means all knowledge, know-how, standards, formulas, methods and procedures related to the establishment and operation of the Business and includes all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, the Business and use of the System including, without limitation, all databases (whether in print, electronic or other form), all names, addresses, phone numbers, e-mail addresses, customer purchase records, mail lists, manuals, promotional and marketing materials, marketing strategies and any other data and information which Franchisor or its Affiliates designates as confidential, including without limitation all information contained in Franchisor’s Manual.

(e) **“Franchisor’s System”** or **“System”** - means the standards, systems, concepts, identifications, methods, and procedures developed or used by Franchisor or by others in the ARCHADECK Outdoor Living System, or which may hereafter be developed or used by Franchisor or by others in the ARCHADECK Outdoor Living System, for the sales and marketing of Franchisor’s Services and Products.

(f) **“Franchise”** - shall mean the business operations conducted or to be conducted using Franchisor’s System and in association with the Marks.

(g) **“Gross Sales”** - means the total of all receipts derived from all sales of products and services at Franchisee’s Construction Sales and Service Business, labor, insurance claims for lost profits to the extent a claim is paid by the insurer, and all other products and services sold or performed by or for Franchisee or Franchisee’s Construction Sales and Service Business or by means of the business conducted under this Agreement, whether the receipts are evidenced by cash, credit, checks, gift certificates, scrip, services, property or other means of exchange. Gross Sales do not include:

- (i) the amount of any tax imposed by any federal, state, municipal or other governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and in fact paid by Franchisee to the appropriate governmental authority; and

- (ii) all customer refunds, valid discounts and coupons, and credits made by the Construction Sales and Service Business (exclusions will not include any reductions for credit card user fees, reductions for third-party financing charges, returned checks or reserves for bad credit or doubtful accounts).

Franchisee must pay Franchisor all fees due based on Gross Sales (including the Royalty defined below) as follows:

- (i) if there is a written contract between Franchisee and the customer for any Products or Services, Franchisee must pay Franchisor fees based on 50% of the total anticipated Gross Sales in the monthly reporting period when Franchisee and the customer sign the contract. Franchisee must then pay Franchisor applicable fees based on all remaining Gross Sales associated with the project upon “substantial completion of the job” (as defined in the Products and Services sample project contract Franchisor provides Franchisee in the Manual); or
- (ii) if there is no written contract between Franchisee and the customer for any Products or Services, Franchisee must pay Franchisor the total amount of fees due based on total anticipated Gross Sales for such Products or Services in the monthly reporting period during which Franchisee begins supplying such Products or Services. In the event that Franchisee receives any advance payment for such Products or Services from the customer, then Franchisee must pay Franchisor all applicable fees corresponding with such payment amounts in the monthly reporting period Franchisee receives such payment.

Gross Sales are deemed received by Franchisee regardless of whether final payment (e.g., collection on a customer’s personal check) actually has been received by Franchisee. Gross Sales consisting of property or services received from customers shall be valued at the retail prices applicable and in effect at the time that they are received.

(h) “**Manual**” - has the meaning described in Section 7.3(d) below.

(i) “**Marks**” - shall mean the trademark “**ARCHADECK Outdoor Living**” together with such other trade names, trademarks, symbols, logos, distinctive names, service marks, certification marks, logo designs, insignia or otherwise which Franchisor owns or licenses and which Franchisor may designate from time to time as part of the System for use by Franchisees, and not thereafter withdrawn.

(j) “**Products**” - means all supplies, materials and equipment sold, prepared or otherwise dealt with in connection with the Business and associated with the Marks.

(k) “**Services**” - means the designing, repairing, remodeling, enhancing, constructing, installing, accessorizing, and maintaining of outdoor living spaces and outdoor living environments, including, but not limited to, decks, screened porches, gazebos, room additions such as sunrooms, three-season rooms and four-season rooms, outdoor kitchens, outdoor fireplaces and firepits, and patios, and such other remodeling, repairing, and alteration services for outdoor living spaces and outdoor living environments.

(l) “**Trade Secret(s)**” – means information, including a formula, pattern, compilation, program, device, method, technique or process related to the System that both derives independent 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 is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

## **1. COVENANTS, REPRESENTATIONS, AND WARRANTIES OF FRANCHISEE**

Franchisee covenants, represents and warrants as follows and acknowledges that Franchisor is relying upon such covenants, representations and warranties in making its decision to enter into this Agreement.

1.1 Franchisee acknowledges that it has received, has had ample time to read, and has read this Agreement and the corresponding Franchise Disclosure Document, and all related agreements with Franchisor. Franchisee acknowledges that Franchisor has advised him to obtain independent legal and accounting advice with respect to this Agreement and the transactions arising out of this Agreement. Franchisee further acknowledges that it has had an adequate opportunity to be advised by legal, accounting and other professional advisors of its own choosing regarding all pertinent aspects of the Business, Franchisor and this Agreement.

1.2 Franchisee has, or has made firm arrangements to acquire funds to commence, open and operate the Business and it is financially and otherwise able to accept the risks attendant upon entering into this Agreement.

1.3 All statements made by Franchisee in writing in connection with its application for this franchise were, to the best of its knowledge, true when made and continue to be true as of the date of this Agreement.

1.4 There are no material financial obligations of Franchisee whether actual or contingent which are outstanding as of the date of this Agreement other than those disclosed to Franchisor by Franchisee in writing.

1.5 Franchisee is not a party to or subject to any court or administrative order or action of any governmental authority which would limit or interfere in any way with the performance by Franchisee of its obligation hereunder.

1.6 Franchisee is not a party to any litigation or legal proceedings other than those which have been disclosed to Franchisor by Franchisee in writing.

1.7 Franchisee represents that it is not a party to or subject to agreements that might conflict with the terms of this Agreement and agrees not to enter into any conflicting agreements during the Initial Term or any Interim Period.

1.8 Franchisee agrees and acknowledges that it has not been induced to enter into this Agreement in reliance upon, nor as a result of, any statements, representations, warranties, conditions, covenants, promises or inducements, whatsoever, whether oral or written, and whether directly related to the contents hereof or collateral thereto, made by Franchisor, its officers, directors, agents, employees or contractors except as provided herein. Franchisee acknowledges that the Franchise has been granted in reliance upon the information supplied to Franchisor in Franchisee's application for a Franchise.

1.9 Franchisee and its owners agree to comply with and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and its owners certify, represent, and warrant that none of

their property or interests is subject to being “blocked” under any of the Anti-Terrorism Laws and that Franchisee and its owners are not otherwise in violation of any of the Anti-Terrorism Laws.

(a) Franchisee and its owners certify that none of them, their respective employees, or anyone associated with Franchisee is listed in the Annex to Executive Order 13224 (which can be accessed at <http://www.treasury.gov/offices/enforcement/ofac/legal/eo/13224.pdf>). Franchisee agrees not to hire (or, if already employed, retain the employment of) any individual who is listed in the Annex.

(b) Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee, its owners, their employees, or anyone associated with Franchisee to be listed in the Annex to Executive Order 13224.

(c) Franchisee is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that its indemnification responsibilities set forth in this Agreement pertain to its obligations under this Section 1.9.

(d) Any misrepresentation under this Section or any violation of the Anti-Terrorism Laws by Franchisee, its owners, agents, its employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered with Franchisor or any of Franchisor’s affiliates.

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

## 2. GRANT OF LICENSE

2.1 Subject to all the terms and conditions of this Agreement, Franchisor hereby grants to Franchisee, and Franchisee accepts, for the Initial Term of this Agreement the right, obligation and license (“**License**”) to:

(a) Operate a Business upon the terms and conditions of this Agreement in one territory described in **Attachment A (“Territory”)**;

(b) Use the Marks and the System; and

(c) Offer and market ONLY Franchisor’s approved Services and Products, as described in the Manual, unless Franchisor approves in writing (such approval to be in Franchisor’s sole and absolute discretion) Franchisee’s request to offer and market complementary and non-competing services or products.

2.2 The License does not include the right to sell products to any vendor who would in turn sell to consumers.

2.3 Franchisee recognizes that variations and additions to the System may be required from time to time in order to preserve and/or enhance the System. Therefore, Franchisor expressly reserves the right to add to, subtract from, revise, modify or change from time to time the System or any part thereof, and Franchisee agrees to promptly accept and comply with any such addition, subtraction, revision, modification or change and to make such reasonable expenditures as may be necessary to comply pursuant to Section 8.

2.4 Franchisee recognizes that the rights that are granted to Franchisee are for the specific Territory, defined in Section 4.1 and no other, and cannot be transferred to an alternate Territory, without the prior written approval of Franchisor, which approval may be granted or withheld in Franchisor's sole discretion.

### 3. TERM OF THE AGREEMENT AND LICENSE

3.1 This Agreement and the License granted shall continue for a period of seven years (“**Initial Term**”). This Initial Term shall begin on the date this Agreement is executed by Franchisor, subject, however, to termination in accordance with the provisions of this Agreement. When the Initial Term expires Franchisee shall have the option to extend its rights to operate the Construction Sales and Service Business for one additional term (“**Successor Term**”) equal to the length of Franchisor's then-current initial term as described in its then-current ARCHADECK Outdoor Living franchise agreement, provided Franchisor determines in its sole and absolute discretion that Franchisee has met all of the following requirements:

(a) Franchisee has not failed to remedy any breach of this Agreement specified by Franchisor in a written notice to Franchisee as per Sections 17.1 or 17.2;

(b) Franchisee has not committed and received notice of two or more breaches of this Agreement in the 24 months prior to the end of the current Initial Term, even if such breaches were timely remedied;

(c) Franchisee has met the Minimum Annual Sales Quota every year during the Initial Term;

(d) Franchisee has given Franchisor a written notice of intent to extend its rights to operate the Construction Sales and Service Business no less than six months or more than nine months prior to expiration of the Initial Term;

(e) Franchisee is current in payment obligations to Franchisor or to Franchisee's trade creditors;

(f) Franchisee has met Franchisor's then-current qualifications for new or renewing ARCHADECK Outdoor Living franchisees;

(g) Franchisee executes a successor franchise agreement (“**Successor Franchise Agreement**”) and all other agreements in the form then being used by Franchisor in granting new franchises, which may contain materially different terms and conditions than this Agreement, provided that Franchisee will pay Franchisor the Successor Franchise Fee (defined below) instead of the Initial Franchise Fee.

(h) Franchisee pays Franchisor the successor franchise fee equal to 10% of the then existing Initial Franchise Fee as described in the Franchisor's then existing Franchise Agreement (“**Successor Franchise Fee**”), which is due and payable to Franchisor at the time of signing the Successor Franchise Agreement;

(i) Franchisee executes a general release of all claims Franchisee may have against Franchisor, its officers, directors, members, shareholders, agents, Affiliates, and employees, whether in their corporate and/or individual capacities. This release shall include all claims arising under any federal, state, or local law, rule, or ordinance arising out of or concerning this Agreement (to the fullest extent permitted by law) and shall be in a form satisfactory to Franchisor;

(j) Franchisee has upgraded the computer system, technology platforms and vehicle used in operations of the Business to Franchisor's then-current standards;

(k) Franchisee has provided Franchisor with proof of current licenses, insurance and any necessary permits; and

(l) Franchisee has met any other conditions that Franchisor reasonably requires.

3.2 Franchisee's failure to give timely notice of Franchisee's intention to extend its rights to operate the Construction Sales and Service Business, as described in Section 3.1(d) shall be deemed an election not to extend Franchisee's rights to operate the Construction Sales and Service Business. IN FRANCHISOR'S SOLE DETERMINATION, FRANCHISEE MAY BE DEEMED TO HAVE IRREVOCABLY DECLINED TO EXTEND FRANCHISEE'S RIGHTS TO OPERATE THE CONSTRUCTION SALES AND SERVICE BUSINESS (AND ITS OPTION SHALL THEREUPON TERMINATE) IF IT FAILS TO EXECUTE AND RETURN TO FRANCHISOR THE SUCCESSOR FRANCHISE AGREEMENT AND OTHER DOCUMENTS REQUIRED BY FRANCHISOR WITHIN 30 DAYS AFTER THEIR DELIVERY TO FRANCHISEE, OR FAILS TO COMPLY IN ANY OTHER WAY WITH THE PROVISIONS OF THIS SECTION 3.

3.3 If Franchisee does not sign a Successor Franchise Agreement prior to the expiration of this Agreement and continues to accept the benefits of this Agreement after the expiration of this Agreement, then at the option of Franchisor, this Agreement may be treated either as (i) expired as of the date of expiration with Franchisee then operating without a franchise to do so and in violation of Franchisor's rights; or (ii) continued on a month-to-month basis (“**Interim Period**”) until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate 30 days after receipt of the notice to terminate the Interim Period. In the latter case, all obligations of Franchisee shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

#### **4. TERRITORY**

4.1 During the Initial Term and any Interim Period and for so long as Franchisee is in compliance with all of its obligations hereunder, except as otherwise provided in this Agreement, and subject to Section 4.2, Section 4.5 and Section 4.6, neither Franchisor nor any Affiliate will establish or license another person or entity to establish an Construction Sales and Service Business using the Marks licensed to Franchisee within the Territory encompassed by the boundaries and with the population base set forth in **Attachment A**, attached hereto and incorporated herein by reference. Except as otherwise specifically provided in this Agreement, this Agreement does not restrict Franchisor or its Affiliates and

does not grant rights to Franchisee to pursue any of Franchisor's or its Affiliates other business concepts other than the Construction Sales and Service Business.

4.2 Franchisee acknowledges that the Franchise granted hereunder is non-exclusive and that Franchisor and its Affiliates retain the exclusive right, among others:

(a) to use, and to license others to use, the Marks and System for the operation of Construction Sales and Service Businesses at any location other than in the Territory, regardless of proximity to the Territory;

(b) to use, license and franchise the use of trademarks or service marks other than the Marks, whether in alternative channels of distribution or at any location including the Territory, in association with operations that are the same as, similar to or different than a Construction Sales and Service Business;

(c) to use the Marks and the System in connection with the provision of other services and products or in alternative channels of distribution such as those described in 4.2(d), at any location including the Territory;

(d) to offer the Services or Products, or grant others the right to offer the Services or Products, whether using the Marks or other trademarks or service marks, through alternative channels of distribution, including without limitation, wholesalers, retail outlets or other distribution outlets (other than Construction Sales and Service Businesses), or by Internet commerce (e-commerce), mail order or otherwise, whether inside or outside the Territory;

(e) to develop or maintain any websites utilizing a domain name incorporating the word "**Archadeck**" or similar derivatives thereof. Franchisor retains the sole right to market on the Internet and use the Marks on the Internet, including all use of websites, domain names, URL's, directory addresses, metatags, linking, advertising, and co-branding and other arrangements. Franchisee may not independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique, with words or symbols similar to the Marks or otherwise establish any presence on the Internet without Franchisor's prior written approval or as described in the Manual; and

(f) to acquire businesses that are the same as or similar to the Construction Sales and Service Business and operate such businesses regardless of where such businesses are located, including inside the Territory and to be acquired by any third party which operates businesses that are the same as or similar to the Construction Sales and Service Business regardless of where such businesses are located, including inside the Territory.

4.3 Franchisee may be granted, at Franchisor's sole discretion, express permission to sell or service customers in an unsold territory adjacent to Franchisee's Territory ("**Adjacent Territory**"); provided that Franchisee agrees that when the Adjacent Territory is granted to another franchisee by Franchisor, Franchisee will, upon receipt of written notice from Franchisor, cease all its sales and service efforts within the Adjacent Territory and: (a) within 10 days of such notice, return to Franchisor all lists of customers and prospects within the Adjacent Territory; and (b) complete all open customer contracts within the Adjacent Territory in a commercially reasonable matter.

4.4 Notwithstanding Franchisor's exclusive right to sell Products and Services on the Internet in accordance with Section 4.2(d), if Franchisor sells Products or Services that Franchisee is required to sell and provide pursuant to this Agreement using the Marks to a customer located in Franchisee's Territory,

Franchisor or its supplier or distributor, in Franchisor’s sole discretion, may provide Franchisee with a credit against future National Branding & Marketing Fees due to Franchisor in an amount to be determined by Franchisor, in its sole discretion.

4.5 Except as described in this Section 4.5, Franchisee may not provide any Products or Services or otherwise operate its Business outside the Territory. If Franchisee receives a request for Products or Services from a customer and the customer is located in another ARCHADECK Outdoor Living territory owned by Franchisor, its Affiliates or another franchisee, Franchisee must refer such customer to Franchisor, its Affiliates or such franchisee. If Franchisee receives a direct referral from one of Franchisee’s existing or past customers or from one of Franchisee’s existing trade relationships, Franchisee may provide Products and Services to such customer in accordance with the terms in the Manual. Franchisor may require Franchisee to provide written proof of such referral upon Franchisor’s request. Franchisee acknowledges and agrees that other ARCHADECK Outdoor Living franchisees may service customers in Franchisee’s Territory if the other ARCHADECK Outdoor Living franchisee had direct referrals for such customers from existing or past customers or existing trade relationships. In addition, if Franchisor determines that Franchisee is unable or unwilling to provide Products or Services to a particular customer, Franchisor reserves the right to assign that customer to another ARCHADECK Outdoor Living franchisee, complete the job itself or hire a third-party specialists to assist with the job. Franchisor may charge Franchisee a reasonable fee for the services provided by Franchisor, another franchisee or a specialist.

4.6 In order to maintain the Territory, during each full calendar year following the Operational Start Date, Franchisee must attain a certain amount of Gross Sales each calendar year (the “Minimum Annual Sales Quota”) as follows by Territory:

Year	TERRITORY Annual Gross Sales
Second and Third Full Calendar Years	\$300,000
Fourth Full Calendar Year through the Balance of the Initial Term and any Interim Period	\$500,000

There is no Minimum Annual Sales Quota for the first full calendar year following the Operational Start Date. Franchisee’s failure to satisfy the Minimum Annual Sales Quota may result in the reduction or elimination of Franchisee’s Territory or the termination of this Agreement, in Franchisor’s sole discretion. **THIS MINIMUM ANNUAL SALES QUOTA IS IN NO WAY INTENDED TO IMPLY THAT FRANCHISEE WILL EXPERIENCE GROSS REVENUES OF ANY PARTICULAR LEVEL.**

If Franchisee signs a Successor Franchise Agreement, Franchisee will be required to attain the Minimum Annual Sales Quota set forth therein. As of the date of this Agreement, Franchisor anticipates that the Minimum Annual Sales Quota under a Successor Franchise Agreement will be the highest Minimum Annual Sales Quota under its then-current form franchise agreement for new franchisees. Franchisor has the right, however, to vary the Minimum Annual Sales Quota and how it is determined in any Successor Franchise Agreement Franchisee may sign.

## 5. FEES

5.1 Franchisee shall pay the sum described on Attachment A plus, if due and payable, all applicable federal, state or municipal taxes, as a non-recurring initial franchise fee (“**Initial Franchise Fee**”) to Franchisor upon the execution of this Agreement. The Initial Franchise Fee shall be paid by means of cashier’s check, money order or wire transfer. The Initial Franchise Fee shall be deemed to have been

fully earned by Franchisor when paid. The Initial Franchise Fee is non-refundable once paid except as provided for in Section 5.2.

5.2 The Initial Franchise Fee will be non-refundable unless Franchisor terminates the Agreement because Franchisee failed, after diligent pursuit using all commercially reasonable efforts as determined in Franchisor's sole discretion, to obtain the applicable permits and licenses required by the state and local government applicable to its Territory within 6 months. Franchisor shall notify Franchisee in writing that it is exercising its right to terminate the Agreement pursuant to this Section 5.2, in which case 50% of the Initial Franchise Fee shall be refunded to Franchisee within 30 days of Franchisor's notice of termination to Franchisee.

5.3 During each calendar year during the Term and any Interim Term, Franchisee shall pay to Franchisor a monthly royalty fee ("**Royalty**") as follow:

<b>Royalty</b>	<b>Gross Sales in Calendar Year</b>
6.5% of Gross Sales	\$0 to \$1,000,000
5.5% of Gross Sales	Over \$1,000,000 to \$2,000,000
4.5% of Gross Sales	Over \$2,000,000 to \$3,000,000
3.5% of Gross Sales	Over \$3,000,000

Beginning on the second full calendar year following the Operational Start Date during the months of March through November, the Royalty payable to Franchisor must exceed a minimum monthly royalty of \$1,500 per month ("**Minimum Monthly Royalty**"). If the Royalty does not meet or exceed the Minimum Monthly Royalty in any month from March through November, Franchisee must pay Franchisor a Royalty equal to the Minimum Monthly Royalty.

5.4 The Royalty shall be payable to Franchisor on or before the 10th day of each month and shall be payable through the entire Initial Term of this Agreement and any Interim Period. If Franchisee signs a Successor Franchise Agreement, Franchisee will be required to pay the Royalty set forth therein. Franchisor has the right to vary the Royalty and how it is determined in any Successor Franchise Agreement Franchisee may sign. Franchisee shall pay the Royalty monthly or in such other frequency as Franchisor may in its sole discretion require upon written notice to Franchisee by Franchisor. Franchisee shall not subordinate to any other obligation its obligation to pay the Royalty or any other fee or charge hereunder. Franchisee must provide the reports as set forth in Section 5.4(a).

(a) Franchisee must submit by the 10<sup>th</sup> of each month a report of the previous month's Gross Sales on a form approved and provided to Franchisee by Franchisor. Each failure to submit a fully completed statement of the Gross Sales for each monthly reporting period when due shall constitute a material breach of this Agreement.

(b) Franchisee must remit fees and other amounts due to Franchisor hereunder via electronic funds transfer ("EFT") or other similar means utilizing a Franchisor approved computer system or otherwise. The EFT Authorization is attached to the Franchise Agreement as Attachment D. Franchisee agrees to comply with procedures specified by Franchisor and/or perform such acts and deliver and execute such documents, including authorization for direct debits from Franchisee's business bank operating account, as may be necessary to assist in or accomplish payment by such method. Under this procedure, Franchisee shall authorize Franchisor to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to Franchisor and any interest charged due thereon. Franchisee shall make funds available to Franchisor for withdrawal by electronic transfer no later than the due date for payment

therefor. If there are insufficient funds in Franchisee's account to collect amounts due by a transfer of funds on the due date, or if a withdrawal is otherwise rejected for any reason, Franchisee must pay Franchisor any fees and expenses Franchisor incurs, as well as Franchisor's then-current service charge to compensate Franchisor for its increased administrative and management costs in connection with such failed withdrawal.

If Franchisee has not timely reported the Gross Sales to Franchisor for any reporting period, then Franchisor shall be authorized, at Franchisor's option, to debit Franchisee's account the Minimum Monthly Royalty or the estimated Royalty based on past fees paid to Franchisor, the estimated National Branding & Marketing Fee based on past fees paid to Franchisor, and all other amounts due Franchisor under this Agreement.

5.5 Franchisee must pay Franchisor the then-current technology fee as described in the Manual, for access to Franchisor's designated technology package, including but not limited to electronic mail, QuickBooks (or other accounting software designated by Franchisor), intranet access, and certain software licenses, such as design, architectural, pricing, and CRM. As of the date of this Agreement, the technology fee is equal to \$200 per month. The technology package includes one license for certain software, and Franchisee must pay Franchisor or its designated third party supplier the then-current per license monthly fee if Franchisee requests additional licenses. In addition, Franchisee must pay Franchisor or its designated third party supplier all initial software license fees for any software Franchisee is required to use in the operation of its Business as prescribed by Franchisor. As of the date of this Agreement, Franchisee must pay Franchisor an initial license fee of \$2,000 for access to the architectural design software. Franchisor may change these fees at any time upon 30 days' written notice.

5.6 During the Initial Term and any Interim Period, Franchisee must contribute to a guarantee fund (the "**Guarantee Fund**"). The Guarantee Fund is managed by National Guarantee Corporation, which is owned by participating franchisees and managed by its Board of Directors elected by participating franchisees (the "**NGC**"). Upon the signing of this Agreement, Franchisee must pay Franchisor an initial sum of \$5,000 for contribution to the Guarantee Fund. In addition, Franchisee must contribute a fee equal to 0.25% of its Gross Sales payable every other month within 30 days of date of invoice, although Franchisor reserves the right to require that you pay this fee concurrent with the Royalty, until Franchisee's account reaches \$15,000. Once Franchisee's account reaches \$15,000, Franchisee is only required to contribute 0.10% of its Gross Sales to the Guarantee Fund, payable every other month within 30 days of date of invoice, although Franchisor reserves the right to require that Franchisee pay this fee concurrent with the Royalty. Franchisee agrees to be bound by the bylaws of NGC and its Shareholders Agreement, and to execute NGC's personal guaranty and assumption of obligations in connection therewith, and to abide by and conform to all decisions of the NGC Board of Directors so long as they do not conflict with Franchisee's obligations under this Agreement. In the event that the NGC no longer provides either its third-party guarantee of projection completion or its post-completion warranty coverage, Franchisor reserves the right to increase the Royalty rates by up to 0.50% in order to create a reasonable reserve for brand protection costs and expenses.

## **6. ACCOUNTING, RECORDS, AUDITS AND LATE PAYMENT CHARGES**

6.1 Franchisee shall keep such complete records of its Business as a prudent and careful businessperson would normally keep. Franchisee must use the accounting system and the pre-formatted template required by Franchisor, if any, at Franchisee's sole expense. Franchisor may, in its sole discretion, change the required accounting system, and Franchisee must transfer its accounting records to any new accounting system within a reasonable period of time not to exceed sixty (60) days from Franchisor's notice of requiring such new accounting system. Franchisee shall keep its



financial books and records as Franchisor may from time to time direct in the Manual or otherwise, including retention of all invoices, order forms, payroll records, cash register tapes, check records, bank deposit receipts, sales tax records, refunds, cash disbursements, journals and general ledgers. Franchisee shall advise Franchisor of the location of all original documents and shall not destroy any records without the written consent of Franchisor.

6.2 Franchisee shall prepare on a current basis, complete and accurate records concerning all financial, marketing and other operating aspects of the Business conducted under this Agreement. Franchisee shall maintain an accounting system which accurately reflects all operational aspects of the Business including uniform reports as may be required by Franchisor. Franchisee's records shall include tax returns, daily reports, statements of Gross Sales, profit and loss statements, and balance sheets. During the first two full years of operations, Franchisee must use a bookkeeping service or platform approved by Franchisor.

6.3 Franchisee shall furnish to Franchisor such reports as Franchisor may require from time to time. Franchisee grants Franchisor the right to disclose all financial data submitted to Franchisor. Without limiting the generality of the foregoing, Franchisee shall furnish to Franchisor in the form Franchisor requires periodically (which will include a chart of accounts prescribed by Franchisor) and together with such detail and breakdown and copies of supporting records as Franchisor may from time to time require:

(a) within ten (10) days after the end of each month, beginning with January 1st, a balance sheet and profit and loss statement for the Franchised Business for the preceding month;

(b) within thirty (30) days after the end of each fiscal year of the Franchised Business, financial statements for the Franchised Business, including a balance sheet, profit and loss statement, a change in cash position statement and a statement of retained earnings for such period; and

(c) within thirty (30) days of April 15th of each year, a true copy of all tax returns, schedules and reports filed by Franchisee for income, corporate, sales tax, employer health tax, or workers compensation purposes.

6.4 Franchisee shall also submit to Franchisor current financial statements and other reports as Franchisor may reasonably request to evaluate or compile research and performance data on any operational aspect of the Business. Franchisee shall submit Individual Marketing expenses statements to Franchisor once each quarter.

6.5 If Franchisor believes that Franchisee is using a separate business entity or individual to perform products or services authorized for sale in the Business or to collect receipts from the sale of any Products or Services, Franchisor has the right to inspect, audit or copy, or request copies of, the records of such business entity or individual. Franchisee shall keep the books and records of the Business separate from the records of any unrelated business activity or personal activity.

6.6 From the date Franchisee and Franchisor sign this Agreement until 3 years after the end of the Initial Term of this Agreement including any Interim Period, Franchisor or Franchisor's authorized agent shall have the right to request, receive, inspect and audit any of the records referred to above wherever they may be located. Franchisor agrees to do inspections and audits at reasonable times. Franchisee agrees to keep all records and reports for 6 years from the date such records are created. Should any inspection or audit disclose a deficiency in the payment of any Royalty, National Branding & Marketing Fee (as defined in Section 11.5) or other amounts required to be paid under this Agreement, Franchisee shall immediately pay the deficiency to Franchisor, without prejudice to any other remedy of Franchisor under this Agreement.

In addition, if the deficiency for any audit period discloses a deficiency in the amount of any Royalty, National Branding & Marketing Fee or other amounts due by 2% or more, Franchisee will also immediately pay to Franchisor the entire cost of the inspection or audit including travel, lodging, meals, salaries and other expenses of the inspecting or auditing personnel. For the purposes of this Section 6.6, an audit period will be each fiscal year. Should the audit disclose an overpayment of any Royalty, National Branding & Marketing Fees, or other amounts due, Franchisor shall credit the amount of the overpayment to Franchisee's payments of Royalty, and National Branding & Marketing Fees next falling due.

6.7 To encourage prompt payment and to cover the costs and expenses involved in handling and processing late payments Franchisee shall also pay, upon demand, a late fee in the amount of \$100 and a late interest charge equal to the lesser of (i) 1.5% per month; or (ii) the highest legal rate permitted by applicable law, whichever is lower, on all payments due to Franchisor during the period of time said payments are due and unpaid. Each failure to pay Royalty, National Branding & Marketing Fees, and other amounts payable to Franchisor when due shall constitute a material breach of this Agreement. Franchisee acknowledges that this Section 6.7 shall not constitute Franchisor's agreement to accept such payments after same are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of the Construction Sales and Service Business. Further, Franchisee acknowledges that failure to pay all such amounts when due shall, notwithstanding the provisions of this Section 6.7, constitute grounds for termination of this Agreement, as provided in this Agreement.

6.8 Any report of Franchisor's auditor rendered from time to time pursuant to this Section 6, shall be final and binding upon all of the parties hereto.

6.9 Franchisee hereby authorizes Franchisor to make reasonable inquiries of Franchisee's bank, suppliers and trade creditors concerning the Business and hereby directs such persons and companies to provide to Franchisor such information and copies of documents pertaining to the Business as Franchisor may request.

6.10 Franchisee acknowledges and agrees that Franchisor owns all business records and databases, whether in print, electronic or other form, related to the Construction Sales and Service Business ("**Business Records**") including, without limitation, Customer Data (as defined in this Section 6.10 below) and all other Business Records Franchisee creates and maintains. Franchisee further acknowledges and agrees that, at all times during and after the termination, expiration or cancellation of this Agreement, Franchisor has the right to access the Business Records, and to utilize, transfer, or analyze the Business Records as Franchisor determines to be in the best interest of the System, in its sole discretion. "**Customer Data**" means lists of all former, current or prospective customers and referral sources as well as all other data, information and materials Franchisor or Franchisee collect or receive from, or which relate to, these individuals, including, without limitation, their names, addresses, telephone numbers, e-mail addresses and customer purchase records. Franchisor has the right to contact Franchisee's former and current customers to ascertain their level of satisfaction. Franchisor hereby grants Franchisee a license to use the Business Records during the term of this Agreement. Franchisee may not use the Business Records for any purpose whatsoever other than in the normal conduct of the Construction Sales and Service Business, and may not sell, loan or give the Business Records, including, without limitation, Customer Data, to anyone without Franchisor's prior written permission. Further, Franchisor has the right to periodically establish other policies respecting Franchisee's use of the Business Records during the term of this Agreement. Upon termination or expiration of this Agreement, Franchisee must promptly deliver to Franchisor all Business Records in Franchisee's possession, including, without limitation, all Customer Data, without retaining any copies of the Business Records, including, without limitation, any hard or electronic copies.

6.11 To encourage prompt delivery of all Business Records, Certificates of Insurance, Gross Revenue statements and any other documentation or record that may be requested by Franchisor under this

Agreement, Franchisee shall pay, upon demand, a late report fee in the amount of \$100 per record or document requested if Franchisee fails to deliver such record or document when due.

6.12 If Franchisee remits the Royalty or any other sums due to Franchisor under this Agreement with a check returned for non-sufficient funds more than one time in any calendar year, in addition to all other remedies which may be available, Franchisor shall have the right to require that Royalty payments and any other sums due to Franchisor under this Agreement be made by certified or cashier's checks. If Franchisee fails to remit the Royalty or any other sums due to Franchisor under this Agreement by the due date 2 times during the Initial Term or any Interim Period, in addition to all other remedies which may be available, Franchisor reserves the right to require, in its sole discretion, that Franchisee remit the Royalty or any other sums due to Franchisor under this Agreement weekly.

6.13 Franchisee agrees that, during the Initial Term, any Interim Period, and for 3 years after the expiration and termination of this Agreement, Franchisee shall supply to Franchisor Franchisee's home (or Business location, if other than Franchisee's home) address and telephone number.

## 7. GUIDANCE, COACHING AND ASSISTANCE

7.1 The Initial Franchise Fee and Royalty are paid for the License, which includes the use of the Marks, the System and the use of Franchisor's Trade Secrets and Confidential Information provided pursuant to this Agreement and for certain services rendered by Franchisor.

7.2 Franchisor shall offer Franchisee initial and continuing guidance, coaching and assistance, as Franchisor deems necessary or advisable in furthering Franchisee's Business and the business of the System as a whole and in connection with protecting the Marks and goodwill of Franchisor. Failure by Franchisor to provide any particular guidance, coaching or assistance, either initial or continuing, shall not excuse Franchisee from any of its obligations under this Agreement.

7.3 Currently, initial guidance, coaching and assistance provided by Franchisor prior to Franchisee opening the Business shall include:

(a) Designating the franchisee's Territory as stipulated in Section 4 and **Attachment A**.

(b) Furnishing Franchisee with specifications for all initial and replacement equipment, tools, vehicles, inventory and supplies required for the operation of Franchisee's Business as stipulated in Section 9.

(c) Providing Franchisee, or if Franchisee is an entity, a person designated to manage the Business ("**Designated Business Manager**") with an initial training program at Franchisor's facilities in Richmond, Virginia, or another field location designated by Franchisor. Training may include a discussion of the System, techniques, procedures, installation and methods of operation, advertising, sales techniques, promotional ideas, marketing plans, customer relations, instructions on quality standards, administrative practices and procedures, safety practices, accounting practices, and practical experience in the operation of a franchise. The initial training program must be completed by Franchisee or the Designated Business Manager before the Operational Start Date.

(d) Loaning Franchisee during the Initial Term (including any Interim Period) one copy of or providing electronic (internet) access to Franchisor's confidential operating manual ("**Manual**") containing mandatory and suggested specifications, standards, operating procedures

and rules prescribed from time to time by Franchisor as further stipulated in this Section 7, and containing information relative to other obligations of Franchisee hereunder. Any required specifications, standards and operating procedures exist to protect Franchisor's interests in the System and the Marks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those matters that are reserved to Franchisee. Franchisee shall operate the Business strictly in accordance with the required specifications and standards identified in the Manual. Failure to comply with the required standards set forth in the Manual shall constitute a material breach of this Agreement. Franchisor reserves the right to provide the Manual and updates to the Manual in electronic form or other form determined by Franchisor. Franchisor shall have the right to modify the Manual from time to time to reflect changes in authorized Products and Services, business image or the operation of the Business; provided, however, no such addition or modification shall alter Franchisee's fundamental status and rights under this Agreement. Some of the revisions to the Manual may include changes with respect to: (i) sales and marketing strategies; (ii) equipment and supplies; (iii) accounting and reporting systems and forms; (iv) insurance requirements; (v) operating procedures; (vi) required technology; (vii) Services; and (viii) Products.

(i) Franchisee covenants to accept, implement and adopt any such modifications at its own cost, except as provided in Section 8.5 of this Agreement. Franchisee shall keep its Manual with replacement pages and insertions as instructed by Franchisor.

(ii) Franchisee hereby acknowledges that the Manual is loaned to Franchisee and shall at all times remain the sole and exclusive property of Franchisor, and upon termination of this Agreement for any reason whatsoever, Franchisee shall forthwith return the Manual together with all copies of any portion of the Manual which Franchisee may have made, to Franchisor.

(e) Providing Franchisee with access to certain graphic artwork suitable for letterhead, business cards and other start-up materials determined by Franchisor each at no charge. Letterhead, business cards and other start-up materials may be purchased at Franchisee's expense.

(f) At Franchisor's sole discretion, Franchisor may provide pre-opening and ongoing assistance during the first year of operations of Franchisee's Business.

7.4 Currently, the guidance, coaching and assistance provided by Franchisor to Franchisee after Franchisee opens the Business shall include:

(a) Make a representative reasonably available to speak with Franchisee on the telephone during normal business hours, as Franchisor determines is necessary, to discuss Franchisee's operational issues and support needs.

(b) Franchisor may hold periodic conferences to discuss sales techniques, new Product or Service developments, bookkeeping, training, accounting, inventory control, performance standards, advertising programs, merchandising procedures and other topics. Franchisee must pay a conference fee, if any, and all its travel and living expenses to attend. These elective conferences are held at Franchisor's Richmond, Virginia, headquarters or at a location chosen by Franchisor.

(c) Franchisor may also hold a mandatory annual conference to discuss sales techniques, new Service and Product developments, operations, marketing strategies and tactics, training, bookkeeping, accounting, performance standards, advertising programs, merchandising procedures and other topics. Franchisee must pay the conference fee—if any, and in the manner

and frequency prescribed by Franchisor—and all personal travel and living expenses. These mandatory annual conferences are held at a location chosen by Franchisor.

(d) Informing Franchisee of mandatory specifications, standards and procedures for the operations of the Construction Sales and Service Business.

(e) Researching new Products, Services and methods, from time to time and in Franchisor's sole discretion, and providing Franchisee with information concerning developments of this research.

(f) Maintaining the National Branding & Marketing Fund and using these funds to develop promotional brand awareness and advertising programs for Construction Sales and Service Businesses.

(g) Providing advertising materials to Franchisee in the form of certain graphic artwork and as further stipulated in Section 11.

(h) Franchisor may require that Franchisee or Franchisee's Designated Business Manager attend all supplemental and refresher training programs that Franchisor designates. Franchisor may charge Franchisee a reasonable fee for any supplemental and refresher training programs. Franchisee must pay the then-current fee for such training programs, if any, and all personal travel and living expenses.

(i) A representative of Franchisor may, in its sole discretion, provide additional assistance as it deems necessary.

(j) Provide construction drawings for the first 10 structures associated with sold projects that Franchisee constructs as described in Section 8.2(w).

7.5 If Franchisee believes Franchisor has failed to adequately provide pre-opening guidance, coaching and assistance to Franchisee as provided in this Agreement, including Sections 7.3 and 7.4, Franchisee shall notify Franchisor in writing within 30 days following the opening of the Business. Absent the timely provision of such notice to Franchisor, Franchisee shall be deemed to conclusively acknowledge that all pre-opening and opening guidance, coaching and assistance required to be provided by Franchisor were sufficient and satisfactory in Franchisee's judgment.

7.6 Franchisor is not obligated to perform guidance, coaching and assistance set forth in this Agreement to Franchisee's particular level of satisfaction, but as a function of Franchisor's experience, knowledge and judgment. Franchisor does not represent or warrant that any other guidance, coaching and assistance will be provided to Franchisee, other than as set forth in this Agreement. To the extent any other guidance, coaching or assistance, or any specific level or quality of guidance, coaching or assistance is expected, Franchisee must obtain a commitment to provide such guidance, coaching or assistance, or level or quality of guidance, coaching or assistance in writing signed by an authorized officer of Franchisor, otherwise Franchisor shall not be obligated to provide any other guidance, coaching or assistance, or specific level or quality of guidance, coaching and assistance. If Franchisor agrees to provide additional guidance, coaching or assistance to Franchisee, Franchisor may charge Franchisee a reasonable fee for such additional services.

## 8. FRANCHISEE'S DUTIES, OBLIGATIONS AND OPERATING STANDARDS

8.1 Franchisee shall, consistent with the terms of this Agreement, diligently develop the Business and use its best efforts to market and promote the required Services and Products.

8.2 Subject to the terms of this Agreement, including Subsections 7.3(d)(i) through (ii), during the Initial Term and any Interim Period, Franchisee shall strictly comply with all mandatory standards, specifications, processes, procedures, requirements, and instructions of Franchisor regarding the operation of the Business and must comply with the following requirements:

(a) Prior to opening the Business, Franchisee or Franchisee's Designated Business Manager must attend and successfully complete Franchisor's initial training program. Franchisee shall be responsible for travel, meals, personal expenses and living expenses incurred by itself, the Designated Business Manager, and additional persons that participate in the initial training program.

(b) Franchisee or its Designated Business Manager must attend mandatory annual conferences at such locations as Franchisor may reasonably designate, and Franchisee will pay all salary and other expenses of persons attending, including any conference fees, travel expenses, meals, living expenses and personal expenses.

(c) Within the first year of operations, Franchisee must hire a designated office manager ("**Office Manager**") who will be responsible for administrative support for the Business, and work a minimum of 20 hours per week for the Business during the primary operating months of the season each year.

(d) Subject to Section 8.5, any additional required Service or Product introduced into the System by Franchisor must be offered for sale on a continuing basis at the Business at the time and in the manner required by Franchisor. Franchisor will provide at least 30 days prior written notice of any new required Service or Product introduced into the System. All equipment, products, supplies, tools and other items necessary to add the newly required Services or Products must be acquired, installed, and utilized at the time and in the manner required by Franchisor. The marketing of new Services and Products must begin at the Business as reasonably required by Franchisor.

(e) No service or product, except approved Services or Products as described in the Manual, may be offered for sale from the Territory, unless Franchisee receives the prior written consent of Franchisor (which may be granted or denied in Franchisor's sole discretion).

(f) Only advertising and promotional materials, services, equipment, tools, inventory, products, signage, supplies, and uniforms that meet Franchisor's standards and specifications shall be used at the Business. Advertising and promotional materials, tools, services, equipment, inventory, products, signage, supplies and uniforms produced or approved by Franchisor for use by Franchisee may be used only in the manner and during the period specified by Franchisor.

(g) Equipment, tools, Services, Products, inventory, supplies, signage, uniforms and other items must be added, eliminated, substituted and modified at the Business as soon as possible in accordance with changes in Franchisor's specifications and requirements.

(h) The Business and everything related to the Business must be maintained in good condition and must be kept clean, neat and sanitary. All maintenance, repairs and replacements

reasonably requested by Franchisor or needed in connection with the Business must be promptly made. All employees must be clean and neat in appearance.

(i) No alterations of the Business materially affecting the image of the Business may be made except at Franchisor's request or approval, and any alterations must strictly conform to specifications and requirements established or approved by Franchisor.

(j) The Business operated by Franchisee, and the Services provided and Products sold by Franchisee must comply with all applicable federal, state, and local laws, ordinances, rules and regulations. Franchisee must obtain all business licenses and permits required by federal, state and local laws, ordinances, rules and regulations.

(k) The equipment, tools, supplies, inventory, products, and other items on hand at the Business, must be at all times sufficient to efficiently meet the anticipated volume of business.

(l) The payment of all debts and taxes arising in connection with the Business, except those duly contested in a bona fide dispute, must be paid when due.

(m) Franchisee will use its best efforts to ensure customer satisfaction; use good faith in all dealings with customers, potential customers, referral sources, suppliers and creditors; respond to customer complaints in a courteous, prompt and professional manner; use its best efforts to promptly and fairly resolve customer disputes in a mutually agreeable manner; and take such actions as Franchisor deems necessary or appropriate to resolve customer disputes.

(n) Franchisee will provide to Franchisee's customers a warranty on all Products and Services used in Franchisee's Construction Sales and Service Business as required by Franchisor in the Manual.

(o) Franchisee shall accept all major credit cards and other the forms of payment specified by Franchisor in the Manual as payment.

(p) Franchisee shall comply with all terms under any software license agreement and pay Franchisor or its designated supplier its then-current initial fees for any software Franchisee is required to use in the operation of its Business as prescribed by Franchisor.

(q) Franchisee shall comply with the advertising requirements set out in Section 11.

(r) Franchisee will not use any materials that are false or misleading or communicate anything to customers or prospective customers that is false or misleading.

(s) Franchisee will ensure that all advertising, labeling, packaging and other materials associated with the Services and Products fully conform to all applicable laws and regulations and current standards outlined in the Manual.

(t) Franchisee must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Business and must operate the Business in full compliance with all applicable laws, ordinances and regulations including consumer protection laws, and labor and employment laws. Franchisee must comply with all laws and regulations relating to privacy and data protection, and must comply with any privacy policies or data protection and breach response policies Franchisor periodically may establish. Franchisee must

notify Franchisor in writing within five (5) days of the commencement of any action, suit, proceeding or investigation, and of the issuance of any order, injunction, award of decree, by any court, agency, or other governmental instrumentality that may adversely affect the operation or financial condition of Franchisee or the Business. Franchisee must notify Franchisor immediately of any suspected data breach at or in connection with the Business. Franchisee will not conduct any business or advertising practice which injures Franchisor's business, the System or the goodwill associated with the Marks and other ARCHADECK Outdoor Living businesses. Franchisee will control the quality of the Services and Products to avoid quality problems or product liability claims that could reflect adversely on Franchisee or Franchisor in the minds of consumers.

(u) Franchisee shall agree to commit and fund the Business with sufficient start-up and operating capital necessary to operate the business in a manner consistent with the standards in the Operating Manual and in an amount sufficient to reach and exceed break-even based on the specific expense structure Franchisee implements to operate the Business.

(v) Franchisee will be solely responsible to locate, interview, hire, schedule, supervise, compensate and discipline all employees of the Business and be exclusively responsible for all terms of their employment, compensation and other personnel-related matters without influence from Franchisor. Franchisee will implement a training program for Business employees and will maintain at all times a staff of trained employees sufficient to operate the Business in compliance with Franchisor's mandatory standards.

(w) Except as designated by Franchisor in the Manual, for all structures built by Franchisee, Franchisee must procure construction drawings from one of the following sources:

1. Franchisor;
2. A registered architect or licensed professional engineer; or
3. An individual certified by Franchisor to provide such construction drawings (either employed by Franchisee or another ARCHADECK Outdoor Living franchisee).

Franchisee must use Franchisor to provide construction drawings for the first 10 structures associated with sold projects that Franchisee constructs following the date of this Agreement. Franchisor will provide Franchisee such construction drawings for the first 10 structures at no charge.

If Franchisee elects to use Franchisor for its construction drawing services following the first 10 structures, Franchisee must pay Franchisor the then-current hourly rate for the services. As of the date of this Agreement, Franchisor's then-current hourly rate is \$85 per hour. Franchisor may change that hourly rate at any time upon 30 days' written notice to Franchisee. If Franchisee elects to use a registered architect or licensed professional engineer, or another individual certified by Franchisor following the first 10 projects constructed, Franchisee must submit the drawings to Franchisor before commencement of construction so that Franchisor can confirm that the drawings were prepared and stamped by a registered architect or licensed professional engineer and comply with Franchisor's brand standards. If Franchisor corrects, redrafts, or otherwise modifies the construction drawings because they do not meet Franchisor's brand standards or other specifications, Franchisee must pay Franchisor our then-current hourly rate for those services.



8.3 While Franchisor may prescribe standards, specifications, processes, procedures, requirements or instructions the Manuals or this Agreement, Franchisor shall not have control over the day-to-day managerial operations of the Business, or the specific manner and means by which Franchisee complies with Franchisor's mandatory standards and procedures.

8.4 Franchisor and Franchisor's representatives will have the right during business hours to inspect the Business and all other facilities used for service or storage, sale and transportation of any approved Products. Franchisor and Franchisor's representatives will have the right to observe the manner in which Franchisee is rendering its Services and conducting its operations of the Business. Franchisor and Franchisor's representatives will have the right to discuss with Franchisee, or other managerial personnel Franchisee may designate, all matters that may pertain to compliance with this Agreement and with Franchisor's standards, specifications, requirements, instructions and procedures and Franchisor may take photographs of Franchisee's completed work as it relates to the Business. Franchisor and Franchisor's representatives have the right to require that Franchisee demonstrate that the Business employees are properly trained in a manner sufficient to provide Services in compliance with Franchisor's standards and procedures. Franchisee shall in all respects cooperate with Franchisor's rights under this Section 8.4; provided that Franchisor's exercise of these rights shall not unreasonably interfere with Franchisee's conduct of the Business.

8.5 Franchisee will not be required to offer or sell new Services or Products as set out in Section 8.2(d) if Franchisee demonstrates to Franchisor's reasonable satisfaction that:

(a) A substantial capital improvement not contemplated by this Agreement or in the Manual is required, thereby resulting in a material hardship to Franchisee; or

(b) A material reduction in sales or profitability would result therefrom. For the purposes of this Subsection 8.5(b), a 33% decrease in sales from the average sales in the prior 12 months would be considered a material reduction in sales (subject to seasonal factors that may be applicable to the Territory), and a 20% reduction in profitability from the average profitability during the previous 12 months (subject to seasonal factors that may be applicable to the Territory) would be considered a material reduction in profitability based on a forecast developed by Franchisee in good faith and approved by Franchisor in its sole discretion.

8.6 Franchisor may require Franchisee's compliance with the provisions of this Section 8 even if it does not require such compliance by all franchisees.

8.7 If Franchisee is an individual, Franchisee must directly supervise the Business and all employees. If Franchisee is a corporation or other business entity, or if Franchisee has, in Franchisor's sole judgment, insufficient experience in a business similar to the franchise or insufficient experience in business management in general, then Franchisee shall nominate a Designated Business Manager having required experience who shall have direct responsibility for all operations of the Business. If Franchisee desires to change the Designated Business Manager, Franchisee must demonstrate to Franchisor's satisfaction that any replacement Designated Business Manager is trained and qualified to be responsible for all aspects of the Business.

8.8 Franchisee shall become a member of such trade associations or organizations which in the reasonable opinion of Franchisor are useful in the operation of the Business. Franchisee shall have the option to become a member of all benefit programs which are offered from time to time by Franchisor to all of its Franchisees. The costs of participating in such trade associations and benefit programs shall be

borne by Franchisee and its employees (if applicable to the employees). Nothing in this Section 8.8 limits Franchisee's freedom to join any franchise or franchisees association of its choosing.

8.9 Franchisee shall at all times have sufficient computer skills to operate Franchisee's computer, understand how to utilize any software Franchisor requires to be used in the Business, and to access email and the Internet. If Franchisor determines that Franchisee requires additional computer training, Franchisor will notify Franchisee in writing regarding the nature of the additional training required, and Franchisee will have 90 days to complete such training at a local computer training school at Franchisee's sole cost and expense. At the end of the training program, Franchisee shall present a certificate reasonably acceptable to Franchisor establishing that Franchisee passed the training course. Franchisee's failure to seek additional training or to pass the course shall constitute a default of this Agreement.

8.10 Franchisee acknowledges and understands that computer systems are vulnerable to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. Franchisor does not guarantee that information or communication systems supplied by Franchisor or its suppliers will not be vulnerable to these problems. Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting itself from these problems, and Franchisee waives any and all claims Franchisee may have against Franchisor as the direct or indirect result of such disruptions, failures or attacks. Franchisee must also take reasonable steps to verify that Franchisee's suppliers, lenders, landlords, customers, and governmental agencies on which Franchisee relies, are reasonably protected. This may include taking reasonable steps to secure Franchisee's systems, including, but not limited to, firewalls, access code protection, anti-virus systems, and use of backup systems.

8.11 Franchisee shall acquire, maintain, use and upgrade hardware, software, information processing and communication systems, and Internet and other network access providers, as prescribed in the Manual and as modified periodically by Franchisor. Franchisee shall comply with any separate software or other license agreements that Franchisor or its designee use in connection with the System. Franchisee shall utilize Franchisor's required software, proprietary database management and intranet system as the exclusive means for tracking and maintaining customer, vendor, and lead information, and for such other uses as prescribed by Franchisor periodically in the Manual. Monthly sales reporting may occur through mandatory software including the automatic draft via electronic transfer of Royalty and National Branding & Marketing Fees.

8.12 Franchisee shall maintain an email account on Franchisor's database management and intranet system. Franchisee shall check the account at least once each day.

8.13 Franchisee may not open its Business until: (1) the initial training program has been completed to Franchisor's satisfaction; (2) all amounts due to Franchisor have been paid; (3) Franchisor has been furnished with copies of all insurance policies and certificates required by Section 12, or other documentation of insurance coverage and payment of premiums that Franchisor may request; (4) Franchisee notifies Franchisor that all approvals and conditions set forth in this Agreement have been met; (5) Franchisee has obtained all necessary permits and licenses as set forth in this Agreement; and (6) Franchisee has ordered, received and installed all equipment, supplies, inventory, tools, products, uniforms and computer hardware and software required by Franchisor. Franchisee will begin operating the Business immediately after Franchisor determines that the Business is ready for opening.

## **9. PURCHASE OF EQUIPMENT, INVENTORY AND SUPPLIES**

9.1 The standards and specifications for Franchisee's Products, Services, equipment, tools, vehicle, uniforms, inventory, supplies, forms, advertising materials, computer hardware and software, and

other items required by Franchisor in connection with Franchisee's Business ("Required Items") shall be maintained in the Manual. Franchisee must purchase any Required Items from Franchisor's designated or approved suppliers, if one is so designated. The term "suppliers," also includes vendors, manufacturers and distributors. Franchisor has the right to require Franchisee to discontinue purchasing any Required Items from a designated or approved supplier, and may appoint new designated or approved suppliers at any time in its sole discretion. In addition, Franchisor has the right, at any time and in its sole discretion, to designate Franchisor or one of its Affiliates as the only designated or approved supplier, or one of several designated or approved suppliers, of any of the Required Items.

9.2 Franchisee acknowledges and agrees that Franchisor and its Affiliates have the right to collect rebates and other consideration from third party designated and approved suppliers as a result of Franchisee's purchases of Required Items, and that Franchisor and its Affiliates shall be entitled to keep for their own use and account such rebates and consideration. Franchisee further acknowledges and agrees that Franchisor and its Affiliates may also derive revenue or other consideration from Franchisee's purchases of Required Items from Franchisor or its Affiliates.

9.3 The names and addresses of Franchisor's designated and approved suppliers shall be maintained in the Manual. Franchisor has the right to approve all Required Items used in connection with Franchisee's Business.

## **10. MARKS, COPYRIGHTED WORKS AND OWNERSHIP OF IMPROVEMENTS**

10.1 Franchisee acknowledges and agrees that:

(a) Franchisor's affiliate, Lynx IP, is the owner of all right, title and interest, together with all the goodwill of the Marks, and that Lynx IP has licensed the use of the Marks to Franchisor with the right to sublicense to others. Franchisee further acknowledges that the Marks designate the origin or sponsorship of the System, the Business, and the Products and Services, and that Franchisor desires to protect the goodwill of the Marks and to preserve and enhance the value of the Marks. In the event that Franchisee acquires any rights, title or interest in the Marks, Franchisee agrees to assign and hereby assigns all such rights, title or interest to Franchisor or Lynx IP, as requested by Franchisor.

(b) All right, title and interest in and to all materials, including but not limited to, all artwork and designs, created by Franchisor, and used with the Marks or in association with the Business ("**Copyrighted Materials**") are the property of Franchisor or its Affiliate. Additionally, all Copyrighted Materials created by Franchisee or any other person or entity retained or employed by Franchisee are works made for hire within the meaning of the United States Copyright Act and are the property of Franchisor or its Affiliate, who shall be entitled to use and license others to use the Copyrighted Materials unencumbered by moral rights. To the extent the Copyrighted Materials are not works made for hire or rights in the Copyrighted Materials do not automatically accrue to Franchisor or its Affiliate, Franchisee irrevocably assigns and agrees to assign to Franchisor and/or its Affiliates (as requested by Franchisor), and their respective successors and assigns, the entire right, title, and interest in perpetuity throughout the world in and to any and all rights, including all copyrights and related rights, in such Copyrighted Materials, which Franchisee and the author of such Copyrighted Materials warrant and represent as being created by and wholly original with the author. Where applicable, Franchisee agrees to obtain any other assignments of rights in the Copyrighted Materials from another person or entity necessary to ensure Franchisor's right in the Copyrighted Materials as required in this Section 10.1(b).

(c) Franchisee will never dispute, contest, or challenge, directly or indirectly, the validity or enforceability of the Marks or Copyrighted Materials or the ownership of the Marks or Copyrighted Materials by Franchisor and its Affiliates, nor counsel, procure, or assist anyone else to do the same, nor will it take any action that is inconsistent with the ownership of the Marks or Copyrighted Materials by Franchisor and its Affiliates, nor will it represent that it has any right, title, or interest in the Marks or Copyrighted Materials other than those expressly granted by this Agreement.

(d) Franchisor or an Affiliate may decide, in its sole and absolute discretion, to apply to register or to register any trademarks or copyrights with respect to the Services, Products and any other products and services and the Copyrighted Materials. Failure of Franchisor or an Affiliate to obtain or maintain in effect any such application or registration is not a breach of this Agreement. Franchisee will not, before or after termination or expiration of the Agreement, register or apply to register any of the Marks or any trademark, service mark or logo confusingly similar thereto or any Copyrighted Materials, anywhere in the world.

(e) Upon Franchisor's request, Franchisee will cooperate fully, both before and after termination or expiration of this Agreement and at Franchisor's expense, in confirming, perfecting, preserving, and enforcing the rights of Franchisor and its Affiliates in the Marks and Copyrighted Materials, including but not limited to, executing and delivering to Franchisor such documents as Franchisor reasonably requests for any such purpose, including but not limited to, assignments, powers of attorney, and copies of commercial documents showing sale and advertising of the Services and Products and other products and services. Franchisee hereby irrevocably appoints Franchisor as its attorney-in-fact for the purpose of executing such documents.

(f) All usage of the Marks by Franchisee and any goodwill established by Franchisee's use of the Marks shall inure to the exclusive benefit of Franchisor or Lynx IP. This Agreement does not confer any goodwill or other interests in the Marks to Franchisee upon expiration or termination of the Agreement.

(g) **FRANCHISOR MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE USE, EXCLUSIVE OWNERSHIP, VALIDITY OR ENFORCEABILITY OF THE MARKS OR COPYRIGHTED MATERIALS.**

10.2 Franchisee acknowledges and agrees that:

(a) Franchisee's right to use the Marks and Copyrighted Materials are derived solely from this Agreement. Franchisee may only use the Marks and Copyrighted Materials in its operation of the Business and only in compliance with this Agreement and all applicable standards, specifications, and operating procedures prescribed by Franchisor in the Manual and elsewhere from time to time during the Initial Term and any Interim Period. Franchisee will make every effort consistent to protect, maintain, and promote the Marks as identifying the System and only the System.

(b) Any unauthorized use of the Marks or Copyrighted Materials by Franchisee constitutes a breach of this Agreement and an infringement of the rights of Franchisor and in and to the Marks and Copyrighted Materials.

(c) Franchisee will not use any Marks or portion of any Marks as part of a corporate or trade name, or with any prefix, suffix or other modifying words, terms, designs or symbols, or

in any modified form. Franchisee shall obtain such fictitious or assumed name registrations as may be required by Franchisor or under applicable law.

(d) In order to preserve the validity and integrity of the Marks and Copyrighted Materials licensed herein and to assure that Franchisee is properly employing the same in the operation of its Business, Franchisor or its agents shall have the right of entry and inspection of Franchisee's Business and operating procedures pursuant to Section 8.4.

(e) Franchisee will safeguard and maintain the reputation and prestige of the Marks and Copyrighted Materials and will not do anything that would tarnish the image of or adversely affect the value, reputation or goodwill associated with the Marks. Franchisee will not do anything that would dilute, directly or indirectly, the value of the goodwill attached to the Marks, nor counsel, procure or assist anyone else to do the same.

(f) Franchisee will use the Marks and Copyrighted Materials only in lettering, logos, print styles, forms, and formats, including but not limited to, advertising and promotional materials, invoices, signage, business checks, business cards, invoices, stationery, and promotional items such as clothing, pens, mugs, etc., which have been approved by Franchisor in accordance with this Agreement, and promptly follow instructions regarding the Marks and Copyrighted Materials as provided in the Manual and otherwise given by Franchisor from time to time.

(g) Franchisee will use the following copyright notice at least once on each piece of advertising, promotional, or other material used in connection with the Products and Services:

© (year of first publication). Archadeck Franchisor, LLC, All Rights Reserved.

(h) Franchisee will use the Marks with a superscript “®”, <sup>TM</sup> or “<sup>SM</sup>”, as specified by Franchisor, unless and until advised by Franchisor to use a different notice.

### 10.3 Franchisee acknowledges and agrees that:

(a) If, in Franchisor's reasonable determination, the use of Marks or Copyrighted Materials in connection with the Services, Products, other products and services or the Business will infringe or potentially infringe upon the rights of any third party, weakens or impairs the rights of Franchisor or its Affiliates in the Marks or Copyrighted Materials, or it otherwise becomes advisable at any time in the sole discretion of Franchisor or its Affiliates for Franchisor to modify or discontinue use of the Marks or Copyrighted Materials, then upon notice from Franchisor, Franchisee will immediately terminate or modify such use in the manner prescribed by Franchisor. Franchisor may require Franchisee to use one or more additional or substitute trade names, trademarks, service marks or other commercial symbols or copyrighted materials. Franchisor shall reimburse Franchisee for the tangible cost of compliance with this requirement (such as the cost of printing new letterhead and business cards), but Franchisee will have no rights of damages, offset, or right to terminate this Agreement as a result thereof and Franchisor and its Affiliates shall have no liability or obligation whatsoever with respect to Franchisee's modification or discontinuance of any Marks or Copyrighted Materials.

(b) Franchisee shall notify Franchisor within 3 days after receiving notice of any claim, demand or cause of action based upon or arising from any attempt by any other person, firm or corporation to use the Marks or any colorable imitation thereof or the Copyrighted Materials. Upon receipt of timely notice of an action, claim or demand against Franchisee relating to the Marks or Copyrighted Materials, Franchisor and its Affiliates shall have the sole right, but not the duty,

to defend any such action. Franchisor and its Affiliates shall have the exclusive right to contest or bring action against any third party regarding the third party's use of any of the Marks or Copyrighted Materials and shall exercise such right in the sole discretion of Franchisor and its Affiliates. Franchisor and its Affiliates shall control all actions but not be obligated to take any action. In any defense or prosecution of any litigation relating to the Marks, Copyrighted Materials or components of the System undertaken by Franchisor and its Affiliates, Franchisee shall cooperate with Franchisor and its Affiliates, execute any and all documents, and take all actions as may be desirable or necessary in the opinion of Franchisor's counsel, to carry out such defense or prosecution. At the option of Franchisor or an Affiliate, Franchisee will join in any action, in which case Franchisor shall bear all the out-of-pocket costs of Franchisee for such participation. If Franchisee joins in an action, then the recovery, if any, from such legal action shall be first applied to the total expenses associated therewith and then split equally between Franchisor and Franchisee.

10.4 All provisions of this Agreement applicable to the Marks and Copyrighted Materials apply to any and all additional trademarks, service marks, commercial symbols and copyrighted materials authorized for use by and licensed to Franchisee by Franchisor after the date of this Agreement.

10.5 If Franchisee during the Initial Term of the franchise relationship or any Interim Period, conceives or develops any improvements or additions to the System, Copyrighted Materials, website or any other documents or information pertaining to or relating to the System or the Business, or any new trade names, trade and service marks, logos, or commercial symbols related to the Business or any advertising and promotional ideas or inventions related to the Business (collectively, the "**Improvements**") Franchisee shall fully disclose the Improvements to Franchisor, without disclosure of the Improvements to others, and shall obtain Franchisor's written approval prior to using such Improvements. Any such Improvement may be used by Franchisor, its Affiliates and all other franchisees without any obligation to Franchisee for royalties or other fees. Franchisee shall assign and does hereby assign to Franchisor, all right, title and interest in and to the Improvements, including the right to grant sublicenses to any such Improvement. Franchisor and its Affiliates, at Franchisor's discretion, may make application for and own copyrights, patents, trade names, trademarks and service marks relating to any such Improvement and Franchisee shall cooperate with Franchisor and its Affiliates, in securing such rights. Franchisor may also consider such Improvements as the property and Trade Secrets of Franchisor and its Affiliates. In return, Franchisor and its Affiliates shall authorize Franchisee to utilize any Improvement that may be developed by other franchisees and is authorized generally for use by other franchisees.

## 11. ADVERTISING AND PROMOTION

11.1 Franchisee acknowledges that local marketing, promotion and advertising are required to advise the public of the Business and that Franchisee must invest a minimum amount on promotional advertising within the Territory ("**Individual Advertising Investment**"). The Individual Advertising Investment will be a minimum of \$45,000 for each calendar year. The first calendar year will begin on the Operational Start Date and end on December 31st immediately following the Operational Start Date. Your Individual Advertising Investment will be prorated during the first calendar year. Franchisor has the right, but not the obligation, to collect and administer up to the minimum required Individual Advertising Investment from Franchisee and administer it on marketing and advertising investments in Franchisee's Territory on Franchisee's behalf.

During Franchisee's first two full calendar years, Franchisee must spend a minimum of \$15,000 on direct mail within the Territory (the "**New Launch Program**"). The amounts Franchisee spends on the New Launch Program in a given calendar year will be credited toward that calendar year's Individual Advertising Investment. Franchisor may require Franchisee to use Franchisor's designated and approved supplier for the New Launch Program.

If any time during any calendar year, Franchisee's Gross Sales meet or exceed \$750,000, the Individual Advertising Investment is waived for that calendar year. Franchisee may not advertise outside its Territory without Franchisor's approval, which may be granted or withheld in Franchisor's discretion.

11.2 During the Initial Term and any Interim Period, Franchisee shall furnish Franchisor a report of Franchisee's previous month's expenditures for advertising and promotion on a form approved by Franchisor.

11.3 Franchisor will make available to Franchisee all advertising and promotion materials for the Business which are used by Franchisor and other franchisees. Franchisee may not develop advertising materials for use in the Business without Franchisor's approval. If Franchisor approves the advertising materials prepared by Franchisee, Franchisor may make available to other franchisees such advertising and promotion materials. Franchisee must pay duplication costs of any advertising or promotion material provided by Franchisor.

11.4 Franchisor has formed a national branding and marketing fund ("**National Branding & Marketing Fund**"). Beginning on the twelve-month anniversary following the Operational Start Date, Franchisee shall remit to Franchisor 1.5% of Gross Sales ("**National Branding & Marketing Fee**") on or before the 10<sup>th</sup> day of each month; provided that Franchisee will not be required to pay Franchisor a National Branding & Marketing Fee that exceeds \$22,500 in any calendar year.

Franchisor may increase the National Branding & Marketing Fee up to 2.5% of Gross Sales upon 90 days' prior written notice to Franchisee. If Franchisee signs a Successor Franchise Agreement, Franchisee will be required to pay the National Branding & Marketing Fee set forth therein. Franchisor has the right, however, to vary the National Branding & Marketing Fee and how it is determined in any Successor Franchise Agreement Franchisee may sign. No action taken by Franchisor shall diminish Franchisee's obligations to pay the National Branding & Marketing Fee to the National Branding & Marketing Fund. The National Branding & Marketing Fee is in addition to Franchisee's obligations in Section 11.1.

11.5 Advertising materials and services will be provided to Franchisee through the National Branding & Marketing Fund. Franchisor may occasionally provide for placement of advertising on behalf of the entire System, including franchisees, or on behalf of a particular region, that may not include Franchisee, through the National Branding & Marketing Fund. Franchisor reserves the right to use the National Branding & Marketing Fee from the National Branding & Marketing Fund to place advertising in national media or regional media (including broadcast, print, Internet or other media) in the future. Franchisee acknowledges that the National Branding & Marketing Fund is intended to maximize the general brand recognition of the System. Franchisor is not obligated to expend National Branding & Marketing Funds on Franchisee's behalf or benefit or expend National Branding & Marketing Funds equivalent or proportionate to Franchisee's National Branding & Marketing Fees on Franchisee's behalf or benefit.

11.6 National advertising, public relations, and promotions will be started and continued by Franchisor, when, in Franchisor's sole discretion, Franchisor deems that it has accumulated sufficient moneys for that purpose. The National Branding & Marketing Fund will be used to promote the System, Services and/or Products sold by the franchisees and will not be used to sell additional franchises. Franchisor's accounting and marketing personnel or a representative designated by Franchisor will administer the National Branding & Marketing Fund. The National Branding & Marketing Fund will collect National Branding & Marketing Fees from all franchisees. All payments to the National Branding & Marketing Fund must be spent on advertising, public relations, market research, promotion, marketing of goods and services provided by Franchisor, outside vendors, including but not limited to marketing agencies, and administration of the National Branding & Marketing Fund, including but not limited to,

salaries, overhead, administrative, accounting, collection and legal costs and expenses. The National Branding & Marketing Funds will be maintained by Franchisor in a separate account. An annual un-audited financial statement of the National Branding & Marketing Fund for the previous year, at the expense of the National Branding & Marketing Fund, will be available 120 days after Franchisor's fiscal year end to Franchisee for review once a year upon request.

11.7 The National Branding & Marketing Fees collected by the National Branding & Marketing Fund are non-refundable. The National Branding & Marketing Fund may be terminated at any time by Franchisor, in its sole discretion. In the event that the National Branding & Marketing Fund is terminated, any remaining balance in the National Branding & Marketing Fund will be expended as provided for in Section 11.7 or returned to Franchisee on a pro-rata basis.

11.8 Franchisee shall fully participate in all such promotional campaigns, prize contests, special offers, and other programs, national, regional, or local in nature (including the introduction of new Services, Products, new franchises or other marketing programs directed or approved by Franchisor), which are prescribed from time to time by Franchisor. Franchisee shall be responsible for the costs of such participation. In addition, Franchisee shall honor any coupons, gift certificates or other authorized promotional offers of Franchisor at Franchisee's sole cost unless otherwise specified in writing by Franchisor. Franchisee will maintain an adequate supply of marketing brochures, pamphlets and promotional materials as may be required by Franchisor from time to time. The cost for such participation will be applied to Franchisee's Individual Advertising Investment obligations set forth in Section 11.1.

11.9 Franchisor (and any designee of Franchisor) will have no direct or indirect liability or obligation to Franchisee or the National Branding & Marketing Fund or otherwise with respect to the management, maintenance, direction, administration or otherwise of the National Branding & Marketing Fund. Franchisee and Franchisor agree that their rights and obligations with respect to the National Branding & Marketing Fund and all related matters are governed solely by this Agreement and neither this Agreement or the National Branding & Marketing Fund creates a trust, fiduciary relationship, or similar arrangement.

11.10 During the Initial Term and any Interim Period, Franchisee must also pay Franchisor its then-current digital marketing fee ("**Digital Marketing Fee**"). As of the date of this Agreement, the Digital Marketing Fee is equal to \$300 per month. Franchisor may use the Digital Marketing Fee in its sole discretion as it deems appropriate, including, without limitation, for: (a) the development, production, publication, or distribution of digital advertisements, marketing, or promotions; (b) search engine optimization; (c) local digital marketing efforts; or (d) any other digital or electronic marketing related programs, technologies, or concepts. Franchisor may increase the Digital Marketing Fee upon thirty (30) days' prior written notice to Franchisee. Franchisor does not guarantee that advertising expenditures from the Digital Marketing Fee will benefit Franchisee or any other franchisee directly, on a pro rata basis, or at all.

## **12. INSURANCE AND INDEMNITY**

12.1 Franchisee must comply with the following insurance requirements:

(a) Franchisee shall, upon commencement of the Initial Term, purchase and at all times maintain in full force and effect during the Initial Term and any Interim Period, insurance policies, in such amounts and on such terms as prescribed below or in the Manual, issued by one or more insurance companies acceptable to Franchisor.



(b) All insurance policies shall name Franchisor and its parent, Outdoor Living Brands, Inc., their affiliates and such other parties as Franchisor may designate, as additional insureds. Coverage for the additional insureds shall not be limited to claims of vicarious liability. In addition, the Franchisee's insurers shall endorse or otherwise amend the policies such that their policies: (a) are primary and non-contributory; (b) waive any right of subrogation as respects the additional insureds; and (c) provide the additional insureds 30 days' advance written notice of cancellation or other material change in coverage.

(c) Franchisee shall provide Franchisor with original or duplicate copies of all insurance policies, including endorsements, or other proof of insurance acceptable to Franchisor evidencing coverage required by this Section, together with proof of payment within ten (10) days of issuance thereof. Franchisee shall also furnish Franchisor with all proof of insurance coverage required by this Section, including endorsements, within ten (10) days after any of the following events: (a) all policy renewals, but not less often than annually, and (b) all instances of any change to, addition to, or replacement of any insurance. The policies and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All proof of insurance is subject to approval by Franchisor. Franchisor reserves the right to require complete, certified copies of all required insurance policies at any time in Franchisor's sole discretion.

(d) In the event Franchisee fails to obtain the required insurance and to keep the same in full force and effect, Franchisor may, but shall not be obligated to, purchase insurance on Franchisee's behalf from an insurance carrier of Franchisor's choice, and Franchisee shall reimburse Franchisor for the full cost of such insurance, along with a reasonable service charge to compensate Franchisor for the time and effort expended to secure such insurance, within five (5) days after the date Franchisor delivers an invoice detailing such costs and expenses to Franchisee. Notwithstanding the foregoing, failure of Franchisee to obtain insurance constitutes a material breach of this Agreement entitling Franchisor to terminate this Agreement or exercise any or a combination of the other default remedies set forth in Section 17 of this Agreement.

(e) Franchisee's obligation to obtain and maintain insurance coverage in the amounts required by Franchisor shall not be limited in any way by reason of any insurance that Franchisor may maintain, nor does Franchisee's procurement of required insurance relieve Franchisee of liability under the indemnity obligations described in Section 12.2. Franchisee's insurance procurement obligations under this Section are separate and independent of Franchisee's indemnity obligations.

(f) Franchisor does not represent or warrant that any insurance that Franchisee is required to purchase will provide adequate coverage or protection for Franchisee. The requirements of insurance specified in this Agreement or the Manual are strictly for Franchisor's protection. Franchisee should consult with its own insurance agents, brokers, attorneys and other insurance professionals to determine the level of insurance protection it needs and desires, in addition to the coverage and limits required by Franchisor.

(g) Franchisor reserves the right to modify minimum insurance requirements at any time in its sole discretion by updating the Manual.

12.2 Franchisee shall, during the Initial Term and any Interim Period and after the termination or expiration of the Franchise Agreement for any reason, indemnify and defend Franchisor, NGC, its Affiliates and their respective officers, directors and employees (the "Indemnified Parties"), and hold the Indemnified Parties harmless against, and to reimburse the Indemnified Parties for, all claims, demands,

losses, damages (including punitive damages), actions, costs, suits, judgments, penalties, expenses (including reasonable attorneys' fees and amounts paid in settlement or compromise) and liabilities of any kind, whether or not ultimately determined to be meritorious, (the "**Damages**"), arising out of or relating to Franchisee's operation of the Business or breach of this Agreement or any other agreement between Franchisee and the Indemnified Parties, including without limitation those Damages related to (a) Franchisee's taxes or other Business expenses, and (b) Franchisee's or its employees' acts or omissions. Franchisee must provide Franchisor with prompt written notice of any event(s) that could be a basis for a claim for Damages or a basis for indemnification by the Indemnified Parties.

Notwithstanding the foregoing, in the event of an indemnified claim, at Franchisor's option and at Franchisee's risk and expense, Franchisor or any of the Indemnified Parties have the right to elect to assume the defense or settlement of any claim or action for Damages, provided that Franchisor will keep Franchisee informed respecting the defense or settlement of the claim or action. Franchisor's undertaking of defense or settlement will not diminish Franchisee's obligation to indemnify the Indemnified Parties and to hold the Indemnified Parties harmless. Franchisor and the other Indemnified Parties will have the right, at any time, to offer, consent or agree to settlements or take any other remedial or corrective actions respecting any claim for Damages if, in Franchisor's sole judgment, there are reasonable grounds to do so.

### **13. RELATIONSHIP**

13.1 Franchisee acknowledges that it is an independent contractor and is not an agent, partner, joint venturer or employee of Franchisor and no training or supervision given by, or assistance from, Franchisor shall be deemed to negate such independence. Neither party is liable or responsible for the other's debts or obligations, nor shall either party be obligated for any damages to any person or property directly or indirectly arising out of the operation of the other party's business authorized by or conducted pursuant to this Agreement. Franchisor and Franchisee agree that no partnership, fiduciary relationship, joint venture or employment relationship exists between them. Franchisee shall conspicuously identify itself in all dealings with the public as a sole operator that is an entity separate from Franchisor and state that Franchisor has no liability for the Business being conducted from the Business location. It is expressly agreed that the parties intend by this Agreement to establish between Franchisor and Franchisee the relationship of franchisor and franchisee. It is further agreed that Franchisee has no authority to create or assume in Franchisor's name or on behalf of Franchisor, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for any purpose whatsoever. Franchisee agrees that it will not hold itself out as the agent, employee, partner or co-venturer of Franchisor. All employees hired by or working for Franchisee shall be the employees of Franchisee and shall not, for any purpose, be deemed employees of Franchisor or subject to Franchisor's supervision or control. Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof.

13.2 Neither party hereto shall make any agreements, representations or warranties (except by Franchisor in advertising as provided herein) in the name of, or on behalf of, the other party; neither party hereto shall be obligated by, nor have any liability for, any agreements, representations or warranties made by the other (except by Franchisor in advertising as provided herein) nor shall Franchisor be liable for any damages to any person or property, directly or indirectly, arising out of the operation of Franchisee's Business, whether caused by Franchisee's negligent or willful action or failure to act.

13.3 Franchisor shall have no liability for Franchisee's obligations to pay any third parties, including without limitation, Franchisee's employees, any product vendors, or any value added, sales, use, service, occupation, excise, Gross Sales, income, property or other tax levied upon Franchisee, Franchisee's property, the Business or upon Franchisor in connection with the sales made or business conducted by

Franchisee (except any taxes Franchisor is required by law to collect from Franchisee with respect to purchases from Franchisor).

## **14. CONFIDENTIAL INFORMATION AND RESTRICTIVE COVENANTS**

14.1 Confidential Information. Franchisee acknowledges and agrees that:

(a) Franchisee's entire knowledge of the operation of the Business, the System, and the concepts and methods of promotion franchised hereunder that it has now or obtains in the future is derived from Franchisor's Confidential Information and Trade Secrets. Franchisee does not acquire any interest in the Confidential Information or Trade Secrets, other than the right to use it in developing and operating the Business pursuant to this Agreement, and that the use or duplication of the Confidential Information or Trade Secrets in any other business constitutes an unfair method of competition. Franchisee further acknowledges and agrees that all of the Confidential Information and Trade Secrets are the sole property of Franchisor, represent valuable assets of Franchisor and that Franchisor has the right to use the Confidential Information and Trade Secrets in any manner it wishes at any time.

(b) During the Initial Term and any Interim Period, Franchisee, and Franchisees' owners, Designated Business Managers, and employees who have access to the Confidential Information and Trade Secrets agree that they: (1) will not use the Confidential Information or Trade Secrets in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information and Trade Secrets; (3) will not make unauthorized copies of any portion of the Confidential Information and Trade Secrets disclosed in written form; and (4) will adopt and implement all reasonable procedures Franchisor periodically requires to prevent unauthorized use or disclosure of the Confidential Information and Trade Secrets including restrictions on disclosure to Business employees.

(c) After the Agreement expires or is terminated, Franchisee, and Franchisees' owners, guarantors, Designated Business Managers and employees who have access to the Confidential Information and Trade Secrets agree that for a period of 2 years after the termination or expiration of the Agreement (unless such information is a Trade Secret in which case the requirements in this Section 14.1(c) will remain in place for as long as such information constitutes a Trade Secret) they: (1) will not use the Confidential Information or Trade Secrets in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information and Trade Secrets; (3) will not make unauthorized copies of any portion of the Confidential Information or Trade Secrets in written form; and (4) will adopt and implement all reasonable procedures Franchisor periodically requires to prevent unauthorized use or disclosure of the Confidential Information and Trade Secrets.

(d) Notwithstanding the foregoing, the restrictions on the disclosure and use of the Confidential Information will not apply to the following: (a) Confidential Information in the public domain after it was communicated to Franchisee through no fault of Franchisee, its owners, Designated Business Managers or employees; (b) Confidential Information in Franchisee's possession free of any obligation of confidence at the time it was communicated to Franchisee; or (c) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that Franchisee is legally compelled to disclose the information, if Franchisee has notified Franchisor before disclosure and used Franchisee's best efforts, and afforded Franchisor the opportunity, to obtain an appropriate protective order or other assurance satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

(e) Notwithstanding any other provision of this Agreement, there may be certain, limited circumstances where applicable law allows for the disclosure of certain Trade Secrets, as specified in the Manual.

14.2 Restrictive Covenants. Franchisee covenants and agrees that:

(a) During the Initial Term of this Agreement and any Interim Period thereof, Franchisee, its owners, guarantors and Designated Business Managers shall not, without the prior written consent of Franchisor, either individually or in a partnership, corporation, limited liability company, joint venture or other business entity or jointly or in conjunction with any person, firm, association, syndicate or corporation, as principal, agent, shareholder, member, partner, employee or in any manner whatsoever, carry on or be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit its name or any part thereof to be used or employed in any business operating in competition with a Construction Sales and Service business or any Business as carried on from time to time during the Initial Term of this Agreement, including any Interim Period thereof.

(b) Upon termination or expiration of the Initial Term or any Interim Period, regardless of the cause, or the transfer, sale or assignment of this Agreement by Franchisee, neither Franchisee, any guarantors, the Designated Business Manager nor Franchisee's owners will have any direct or indirect interest (i.e., through a relative) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent, for 2 years, in any Construction Sales and Service Business: (1) in the Territory or any other franchisee's territory; (2) within 10 miles of the Territory or any other franchisee's territory; or (3) within 10 miles of any Franchisor or Affiliate-owned Construction Sales and Service Business.

14.3 If any person restricted by this Section 14 refuses to voluntarily comply with the foregoing obligations, the 2 year period will commence upon the entry of any order of a court or arbitrator enforcing this Section 14.

14.4 The parties have attempted in Section 14.2 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 or enforceability of the provision of Section 14.2 is disputed at any time by Franchisee, a court or arbitrator, as the case may be, may modify Section 14.2 to the extent that it deems necessary to make such provision enforceable under applicable law. In addition, Franchisor reserves the right to reduce the scope of said provision without Franchisee's consent, at any time or times, effective immediately upon notice to Franchisee. **THE 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 THE FRANCHISEE OF THE ABILITY TO EARN A LIVING.**

14.5 Nothing in this Section 14 shall prevent any active officer of Franchisee or member of Franchisee's family either individually or collectively, from owning not more than a total of 5% of the stock of any company, which is subject to the reporting requirements of the U.S. Securities and Exchange Act of 1934, provided that Franchisee is otherwise not actively involved in the management or operation of that business and does not serve that business in any capacity other than as a shareholder.

14.6 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 14. 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 14 will be deemed to threaten immediate and substantial irreparable injury to Franchisor. Accordingly, Franchisee agrees that Franchisor will have the right to obtain immediate injunctive relief without limiting any other rights or remedies and without posting a bond.

14.7 In the event that Franchisee is not an individual, this Section 14 will also apply to the officers, directors, stockholders, partners, members, trustees, beneficiaries and/or principals of Franchisee, Franchisee, and any persons controlled by, controlling or under common control with Franchisee. In the event that Franchisee is an individual, this Section 14 will also apply to Franchisee's spouse and immediate family members.

## **15. ASSIGNMENT**

15.1 Franchisee acknowledges that Franchisor's obligations under this Agreement are not personal. Franchisor shall have the absolute right, in its sole discretion, to unconditionally transfer or assign this Agreement or any of its rights or obligation under this Agreement to any person, corporation or other party.

15.2 Franchisor reserves the right to assign the franchise System to anyone including the operator of a competing franchise system. Franchisee acknowledges and agrees that Franchisor may sell its assets, the Marks or the System to any third party of Franchisor's choice; may offer its securities privately or publicly; may merge with or acquire other corporations or be acquired by another corporation; may undertake a refinancing, recapitalization, leverage buyout, or other economic or financial restructuring; or may terminate or cease to exist or dissolve, in any such case without Franchisee's consent and, provided the transferee expressly assumes and undertakes to perform Franchisor's obligations in all material respects, free of any responsibility or liability whatsoever to Franchisee after the transaction occurs.

15.3 With regard to any of the above sales, assignment and dispositions, Franchisee expressly and specifically waives any claims, demands, or damages against Franchisor arising from or related to the transfer of the Marks, assets or the System from Franchisor to any other party.

15.4 Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee. Accordingly, this Agreement, Franchisee's rights and interests hereunder, the property and assets owned and used by Franchisee in connection with the Business and any shares, stock, membership or interest in any corporation, limited liability company, or other entity having an interest in the Business, shall not be voluntarily or involuntarily, directly or indirectly sold, pledged, assigned, transferred, shared, subdivided, sub-franchised, encumbered or transferred in any way (including, without limitation, in the event of the death of Franchisee if Franchisee is an individual), in whole or in part, in any manner whatsoever without the prior written approval of Franchisor and compliance with all terms of this Section 15. Any unauthorized sale, assignment, transfer or other conveyance, by operation of law or otherwise, or any attempt to do so, shall be deemed void and grounds for termination of this Agreement by Franchisor.

15.5 With and after each valid assignment of this Agreement pursuant to this Section 15, the assignee or assignees of Franchisee shall be deemed to be Franchisee under this Agreement and will be bound by and liable for all of Franchisee's existing and future obligations. No stockholder in any corporation, member in any limited liability company or partner in any partnership which becomes

Franchisee shall have any rights under this Agreement by reason of his, her or its stock ownership, membership interest or partnership interest.

15.6 If Franchisee shall at any time determine to sell, in whole or in part, the Business, Franchisee shall obtain a bona fide, executed, written offer (“**Purchase Offer**”) for the Business together with all real or personal property, leasehold improvements and other assets used by Franchisee in its Business from a responsible, arms’ length, and fully disclosed purchaser and shall submit an exact copy of such Purchase Offer to Franchisor. Franchisor will have a right of first refusal to purchase the Business as provided in Section 16.

15.7 No transfer or assignment of this Agreement will be approved by Franchisor or be effective unless and until all the following conditions are satisfied:

(a) Franchisee being then in full compliance herewith and paying to Franchisor all outstanding debts or amounts owing to Franchisor;

(b) the transferee executing Franchisor’s then current franchise agreement (which shall have terms equal to the remainder of Franchisee’s Initial Term, but which may contain provisions substantially different from those contained herein, including a higher royalty and greater expenditures for advertising and promotion than are provided hereunder, and such other documents then customarily used by Franchisor to grant franchises), all other documents as may be reasonably requested by Franchisor and paying to Franchisor a transfer fee in the amount of \$10,000;

(c) Franchisee’s execution of a general release of Franchisor, including its officers, directors, agents and employees and Affiliates from such parties’ obligations under the Agreement;

(d) the transferee purchasing all of Franchisee’s assets used in the Business in accordance with all applicable bulk sales legislation and assuming all of the liabilities of the Business, including the liability for future warranty claims, unless such liabilities have been paid prior to the closing of the transaction of purchase and sale or unless the sale is a sale of shares in the capital stock or membership interest of Franchisee;

(e) the transferee shall be an individual, corporation, limited liability company, partnership or other business entity having adequate financial resources who shall meet all criteria established by Franchisor for franchisees. The transferee shall also complete Franchisor’s then current training program established by Franchisor for franchisees unless: (i) the transferee is a current franchisee in good standing in the System; or (ii) the transferee is or has been a Designated Business Manager for a period of 1 year or more of a Business in good standing;

(f) the parties to the proposed transaction will have entered a binding agreement subject only to the rights of Franchisor set out in Section 16. Franchisor shall be furnished a copy of this binding agreement, and such agreement shall be subject to Franchisor’s approval in writing. Franchisee must advise each prospective transferee of this provision and the other terms of this Agreement;

(g) the proposed transferee or the stockholders, partners, members or owners of a beneficial interest in a proposed corporation, partnership, limited liability company or other entity transferee, providing jointly and severally such personal guarantees which Franchisor may request, guaranteeing the proposed transferee’s performance of its obligations under the agreements to be entered into;

(h) the proposed transferee shall have demonstrated to Franchisor's satisfaction that it, he or she will meet in all respects Franchisor's standards applicable to new franchisees regarding experience, personal and financial reputation and stability, required financial wherewithal, willingness and ability to devote its, his or her full time and best efforts to the operation of the Business, and any other conditions as Franchisor may reasonably apply in evaluating new franchisees. Franchisor must be provided all information about the proposed transferee as Franchisor may reasonably require. Because of the confidential information and trade secrets available to a franchisee, no assignment to a competitor of Franchisor will be permitted; and

(i) the transferee paying all costs of: (i) Franchisor with respect to the granting of its approval, as hereinbefore contemplated, including but not limited to all of its legal costs with respect to the preparation and execution of the above noted Franchise Agreement, and all other documents then customarily used by Franchisor to grant franchises; and (ii) the transfer, including but not limited to all professional fees (attorney's fees, broker fees, and the like), leasing expenses, document preparation costs and due diligence. Franchisee agrees and acknowledges that Franchisee shall be solely responsible for paying any broker fees and/or commissions involved with the sale or transfer of the Franchised Business regardless of whether Franchisee directly engages such broker or if, at Franchisee's request, Franchisor engages such broker to assist with the sale or transfer of the Franchised Business.

Franchisor may expand upon, and provide more details related to, the conditions for transfer and Franchisor's consent as described in this Section 15.7, and may do so in the Manual or otherwise in writing.

15.8 Notwithstanding anything to the contrary herein contained, Franchisor shall, upon Franchisee's compliance with such requirements as may from time to time be prescribed by Franchisor, consent to an assignment of Franchisee's right, title and interest in and to this Agreement, and the property and assets owned and used by Franchisee in connection therewith and any other agreement then in effect between Franchisee and Franchisor to a corporation, limited liability company or other business entity which is wholly owned and controlled by Franchisee, subject to the following (provided that such assignment shall in no way release Franchisee from any liability under this Agreement):

(a) Contemporaneously with such assignment and thereafter upon the appointment or election of any person as director, officer, partner or manager of such corporation, limited liability company or other business entity, such corporation, limited liability company, partnership or other business entity shall cause each shareholder, partner, member, manager, director(s) and officer(s) of the corporation, limited liability company, partnership or other business entity to execute a written agreement with Franchisor under seal, personally guaranteeing full payment and performance of Franchisee's obligations to Franchisor and individually undertaking to be bound, jointly and severally, by all the terms of this Agreement or any new current form of Franchise Agreement and jointly and severally liable;

(b) No shares or interest in the capital of such corporation, limited liability company, partnership or other business entity shall be issued nor shall Franchisee directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, sell, assign, transfer, convey, donate, pledge, mortgage or otherwise encumber any such shares or interest or offer or attempt to do so or permit the same to be done without Franchisor's prior written consent;

(c) The corporation shall maintain stop transfer instructions against the transfer of shares on its records subject to the restrictions of this Section and shall have all outstanding shares endorsed with the following legend printed conspicuously upon the face of each certificate:

*“The transfer of this certificate is subject to the terms and conditions of a certain Franchise Agreement with Archadeck Franchisor, LLC Reference is made to said Franchise Agreement and to the restrictive provisions of the articles of this corporation.”*

(d) The articles of incorporation, articles of organization, operating agreement, partnership agreement, shareholder agreement, and by-laws of the corporation, limited liability company, partnership or other business entity shall provide that its objectives or business is confined exclusively to the operation of the Business as provided for in this Agreement, and recite that the issuance and transfer of any shares, membership interest, partnership interest or other interest is restricted by the terms of this Agreement, and copies thereof shall be furnished to Franchisor upon request;

(e) Franchisor’s consent to a transfer of any interest subject to the restrictions of this Section shall not constitute a waiver of any claim it may have against the assignor, nor shall it be deemed a waiver of Franchisor’s right to demand exact compliance with any of the terms of this Agreement by the assignee;

(f) The corporation, partnership, limited liability company or other business entity shall advise Franchisor and keep Franchisor current as to the names and addresses of the directors, officers, members, partners and shareholder of and those persons financially involved in the corporation, partnership, limited liability company or other business entity; and

(g) Franchisee agrees to devote its full time and best efforts to manage the day-to-day operations of the franchised business unless it has an operational partner or Designated Business Manager approved by Franchisor.

15.9 Upon the death of Franchisee, shareholder, partner, or member the rights granted by this Agreement may pass to the next of kin or legatees, provided that Franchisee’s legal representatives shall within 120 calendar days of Franchisee’s death apply in writing to Franchisor for the right to transfer to the next of kin or legatee Franchisee’s rights under this Agreement. Franchisor shall not unreasonably withhold its permission so long as the proposed transferees meet each of the requirements set forth in this Section 15 within 30 days of the receipt of a conditional permission for the transfer.

15.10 Any attempt by Franchisee to transfer any of its rights or interest under this Agreement or the License, without having received Franchisor’s prior written consent, will constitute a material breach of this Agreement. However, if Franchisee dies and its personal representative does not desire to sell the Business, and if under controlling local law Franchisee’s interest in the Business, the License and Agreement are distributable to heirs or legatees who are members of his or her immediate family and who otherwise would qualify as assignees, then such attempted assignment by operation of law will not be deemed in violation of this Agreement, provided that such heirs or legatees accept the conditions imposed on otherwise permitted assignees.

15.11 Franchisee shall not have the right to grant a subfranchise.



## 16. OPTION TO PURCHASE — RIGHT OF FIRST REFUSAL

16.1 Unless otherwise explicitly provided by this Agreement, Franchisor shall be entitled to exercise the rights provided in this Section immediately upon:

(a) The expiration without the extension of Franchisee's rights to operate the Construction Sales and Service Business or the termination for any reason of the License or this Agreement; or

(b) The receipt by Franchisor of a copy of a Purchase Offer.

16.2 Upon any event described in this Section 16.1, Franchisor shall have the option to purchase all of Franchisee's rights, title and interest in the Business, and all its improvements, furniture, fixtures, equipment and products, and all of Franchisee's accounts, contract rights, customer and vendor lists, work in progress and other business assets.

16.3 The purchase price for assets itemized in Section 16.2 will be, subject to Section 16.4: (i) the current fair market value if Section 16.1(a) is applicable; or (ii) the price specified in the Purchase Offer received by Franchisee if Section 16.1(b) is applicable. If Franchisee and Franchisor cannot agree on fair market value within a reasonable time, an independent appraiser will be designated by each of Franchisee and Franchisor and an average of the 2 appraised values will be binding. Appraised values will exclude any and all consideration for goodwill or going concern value created by the Marks and business system licensed to Franchisee.

16.4 If Franchisor elects to exercise any option to purchase provided in this Section 16 Franchisor will have the right to set off all amounts due from Franchisee under the Franchise Agreement or any other agreements between the parties, any commissions or fees payable to any broker, agent or other intermediary and the cost of the appraisal, if any, against any payment. Franchisee shall also have the right to substitute cash for any other form of consideration specified in the Purchase Offer and to pay in full the entire purchase price at the time of closing.

16.5 Franchisor will notify Franchisee of its intention to exercise or not exercise its rights to purchase ("**Notice of Intent**") within 60 days following an event described in Section 16.1(a) or within 15 days following an event described in Section 16.1(b). The Notice of Intent will specify the assets to be purchased, and the current fair market value as determined by Franchisor if Section 16.1(a) is applicable. In the event Franchisor is purchasing the assets pursuant to Section 16.1(a), Franchisee will have 14 days following receipt of Franchisor's Notice of Intent to object to any of the prices specified therein, and any disputes over pricing shall be resolved through appraisal as specified by Section 16.3. If Franchisor declines to exercise its rights under this Section within the 15 or 60 day period described above, as applicable, Franchisee may thereafter, sell or dispose of the Business to any third party in the event of a sale under Section 16.1(a) or to the third party identified in the Purchase Offer in the event of a sale under Section 16.1(b), but not at a lower price nor on more favorable terms than set forth in the Purchase Offer, if any, or the Notice of Intent and subject to the prior written permission of Franchisor and satisfaction of the other conditions to assignment set forth in Section 15. If the sale to such third party purchaser is not completed within 90 days after Franchisor delivers the Notice of Intent to Franchisee, Franchisor shall again have the right of first refusal herein provided.

16.6 If Franchisor provides Franchisee with its Notice of Intent to exercise its rights under this Section 16, the purchase and sale contemplated in this Section shall be consummated as soon as possible. In the event Franchisor is purchasing the assets pursuant to Sections 16.1(a), following the delivery of a

Notice of Intent as specified in Section 16.5, Franchisor or Franchisor's designee shall have the immediate right to take possession of the Business and to carry on and develop the Business for the exclusive benefit of Franchisor or its designee.

## **17. DEFAULT AND TERMINATION**

17.1 Franchisor shall have the right, at its option, to (i) suspend performance of certain or all of its guidance, coaching, assistance and any services to Franchisee during the time period Franchisee is in default of this Agreement; or (ii) terminate this Agreement and all rights granted Franchisee hereunder, (subject to the provisions of applicable state law governing franchise termination and renewal), effective upon receipt of notice by Franchisee, addressed as provided in Section 18, upon the occurrence of any of the following events:

(a) Franchisee intentionally or negligently discloses to any unauthorized person the contents of or any part of Franchisor's Manual, Confidential Information or Trade Secrets of Franchisor;

(b) Franchisee voluntarily abandons the Business for a period of 5 consecutive days, or any shorter period that indicates an intent by Franchisee to discontinue operation of the Business, unless such abandonment is due to fire, flood, earthquake or other similar causes beyond Franchisee's control and not related to the availability of funds to Franchisee. For purposes of this Subsection 17(b), Franchisor has the right to determine what constitutes the prime season of the Business, although it shall at a minimum include the months of February through November each year;

(c) Franchisee becomes insolvent or is adjudicated bankrupt; or any action is taken by Franchisee, or by others against Franchisee under any insolvency, bankruptcy or reorganization act, or if Franchisee makes an assignment for the benefit of creditors, or a receiver is appointed for Franchisee;

(d) Any material judgment (or several judgments which in the aggregate are material) is obtained against Franchisee and remains unsatisfied or of record for 30 days or longer (unless a supersedeas or other appeal bond has been filed); or if execution is levied against Franchisee's Business or any of the property used in the operation of the Business and is not discharged within 10 days; or if the real or personal property of Franchisee's Business shall be sold after levy thereupon by any sheriff, marshal or constable;

(e) Franchisee or any owner of greater than 20% of Franchisee entity or operator is charged or convicted of a felony, a crime involving moral turpitude, or any crime or offense that is reasonably likely, in the sole opinion of Franchisor, to materially and unfavorably affect the System, Marks, goodwill or reputation thereof;

(f) Franchisee fails to pay any amounts due Franchisor or Affiliates within 10 days after receiving notice that such fees or amounts are overdue;

(g) Franchisee misuses or fails to follow Franchisor's directions and guidelines concerning use of the Marks and fails to correct the misuse or failure within 10 days after notification from Franchisor;

(h) Franchisee has received 3 notices of default with respect to Franchisee's obligations hereunder from Franchisor within a 12 month period, regardless of whether the defaults were cured by Franchisee;

(i) Franchisee sells, transfers or otherwise assigns the Business, an interest in the Business or Franchisee entity, this Agreement, the Business or a substantial portion of the assets of the Business owned by Franchisee without complying with the provisions of Section 15;

(j) Franchisee submits on 2 or more occasions during the Initial Term or any Interim Period a report, financial statement, tax return, schedule or other information or supporting record which understates its Gross Revenue by more than 3%, unless Franchisee demonstrates that such understatement resulted from inadvertent error;

(k) Franchisee fails, or refuses, to submit any report, financial statement, tax return, schedule or other information or supporting records required herein, or submits such reports more than 15 days late on 2 or more occasions during the Initial Term or any Interim Period unless due to circumstances beyond the control of Franchisee;

(l) Franchisee sells or offers for sale any unauthorized merchandise, product or service, engages in any unauthorized business or practice or sells any unauthorized product or service under the Marks or under a name or mark which is confusingly similar to the Marks;

(m) Franchisee contests in any court or proceeding the validity of, or Franchisor's ownership of the Marks or copyrighted materials;

(n) Franchisee is a corporation, limited liability company, partnership or other business entity and any action is taken which purports to merge, consolidate, dissolve or liquidate such entity without Franchisor's prior written consent;

(o) Franchisee or its Designated Business Manager fails to successfully complete Franchisor's training or retraining course(s);

(p) Franchisee receives from Franchisor during the Initial Term and any Interim Period 4 or more notices of default regardless whether such notices of default relate to the same or different defaults, or whether such defaults have been remedied by Franchisee;

(q) Any misrepresentation under Section 1.9 or any violation of Anti-Terrorism Laws by Franchisee, Designated Business Manager, its owners, agents or employees;

(r) The failure to meet the Minimum Annual Sales Quota set out in Section 4.6 after providing Franchisee with 30 days prior notice of Franchisor's intent to terminate this Agreement; or

(s) Franchisee fails to obtain and maintain all required permits and licenses, as described in Section 8.2(j).

17.2 Franchisor shall have the right, at its option, to (i) suspend performance of certain or all of its guidance, coaching, assistance and services to Franchisee during the time period Franchisee is in default of this Agreement; or (ii) terminate this Agreement (subject to any state laws to the contrary, where state law shall prevail), effective upon 30 days written notice to Franchisee, if Franchisee breaches any other

provision of this Agreement and fails to cure the default during such 30 day period. In that event, this Agreement will terminate without further notice to Franchisee, effective upon expiration of the 30 day period. Defaults shall include, but not be limited to, the following:

(a) Franchisee fails to maintain the then-current operating procedures and standards established by Franchisor as set forth herein or in the Manual or otherwise communicated to Franchisee;

(b) Franchisee fails, refuses or neglects to obtain Franchisor's prior written approval or consent as required by this Agreement;

(c) Franchisee fails or refuses to comply with the then-current requirements of the Manual;

(d) Franchisee, or any partnership, joint venture, limited liability company, corporation or other business entity in which Franchisee has a controlling equity interest, defaults under any term of the lease of any premises used by Franchisee to operate the Business, any other franchise agreement with Franchisor or any other agreement material to the Business and such default is not cured within the time specified in such lease, other franchise agreement or other agreement;

(e) Franchisee fails, refuses or neglects to submit a statement of monthly revenues accompanying the Royalty or any other report required under the Agreement when due;

(f) Franchisee fails, refuses or neglects to accurately report Gross Sales, sales information or other information required by Franchisor to be reported; or

(g) Franchisee fails to comply with any other provision of this Agreement or any specification, standard or operating procedure prescribed by Franchisor and does not correct such failure within 10 days (or 30 days if this is the first non-compliance or breach) after written notice from Franchisor (which shall describe the action that Franchisee must take) is delivered to Franchisee.

17.3 Notwithstanding the foregoing, if the breach is curable, but is of a nature which cannot be reasonably cured within such 30 day period and Franchisee has commenced and is continuing to make good faith efforts to cure the breach during such 30 day period, Franchisee shall be given an additional reasonable period of time to cure the same, but in no event longer than 30 additional days.

17.4 A termination of this Agreement by Franchisee shall be deemed to be a termination without cause and a breach hereof, by Franchisee. Franchisee agrees that it shall not, on grounds of an alleged nonperformance by Franchisor of any of its obligations or any other reason, withhold payment of any amount due to Franchisor whatsoever or set off amounts owed to Franchisor under this Agreement, against any monies owed to Franchisee, which right of set off is hereby expressly waived by Franchisee.

17.5 No endorsement or statement on any check or payment of any sum less than the full sum due to Franchisor shall be construed as an acknowledgment of payment in full or an accord and satisfaction, and Franchisor may accept and cash such check or payment without prejudice to its right to recover the balance due or pursue any other remedy provided herein or by law. Franchisor may apply any payments made by Franchisee against any past due indebtedness of Franchisee as Franchisor may see fit. Franchisor may set off against any payment due to Franchisee hereunder any outstanding debts of Franchisee to

Franchisor, and may, at Franchisor's option, pay Franchisee's trade creditors out of any sum otherwise due to Franchisee.

17.6 Franchisee agrees to pay within 5 days of the effective date of termination or expiration of the Franchise all amounts owed to Franchisor, the landlord of any premises used in the Business (if applicable) and Franchisee's trade and other creditors which are then unpaid.

17.7 All Monthly Royalties and advertising contributions, all amounts due for goods purchased by Franchisee from time to time from Franchisor or its Affiliates and any other amounts owed to Franchisor or its Affiliates by Franchisee pursuant to this Agreement or any other agreement shall bear interest after the due date at the rate of 18% per annum or the highest rate permitted by law, whichever is lower, both before and after default, with interest on overdue interest at the aforesaid rate. The acceptance of any interest payment shall not be construed as a waiver by Franchisor of its rights in respect of the default giving rise to such payment and shall be without prejudice to Franchisor's right to terminate this Agreement in respect of such default.

17.8 Upon termination of this Agreement prior to its natural expiration date in accordance with its terms, Franchisee shall pay to Franchisor within thirty (30) days of the date of the termination, as an early termination fee for the premature termination of this Agreement and not as a penalty, an amount equal to twenty-four (24) times the average monthly Royalty payable to Franchisor over (a) the last twelve (12) months of the Franchised Business's active operations, or (b) the entire period the Franchised Business has been open for business, whichever is the shorter period. Franchisee acknowledges and agrees that such early termination fees are a reasonable approximation of the damages Franchisor will incur resulting from the premature termination of the Franchise Agreement as a result of breach by Franchisee, are appropriate because actual damages incurred by Franchisor will be difficult or impossible to ascertain, are not a penalty, and shall not affect Franchisor's right to, and are not in lieu of, any other payment or remedy, damages or relief to Franchisor.

17.9 Should Franchisee, or any partnership or joint venture or corporation in which Franchisee has a controlling equity interest, be a franchisee pursuant to another ARCHADECK Outdoor Living franchise license agreement with Franchisor, respecting another franchised Business using the Marks, a default under this Agreement shall constitute a default under such other ARCHADECK Outdoor Living franchise license agreement and vice versa, with like remedies available to Franchisor. Should such other ARCHADECK Outdoor Living franchise license agreement cease to be valid, binding and in full force and effect for any reason then Franchisor may, at its option terminate this Agreement and this Agreement shall be forthwith surrendered by Franchisee and terminated, and likewise should this Agreement cease to be valid binding and in full force and effect for any, reason, Franchisor may at its option terminate the other ARCHADECK Outdoor Living franchise license agreement and the other ARCHADECK Outdoor Living franchise license agreement shall be forthwith surrendered and terminated. In the event that there is more than one Franchisee, or if Franchisee should consist of more than one legal entity, Franchisee's liability hereunder shall be both joint and several. A breach hereof by one such entity or Franchisee shall be deemed to be a breach by both or all.

17.10 Franchisee agrees that upon termination or expiration of this Agreement, it shall take the following action:

- (a) Immediately discontinue the use of all Marks, signs, structures, forms of advertising, telephone listings, facsimile numbers, e-mail addresses, the Manual, and all materials, Products and Services of any kind which are identified or associated with the System and return all these materials and Products to Franchisor;

(b) Immediately turn over to Franchisor all materials, including the Manual, customer lists, records, files, instructions, brochures, advertising materials, agreements, Confidential Information, Trade Secrets and any and all other materials provided by Franchisor to Franchisee or created by a third party for Franchisee relating to the operation of the Business (all of which are acknowledged to be Franchisor's property). Under no circumstances shall Franchisee retain any printed or electronic copies of the Manual, Confidential Information or Trade Secrets or portions thereof upon expiration or termination of this Agreement;

(c) Franchisee hereby acknowledges that all telephone numbers, facsimile numbers and Internet addresses used in the operation of the Business constitute assets of the Business; and upon termination or expiration of this Agreement, Franchisee shall take such action within 5 days to cancel or assign to Franchisor or its designee as determined by Franchisor, all Franchisee's right, title and interest in and to Franchisee's telephone numbers, facsimile numbers and Internet addresses and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone number and Internet and e-mail addresses, and any regular, classified or other telephone directory listing associated with the Marks and to authorize a transfer of same to or at the direction of Franchisor. Franchisee acknowledges as between Franchisor and Franchisee, Franchisor has the sole rights to, and interest in, all telephone numbers, facsimile numbers, directory listings and Internet addresses used by Franchisee to promote the Business and/or associated with the Marks. Franchisee hereby irrevocably appoints Franchisor, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. **Attachment E** evidences such appointment;

(d) Make no representation nor state that Franchisee is in any way approved, endorsed or licensed by Franchisor or associated or identified with Franchisor or the System in any manner;

(e) Immediately take all steps necessary to amend or terminate any registration or filing of any d/b/a or business name or fictitious name or any other registration or filing containing the Marks so as to delete the Marks and all references to anything associated with the System;

(f) Provide Franchisor the option to purchase as set in Section 16;

(g) Comply with the provisions of Sections 10.1(c) and 10.1(d) and Section 14; and

(h) Assign all of Franchisee's customer contracts to Franchisor and pay to Franchisor any amounts (or a pro rata portion of any amounts) paid by Franchisee's customers for Services Franchisee has not yet performed. For example, if a customer pre-paid for services and Franchisee had performed only 50% of the contracted services, Franchisee must pay to Franchisor 50% of the amount the customer paid to the Franchisee.

17.11 If, within 30 days after termination or expiration of this Agreement by Franchisor, Franchisee fails to remove all displays of the Marks from the Business, which are identified or associated with the System, Franchisor may enter the Business to effect removal. In this event, Franchisor will not be charged with trespass nor be accountable or required to pay for any displays or materials.

17.12 If, within 30 days after termination or expiration of this Agreement Franchisee has not taken all steps necessary to amend or terminate any registration or filing of any business name or d/b/a or any other registration or filing containing the Marks, Franchisee hereby irrevocably appoints Franchisor as Franchisee's true and lawful attorney for Franchisee, and in Franchisee's name, place and stead and on

Franchisee's behalf, to take action as may be necessary to amend or terminate all registrations and filings, this appointment being coupled with an interest to enable Franchisor to protect the System.

17.13 Termination or expiration of this Agreement shall not affect, modify or discharge any claims, rights, causes of action or remedies which Franchisor may have against Franchisee, whether such claims or rights arise before or after termination or expiration.

17.14 All obligations of the parties hereto which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect notwithstanding such expiration or termination. In particular, but without limiting the generality of the foregoing, the provisions of Articles 10, 12, 14 and 16, hereof shall survive termination or expiration of this Agreement.

17.15 In the event that this Agreement expires or is terminated for any reason whatsoever and Franchisor is the lender under any loan agreement ("**Loan**") or the holder of any promissory note ("**Note**") or the holder of any personal property, security interest, chattel mortgage, debenture or mortgage of any nature whatsoever ("**Security Interest**") from Franchisee concerning assets used at any time by Franchisee in the Business or which are situated on the Business premises, such Loan, Note or Security Interest shall, upon the effective date of termination or expiration, immediately become fully due and payable as to all principal and interest so loaned and secured.

17.16 If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice requirements hereof. Such modifications to this Agreement shall be effective only in such jurisdiction and shall be enforced as originally made and entered into in all other jurisdictions.

**17.17 THE PARTIES WAIVE, TO THE EXTENT PERMITTED BY LAW, ANY CLAIM AGAINST THE OTHER FOR PUNITIVE OR EXEMPLARY DAMAGES; EXCEPT FOR SUCH PUNITIVE OR EXEMPLARY DAMAGES FOR VIOLATION OF THE LANHAM ACT, TRADEMARK INFRINGEMENT OR DILUTION, UNAUTHORIZED DISSEMINATION OF CONFIDENTIAL INFORMATION OR TRADE SECRETS OR ARISING UNDER THE INDEMNIFICATION SET FORTH IN SECTION 12.**

17.18 The rights of the parties hereto are cumulative and no exercise or enforcement by a party of any right or remedy hereunder shall preclude the exercise or enforcement by that party of any other right or remedy herein contained, or to which it is entitled by law.

17.19 Franchisee hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, Franchisor shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which Franchisor may be entitled. Franchisee agrees that Franchisor may obtain injunctive relief without posting a bond. Franchisee's sole remedy, in the event of the entry of injunctive relief, shall be dissolution of the injunction, if warranted, upon a hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any injunction are hereby expressly waived by Franchisee. In any proceeding concerning the entry of any requested injunction against Franchisee, Franchisee, for value, voluntarily waives any defenses Franchisee might otherwise have relating to any claimed "prior breach" on the part of Franchisor; it being specifically understood and agreed between the parties that no action or lack of action on the part of Franchisor shall be a defense to Franchisor's claim for injunctive relief.

**17.20 THE PARTIES ACKNOWLEDGE THAT IN THE EVENT THAT THE TERMS OF THIS AGREEMENT REGARDING TERMINATION OR EXPIRATION ARE INCONSISTENT WITH**

APPLICABLE STATE OR FEDERAL LAW, SUCH LAW SHALL GOVERN THE FRANCHISEE'S RIGHTS REGARDING TERMINATION OR EXPIRATION OF THIS AGREEMENT.

17.21 Franchisee acknowledges and agrees that in addition to, and not in lieu of, all other remedies or rights that Franchisor might otherwise have by virtue of Franchisee's breach of this Agreement, Franchisee must reimburse Franchisor for all attorneys' fees, costs, and expenses (and interest on such fees, costs and expenses) Franchisor incurs to enforce the terms of this Agreement or any obligation owed to Franchisor by Franchisee, including but not limited to amounts incurred in connection with preparation of default notices and related correspondence, or to defend any claim that Franchisee brings against Franchisor.

**18. NOTICES**

Any notice of default under this Agreement shall be delivered personally or by courier to the appropriate location. Any other notice, request, demand, approval, consent or other communication which the parties hereto may be required or permitted to be given hereunder shall be in writing and may be given to the party for whom it is intended by personal delivery, facsimile transmission or delivering it to such party by mailing it by prepaid registered mail, in the case of Franchisor to:

**To Franchisor:**

Archadeck Franchisor, LLC  
2426 Old Brick Road  
Glen Allen, VA 23060  
Attention: President

with a copy to:

Lathrop GPM, LLP  
80 South Eighth Street, Suite 500  
Minneapolis, Minnesota 55402  
Attention: Michael Gray

**To Franchisee:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

with a copy to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

Any such notice or other document delivered personally, by electronic mail, or by facsimile transmission shall be deemed to have been received by and given to the addressee on the day of delivery and any such other notice or other document mailed as aforesaid, shall be deemed to have been received by



and given to the addressee on the 3<sup>rd</sup> business day following the date of mailing. Any party may at any time give notice in writing to any other party of any change of address.

## **19. ARBITRATION**

19.1 Except as otherwise provided in this Section, any controversy or dispute arising out of, or relating to the franchise or this Agreement including, but not limited to, any claim by Franchisee or any person in privity with or claiming through, on behalf of or in the right of Franchisee, concerning the entry into, performance under, or termination of, this Agreement or any other agreement entered into by Franchisor, or its subsidiaries or Affiliates, and Franchisee, any claim against a past or present employee, officer, director, member, shareholder or agent of Franchisor; any claim of breach of this Agreement; and any claims arising under State or Federal laws, shall be submitted to final and binding arbitration as the sole and exclusive remedy for any such controversy or dispute. “**Person in privity**” with or claiming through, on behalf of or in the right of Franchisee includes but is not limited to, spouses and other family members, heirs, executors, representatives, successors and assigns. Subject to this Section, the right and duty of the parties to this Agreement to resolve any disputes by arbitration shall be governed exclusively by the Federal Arbitration Act, as amended, and arbitration shall take place according to the Commercial Arbitration Rules of the American Arbitration Association in effect as of the date the demand for arbitration is filed. The arbitration shall be held in Richmond, Virginia. However, arbitration will not be required to be used for any dispute which involves Franchisee’s post termination or expiration use of any of the Marks, System, Confidential Information or Trade Secrets, or Franchisor’s right to seek injunctive relief as provided in Section 17.19.

19.2 The single arbitrator shall be selected from a panel of neutral arbitrators provided by the American Arbitration Association and shall be chosen by the striking and ranking method. The arbitrator must have at least five years’ experience in franchise law. The arbitrator’s fees shall be divided equally between the parties. The arbitrator shall have no authority to amend or modify the terms of this Agreement. The award or decision by the arbitrator shall be final and binding on the parties and may be enforced by judgment or order of a court having subject matter jurisdiction in the state where the arbitration took place. The parties consent to the exercise of personal jurisdiction over them by such courts and to the propriety of venue of such courts for the purpose of carrying out this provision; and they waive any objections that they would otherwise have concerning venue and personal jurisdiction.

19.3 The parties agree that any arbitration arising out of a dispute relating to this Agreement is only a matter between Franchisor and Franchisee and no other franchisees. Franchisee agrees not to join or attempt to join other franchisees or licensees or person in privity with or claiming through, or on behalf of, Franchisee.

## **20. MISCELLANEOUS**

20.1 Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), the Federal Arbitration Act or other applicable federal law, this Agreement shall be interpreted under the laws of the Commonwealth of Virginia, and any dispute between the parties shall be governed by and determined in accordance with the procedural and substantive laws of the Commonwealth of Virginia, which laws shall prevail in the event of any conflict of law. The parties agree that the Virginia Retail Franchising Act, or any other state law or regulation applicable to the offer or sale of franchises or the franchise relationship, will not apply unless the jurisdictional provisions are independently met. Franchisee waives, to the fullest extent permitted by law, the rights and protections provided by the Virginia Retail Franchising Act. Franchisee and Franchisor have negotiated regarding a forum in which to resolve any disputes which may arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any legal proceeding

involving Franchisee, its officers or directors and Franchisor, its officers, directors, shareholders, members, employees or Affiliates both parties agree that the venue for disputes between them shall be in the Commonwealth of Virginia and each waive any objection either may have to the personal jurisdiction of or venue in the Commonwealth of Virginia. However, Franchisor reserves the right to file any claims it may have against Franchisee in the federal or state court where the Business is located.

20.2 All provisions of this Agreement are severable and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein; all partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable.

20.3 If either party institutes a legal proceeding, including court proceedings or arbitration, and prevails in any action at law or in equity against the other party based entirely or in part on the terms of this Agreement, the prevailing party shall be entitled to recover from the losing party, in addition to any judgment, reasonable attorneys' fees, court costs and all of the prevailing party's expenses (and interest on such fees, costs and expenses) in connection with any action at law.

20.4 No failure, forbearance, neglect or delay of any kind on the part of Franchisor in connection with the enforcement or exercise of any rights under this Agreement shall affect or diminish Franchisor's right to strictly enforce and take full benefit of each provision of this Agreement at any time, whether at law for damages, in equity for injunctive relief or specific performance, or otherwise. No custom, usage or practice with regard to this Agreement by Franchisee or Franchisor's other franchisees shall preclude the strict enforcement of this Agreement in accordance with its literal terms. No waiver by Franchisor of performance of any provision of this Agreement shall constitute or be implied as a waiver of Franchisor's right to enforce that provision at any future time. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding or succeeding breach by Franchisee of any terms, provisions, covenants, or conditions of this Agreement. No interpretation, change, termination or waiver of any provision of this Agreement, and no consent or approval under this Agreement, shall be binding upon Franchisee or Franchisor or effective unless in writing signed by Franchisee and Franchisor's Chief Executive Officer, President or Vice President, except that a waiver need be signed only by the party waiving.

20.5 This Agreement, together with any written related agreements, all Exhibits, Attachments, addenda, and that certain Acknowledgement Addendum signed contemporaneously with this Agreement, constitutes the entire understanding and agreement between Franchisee and Franchisor and supersedes all prior understandings, whether oral or written, pertaining to this Agreement, License, System or Business. Nothing in the Agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document that Franchisor furnished to Franchisee.

20.6 The headings of the sections hereof are for convenience only and do not define, limit or construe the contents of the sections of such Sections or other Sections. The term "**Franchisee**" as used herein is applicable to one or more persons, a corporation, limited liability company, a partnership or other business entity, as the case may be, and the singular usage (where applicable) includes the plural, and the masculine and neuter usages (where applicable) include the other and the feminine, and the terms "include" and "including" includes "including without limitation.". The term lease shall include a sublease, and a renewal or extension of a lease or sublease. Time shall be of the essence of this Agreement and of every part thereof.

20.7 When calculating the date upon which or the time within which any act is to be done pursuant to this Agreement, the date which is the reference date in calculating such period shall be excluded; if the last day of such period is a non-business day, the period in question shall end on the next business day. Time shall be of the essence of this Agreement and of every part thereof.

20.8 Neither party hereto shall be liable for any loss or damage due to any delay in the due performance of the terms hereof (except for the payment of money) by reason of strikes, lockouts and other labor relations, fires, riots, wars, embargoes and civil commotion, or acts of God (“**Force Majeure Event**”). Any such delay shall extend performance only so long as such event is in progress except such Force Majeure Event will not affect or change Franchisee’s obligation to pay Royalty and National Branding & Marketing Fees when due. Notwithstanding the foregoing, if there is a Force Majeure Event, Franchisor, may in its sole discretion, elect to waive the Royalty and National Branding & Marketing Fees during the period of delay caused by the Force Majeure Event or such shorter period.

20.9 Franchisee shall execute and deliver such further instruments, contracts, forms and other documents, and shall perform such further acts, as may be necessary or desirable, to carry out, complete and perform all terms, covenants and obligations herein contained. Franchisee hereby irrevocably appoints Franchisor as his attorney, and hereby empowers him to execute such instruments regarding the Marks for and in Franchisee’s name in order to give full effect to Sections 10, 12, 15, and 17 of this Agreement. Franchisee hereby declares that the powers of attorney herein granted may be exercised during any subsequent legal incapacity on its part.

20.10 This Agreement shall be binding upon, and subject to Section 15 hereof, shall inure to the benefit of, Franchisee’s successors and permitted assigns.

20.11 This Agreement may only be modified or amended by a written document executed by Franchisee and Franchisor. Franchisee acknowledges that Franchisor may modify its standards and specifications and operating and marketing techniques set forth in the Manual unilaterally under any conditions and to the extent in which Franchisor, in its sole discretion, deems necessary to protect, promote, or improve the Marks, and the quality of the System, but under no circumstances will such modifications be made arbitrarily without such determination. Notwithstanding anything herein to the contrary, Franchisor shall have the right unilaterally to reduce the scope of any covenants of Franchisee contained in this Agreement upon notice to Franchisee, whereupon Franchisee shall comply therewith as so modified.

20.12 From time to time, Franchisor shall have the right to delegate the performance of any portion or all of its obligations and duties hereunder to third parties, whether the same are agents of Franchisor or independent contractors which Franchisor has contracted with to provide such services. Franchisee agrees in advance to any such delegation by Franchisor of any portion or all of its obligations and duties hereunder.

## **21. ACKNOWLEDGEMENT**

**BEFORE SIGNING THIS AGREEMENT, THE FRANCHISEE SHOULD READ IT CAREFULLY WITH THE ASSISTANCE OF LEGAL COUNSEL.**

**THE FRANCHISEE ACKNOWLEDGES THAT:**

1. NO STATEMENT, REPRESENTATION OR OTHER ACT, EVENT OR COMMUNICATION, EXCEPT AS SET FORTH IN THIS DOCUMENT, AND IN ANY DISCLOSURE DOCUMENT SUPPLIED TO THE FRANCHISEE, IS BINDING ON THE FRANCHISOR IN CONNECTION WITH THE SUBJECT MATTER OF THIS AGREEMENT.

2. FRANCHISEE HAD A COMPLETE COPY OF THIS AGREEMENT, WITH ALL BLANKS FILLED IN, IN ITS POSSESSION FOR A PERIOD OF TIME NOT LESS THAN 7 FULL CALENDAR DAYS, DURING WHICH TIME THE FRANCHISEE HAD THE OPPORTUNITY TO SUBMIT SAME FOR PROFESSIONAL REVIEW AND ADVICE OF THE FRANCHISEE’S

CHOOSING PRIOR TO FREELY EXECUTING THIS AGREEMENT. FRANCHISEE ACKNOWLEDGES THAT IT HAS HAD AMPLE TIME AND OPPORTUNITY TO INVESTIGATE THE FRANCHISOR'S BUSINESS AND TO CONSULT WITH LEGAL AND FINANCIAL ADVISORS OF ITS CHOICE.

3. FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE SYSTEM AND RECOGNIZES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT AND ITS SUCCESS INVOLVES SUBSTANTIAL BUSINESS RISK AND WILL BE LARGELY DEPENDENT UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESS PERSON AND ITS ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE BUSINESS. FRANCHISEE HEREBY ASSUMES THE RESPONSIBILITY FOR ITS SUCCESS OR FAILURE OF THE BUSINESS VENTURE.

4. FRANCHISOR HAS NOT PROVIDED ANY STATEMENT, REPRESENTATION OR OTHER ACT, EVENT OR COMMUNICATION OF ACTUAL, AVERAGE, PROJECTED, FORECASTED OR POTENTIAL PURCHASES, SALE, COST, EARNINGS, INCOME OR PROFITS TO FRANCHISEE.

5. FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY ASSURANCE, WARRANTY OR GUARANTEE, EXPRESSED OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, EARNINGS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.

Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments. This entire Agreement, including corrections, changes, and all attachments and addenda, will only be binding upon Franchisor when executed or initialed by Franchisor's authorized representative.

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the date first above set forth.

**ARCHADECK FRANCHISOR, LLC**

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

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

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

**FRANCHISEE:**

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

\_\_\_\_\_

Individually

OR:

(if a corporation or partnership)

\_\_\_\_\_  
Company Name

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

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

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

**ATTACHMENT A**  
**TO FRANCHISE AGREEMENT**

**1. Territory.**

The Territory set forth in Section 4.1 of the Agreement shall be: \_\_\_\_\_  
\_\_\_\_\_.

**2. Initial Franchise Fee.** Franchisee shall pay to Franchisor an initial franchise fee of \$\_\_\_\_\_, due and payable at the time of execution of the Agreement.

**3. Operational Start Date:** The parties agree that the “Operational Start Date” for the franchise shall be the earlier of: (a) the date that Franchisee begins operation of its Business; or (b) \_\_\_\_\_, 20\_\_\_\_. Franchisee’s obligations to make the Royalty and the National Branding & Marketing Fee shall commence on the Operational Start Date, even if Franchisee has not yet begun operating its Business.

**FRANCHISOR:**

**FRANCHISEE:**

**ARCHADECK FRANCHISOR, LLC**

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

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

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

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

**ATTACHMENT B  
TO FRANCHISE AGREEMENT**

**GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS**

In consideration of, and as an inducement to, the execution of the Franchise Agreement executed between \_\_\_\_\_ and Archadeck Franchisor, LLC (“**Franchisor**”) on \_\_\_\_\_, 20\_\_\_\_ (“**Agreement**”) each of the undersigned hereby personally and unconditionally:

1. Guarantees to Franchisor and its successors and assigns, for the Initial Term, including any Interim Period thereof, that \_\_\_\_\_ (“**Franchisee**”) shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and

2. Agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, including but not limited to the terms of Section 14.

**Each of the undersigned waives the following:**

1. Acceptance and notice of acceptance by Franchisor of the foregoing undertaking;
2. Notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
3. Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;
4. Any right he or she may have to require that any action be brought against Franchisee or any other person as a condition of liability; and
5. Any and all other notices and legal or equitable defenses to which he or she may be entitled.

**Each of the undersigned consents and agrees that:**

6. His or her direct and immediate liability under this guaranty shall be joint and several;
7. He or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;
8. Such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and
9. 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 Initial Term, including any Interim Period thereof.

**IN WITNESS WHEREOF**, each of the undersigned has affixed his or her signature effective on the same day and year as the Agreement was executed.

**GUARANTOR(S)**

_____	_____
_____	_____
_____	_____
_____	_____



**ATTACHMENT C  
TO FRANCHISE AGREEMENT  
STATEMENT OF OWNERSHIP**

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

**Trade Name** (if different from above): \_\_\_\_\_

**Form of Ownership  
(Check One)**

**Individual**    **Partnership**    **Corporation**    **Limited Liability Company**

If a **Partnership**, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a **Corporation**, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a **Limited Liability Company**, give the state and date of formation, the name and address of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

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

Franchisee acknowledges that this Statement of Ownership applies to the Construction Sales and Service Business authorized under the Franchise Agreement.

Use additional sheets if necessary. Any and all changes to the above information must be reported to Franchisor in writing.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name

**ATTACHMENT D  
TO FRANCHISE AGREEMENT**

**BY AND BETWEEN ARCHADECK FRANCHISOR, LLC  
AND**

**\_\_\_\_\_ (“FRANCHISEE”)  
AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS  
(DIRECT DEBITS)**

The undersigned depositor (“**Depositor**”) hereby authorizes Archadeck Franchisor, LLC (“**Company**”) to initiate debit entries and/or credit correction entries to the undersigned’s checking and/or savings account(s) indicated below and the depository designated below (“**Depository**”) to debit such account pursuant to Company’s instructions.

\_\_\_\_\_  
Depositor’s Business Name

\_\_\_\_\_  
Bank Name

\_\_\_\_\_  
Depositor’s Business Address

\_\_\_\_\_  
City, State, Zip Code

\_\_\_\_\_  
Bank Transit/ABA Number

\_\_\_\_\_  
Account Number

This authority is to remain in full force and effect until Depository has received joint written notification from Company and Depositor of the Depositor’s termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity on which to act. If an erroneous debit entry is initiated to Depositor’s account, Depositor shall have the right to have the amount of such entry credited to such account by Depository, if (a) within fifteen (15) calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or (b) forty-five (45) days after posting, whichever occurs first, Depositor shall have sent to Depository a written notice identifying such entry, stating that such entry was in error and requesting Depository to credit the amount thereof to such account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

\_\_\_\_\_  
**Depositor – Franchisee**

\_\_\_\_\_  
**Depository – ARCHADECK FRANCHISOR,  
LLC**

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

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

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

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

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

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

**ATTACHMENT E  
TO FRANCHISE AGREEMENT**

**COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS AND  
TELEPHONE LISTINGS AND INTERNET ADDRESSES**

THIS ASSIGNMENT is entered into this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_, in accordance with the terms of the Archadeck Franchisor, LLC Franchise Agreement (“**Franchise Agreement**”) between \_\_\_\_\_ (“**Franchisee**”) and Archadeck Franchisor, LLC (“**Franchisor**”), executed concurrently with this Assignment, under which Franchisor granted Franchisee the right to own and operate an Construction Sales and Service Business located at \_\_\_\_\_.

FOR VALUE RECEIVED, Franchisee hereby assigns to Franchisor (1) those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the “**Telephone Numbers and Listings**”) and (2) those certain Internet website addresses (“**URLs**”) associated with Franchisor’s trade and service marks and used from time to time in connection with the operation of the Construction Sales and Service Business, as defined in the Franchise Agreement, at the address provided above. This Assignment is for collateral purposes only and, except as specified herein, Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless Franchisor shall notify the telephone company and/or the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as “**Telephone Company**”) and/or Franchisee’s internet service provider (“**ISP**”) to effectuate the assignment pursuant to the terms hereof.

Upon termination or expiration of the Franchise Agreement (without the extension of Franchisee’s rights to operate the Construction Sales and Service Business), Franchisor shall have the right and is hereby empowered to effectuate the assignment of the Telephone Numbers and Listings and the URLs, and, in such event, Franchisee shall have no further right, title or interest in the Telephone Numbers and Listings and URLs, and shall remain liable to the Telephone Company and the ISP for all past due fees owing to the Telephone Company and the ISP on or before the effective date of the assignment hereunder.

Franchisee agrees and acknowledges that as between Franchisor and Franchisee, upon termination or expiration of the Franchise Agreement, Franchisor shall have the sole right to and interest in the Telephone Numbers and Listings and URLs, and Franchisee irrevocably appoints Franchisor as Franchisee’s true and lawful attorney-in-fact, which appointment is coupled with an interest, to direct the Telephone Company and the ISP to assign same to Franchisor, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee shall immediately notify the Telephone Company and the ISP to assign the Telephone Numbers and Listings and URLs to Franchisor. If Franchisee fails to promptly direct the Telephone Company and the ISP to assign the Telephone Numbers and Listings and URLs to Franchisor, Franchisor shall direct the Telephone Company and the ISP to effectuate the assignment contemplated hereunder to Franchisor. The parties agree that the Telephone Company and the ISP may accept Franchisor’s written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor’s exclusive rights in and to the Telephone Numbers and Listings and URLs upon such termination or expiration and that such assignment shall be made automatically and effective immediately upon Telephone Company’s and ISP’s receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Telephone Company or the ISP requires that the parties execute the Telephone Company’s or the ISP’s assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, Franchisor’s execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee’s consent and agreement to the

assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

**ASSIGNEE:**

**ASSIGNOR:**

**ARCHADECK FRANCHISOR, LLC**

\_\_\_\_\_

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

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

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

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

**ATTACHMENT F  
TO FRANCHISE AGREEMENT**

**SAMPLE RELEASE AGREEMENT  
ACKNOWLEDGMENT OF TERMINATION AND RELEASE AGREEMENT**

This Acknowledgment of Termination and Release Agreement (“**Agreement**”) is entered into this \_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_, between ARCHADECK FRANCHISOR, LLC (“**Franchisor**”) and \_\_\_\_\_ (“**Franchisee**”). Franchisee and Franchisor will collectively be referred to herein as the “**Parties.**”

**RECITALS**

**WHEREAS**, Franchisor and Franchisee entered into that certain franchise license agreement (“**Franchise License Agreement**”) dated \_\_\_\_\_, 20\_\_\_\_, in which Franchisor granted Franchisee the right to operate an ARCHADECK® Construction Sales and Service Business in the protected territory (“**Territory**”) described in **Attachment A** of the Franchise License Agreement; and

**WHEREAS**, on \_\_\_\_\_, 20\_\_\_\_, Franchisee’s rights under the terms of the Franchise License Agreement were terminated (“**Termination**”) as a result of “mutual termination and release”.

**WHEREAS**, the Parties desire to enter into this Agreement for the purpose of acknowledging the Termination; acknowledging Franchisor’s retention of all rights and remedies under the Franchise License Agreement including, but not limited to, Franchisor’s right to retain all Initial Franchise Fees, Monthly Branding Royalties, Marketing Royalties, training fees, and all other applicable fees or sums paid to Franchisor; the right to audit Franchisee’s books and records; and fully and finally resolving all legal and equitable claims, known or unknown, of Franchisee existing against Franchisor that were or could have been asserted by Franchisee in any action.

**NOW, THEREFORE**, in consideration of the mutual covenants, promises and agreements herein contained, the parties hereto hereby covenant, promise and agree as follows:

**AGREEMENT**

1. Acknowledgment of Termination. Franchisee acknowledges and agrees that all of its rights under the Franchise License Agreement and Franchise Disclosure Document (“**Franchise Documents**”), were fully and finally terminated on \_\_\_\_\_, 20\_\_\_\_. Franchisee agrees to abide by all provisions which expressly survive the Termination of the Franchise Documents, as more fully set forth in the Franchise Documents.

2. Release by Franchisee. As of the date of this Agreement, Franchisee does hereby compromise, settle, and absolutely, unconditionally, and fully release, discharge, and hold harmless for itself and each of its respective heirs, executors, administrators, representatives, successors, assigns, officers, members, managers, directors, shareholders, employees, partners, and Affiliates (as hereinafter defined) (collectively, either the “**Franchisee Releasing Parties**” or the “**Franchisee Released Parties**”), Franchisor and its past, present and future officers, directors, agents, attorneys, employees, shareholders, successors, assigns, members, managers, and Affiliates (collectively, either the “**Franchisor Released Parties**” or “**Franchisor Releasing Parties**”), for all purposes, of and from any and all claims, debts, demands, damages, costs, expenses, actions, causes of action, or suits of any kind whatsoever, at common law, statutory or otherwise, whether now known or not, whether contingent or matured, including, without limitation, any claim, demand, or cause of action arising out of or in connection with Franchisee’s Construction Sales and Service Business or the Franchise Documents or any other contractual relation between Franchisee and Franchisor and/or any Affiliate of Franchisor, which Franchisee Releasing Parties may have had or may now have directly or indirectly

against any or all of Franchisor Released Parties based upon or arising out of any event, act, or omission that has occurred prior to the date hereof. Franchisee Releasing Parties further covenant and agree to never institute, prosecute or assist others to institute or prosecute, or in any way aid any claim, suit, action at law or in equity, or otherwise assert any claim against any or all of Franchisor Released Parties for any damages (actual, consequential, punitive or otherwise), injunctive relief, or other loss or injury either to person or property, cost, expense, attorneys' fees, amounts paid on account of recovery or settlement, or any other damage or harm whatsoever, based upon or arising out of any event, act, or omission that has occurred prior to the date hereof.

3. Release by Franchisor. As of the date of this Agreement, the Franchisor Releasing Parties, hereby fully and forever unconditionally release and discharge Franchisee Released Parties for all purposes, of and from any and all claims, debts, demands, damages, costs, expenses, actions, causes of action, or suits of any kind whatsoever, at common law, statutory or otherwise, whether now known or not, whether contingent or matured, including, without limitation, any claim, demand, or cause of action arising out of or in connection with, as a result of, or in any way arising from or related to the Franchise License Agreement or the franchise relationship created thereby, which the Franchisor Releasing Parties may have had or may now have directly or indirectly against any or all of the Franchisee Released Parties based upon or arising out of any event, act, or omission that has occurred prior to the Effective Date. Franchisor Releasing Parties' release shall not apply to Franchisee's non-monetary obligations to comply with any provisions which expressly survive the termination of the Franchise License Agreement, which obligations and covenants continue in full force and affect or to any other rights, obligations, and covenants contained in any other agreement between Franchisor and Franchisee. Except as set forth in the previous sentence, the Franchisor Releasing Parties further covenant and agree never to institute, prosecute or assist others to institute or prosecute, or in any way aid any claim, suit, action at law or in equity, or otherwise assert any claim against any or all of the Franchisee Released Parties for any damages (actual, consequential, punitive or otherwise), injunctive relief, or other loss or injury to person or property, cost, expense, attorneys' fees, amounts paid on account of recovery or settlement, or any other damage or harm whatsoever, based upon or arising out of any event, act, or omission that has occurred prior to the date of this Agreement.

4. Affiliates. When used in this Agreement, the term "**Affiliates**" has the meaning as given in Rule 144 under the Securities Act of 1933.

5. Full Release. Except as is set forth in this Agreement, the Parties intend that this Agreement shall be effective as a full and final accord and satisfaction and release and shall extend to all matters, claims, demands, actions or causes of action of any kind or nature whatsoever which Franchisee Releasing Parties may have against Franchisor Released Parties or which Franchisor Releasing Parties may have against Franchisee Releasing Parties, subject to the limitations described in Section 3 above. The Parties acknowledge that they may hereafter discover facts in addition to, or different from, those which they now know or believe to be true with respect to the subject matter of this Agreement but that, notwithstanding the foregoing, it is their intention hereby to fully, finally, completely and forever settle and release all matters, claims, demands, actions or causes of action, subject to the limitations described in Section 3 above, and that the release given herein shall be and remain irrevocably in effect as a full and complete general release notwithstanding the existence of any such additional or different facts.

6. No Coercion. The Parties acknowledge that they are freely and voluntarily entering into this Agreement, uncoerced by any person, and that they have been advised and afforded the opportunity to seek the advice of legal counsel of their choice with regard to this Agreement.

7. Notices. Any notices given under this Agreement shall be in writing and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have

been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

8. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

9. **Amendments.** This Agreement may not be changed or modified except in a writing signed by all of the parties hereto.

10. **Governing Law.** This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Virginia.

11. **Jurisdiction.** The Parties agree that any disputes relating to the enforcement of this Agreement will be governed by the dispute resolution provisions set out in the Franchise License Agreement.

12. **Fees and Costs.** In any action to enforce, interpret or seek damages for violation of this Agreement, the prevailing Party shall recover all attorney’s fees and litigation expenses.

13. **Severability.** If any provision of this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired thereby.

14. **Authorization.** Each Party warrants that each individual executing this Agreement on behalf of the respective Parties is fully authorized to do so by each of the respective Parties and each individual executing this Agreement warrants that he or she is acting within the scope of his or her employment and authority in executing this Agreement.

15. **Counterparts and Telecopies.** This Agreement may be executed in counterparts or by copies transmitted by telecopier, all of which shall be given the same force and effect as the original. This Agreement shall be effective when the signatures of all Parties have been affixed to counterparts or copies.

16. **Entirety.** This Agreement contains the entire agreement between the Parties related to the subject matter hereof, and in entering into this Agreement, each Party represents that he, she, or it is doing so voluntarily and of his, her or its own free will, and have executed this Agreement below acknowledging that each Party has completely read and fully understands the terms of this Agreement.

**IN WITNESS WHEREOF**, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

**FRANCHISOR:**

**FRANCHISEE:**

**ARCHADECK FRANCHISOR, LLC**

\_\_\_\_\_

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

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

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

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

**ATTACHMENT G  
TO FRANCHISE AGREEMENT**

**ARCHADECK FRANCHISOR, LLC  
SUCCESSOR ADDENDUM TO SUCCESSOR FRANCHISE AGREEMENT**

This Successor Addendum (“**Successor Addendum**”) to the Successor Franchise Agreement is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between Archadeck Franchisor, LLC (“**Franchisor**”) and \_\_\_\_\_ (“**Franchisee**”).

**BACKGROUND**

1. Franchisor and Franchisee entered into a Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (“**Franchise Agreement**”) pursuant to which Franchisee operates an Archadeck Construction Sales and Service Business located in \_\_\_\_\_. (“**Franchised Business**”).
2. The Franchise Agreement will expire by its own terms on \_\_\_\_\_, 20\_\_\_\_\_.
3. Franchisor and Franchisee intend to enter into a successor franchise agreement (“**Successor Franchise Agreement**”) and desire to amend its terms by incorporating the terms of this Successor Addendum into the Successor Franchise Agreement.

**AGREEMENT**

1. **NO ADDITIONAL SUCCESSOR TERMS.** Franchisor and Franchisee acknowledge and agree that, notwithstanding Section 3 of the Successor Franchise Agreement, Franchisee has no rights to any additional successor terms upon the expiration or termination of the Successor Franchise Agreement. Franchisor, however, reserves the right to offer Franchisee additional successor terms.
2. **MINIMUM ANNUAL SALES QUOTA.** The table in **Section 4.6** is deleted in its entirety and replaced with the following table:

<b>Year</b>	<b>TERRITORY Yearly Gross Sales</b>
Successor Term	\$500,000

3. **FRANCHISE FEE, PREPAID MARKETING EXPENSE FEE, AND ROYALTIES.** **Section 5** is amended as follows:
  - A. **Section 5.1** is deleted in its entirety and replaced with the following:

“5.1 The Franchisee shall pay the sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) plus, if due and payable, all applicable federal, state or municipal taxes, as a non-recurring and non-refundable (subject to Section 5.2) successor franchise fee (“**Successor Franchise Fee**”) per Territory to the Franchisor upon the execution of this Agreement. The Successor Franchise Fee shall be paid by means of certified funds on a bank check. The Successor Franchise Fee shall be deemed to have been fully earned by the Franchisor when paid.”
4. **GUIDANCE AND COACHING AND ASSISTANCE.** **Sections 7.3(c), 7.3(f), 7.4(j) and 7.5** are deleted in their entirety.



5. **FRANCHISEE’S DUTIES, OBLIGATIONS AND OPERATING STANDARDS.** Section 8.2(a) is deleted in its entirety. Section 8.2(w) is amended to provide Franchisor will not provide Franchisee with any construction drawings at no charge. Franchisee must pay Franchisor the then-current hourly rate for construction drawings.

6. **ATTACHMENT A.**

In Section 2 of Attachment A, the phrase “Initial Franchise Fee” is replaced with “Successor Franchise Fee” in both the heading and in the first sentence of this section.

7. **RELEASE OF CLAIMS.** As of the date of this Successor Addendum, in consideration for Franchisor entering into the Successor Franchise Agreement, Franchisee does hereby compromise, settle, and absolutely, unconditionally, and fully release, discharge, and hold harmless for itself and each of its respective heirs, executors, administrators, representatives, successors, assigns, officers, members, managers, directors, shareholders, employees, partners, and affiliates (collectively, the “**Franchisee Releasing Parties**”), Franchisor and its past, present and future officers, directors, agents, attorneys, employees, shareholders, successors, assigns, members, managers, and Affiliates (collectively, the “**Franchisor Released Parties**”), for all purposes, of and from any and all claims, debts, demands, damages, costs, expenses, actions, causes of action, or suits of any kind whatsoever, at common law, statutory or otherwise, whether now known or not, whether contingent or matured, including, without limitation, any claim, demand, or cause of action arising out of or in connection with Franchisee’s Construction Sales and Service Business or the Franchise Agreement or any other contractual relation between Franchisee and Franchisor and/or any Franchisor Released Parties, which Franchisee Releasing Parties may have had or may now have directly or indirectly against any or all of Franchisor Released Parties based upon or arising out of any event, act, or omission that has occurred prior to the date hereof. Franchisee Releasing Parties further covenant and agree to never institute, prosecute or assist others to institute or prosecute, or in any way aid any claim, suit, action at law or in equity, or otherwise assert any claim against any or all of Franchisor Released Parties for any damages (actual, consequential, punitive or otherwise), injunctive relief, or other loss or injury either to person or property, cost, expense, attorneys’ fees, amounts paid on account of recovery or settlement, or any other damage or harm whatsoever, based upon or arising out of any event, act, or omission that has occurred prior to the date hereof.

8. **MISCELLANEOUS.** This Successor Addendum will be binding upon and inure to the benefit of each party and to each party’s respective successors and assigns. Any terms not defined in this Successor Addendum have the meaning given to the terms in the Successor Franchise Agreement.

9. **NO FURTHER CHANGES.** Except as specifically provided in this Successor Addendum, all of the terms, conditions and provisions of the Successor Franchise Agreement will remain in full force and effect as originally written and signed.

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed this Successor Addendum as of the date first above written.

**FRANCHISEE:**

\_\_\_\_\_

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

**FRANCHISOR:**

**ARCHADECK FRANCHISING  
CORPORATION**

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

**ATTACHMENT H  
TO FRANCHISE AGREEMENT**

**ARCHADECK FRANCHISOR, LLC  
MULTI-UNIT ADDENDUM TO FRANCHISE AGREEMENT**

This Multi-Unit Addendum (“**Multi-Unit Addendum**”) to the Franchise Agreement is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, by and between Archadeck Franchisor, LLC (“**Franchisor**”) and \_\_\_\_\_ (“**Franchisee**”).

**BACKGROUND**

1. Franchisor and Franchisee are parties to the Franchise Agreements listed in Exhibit A to this Multi-Unit Addendum (the “**Franchise Agreements**”) pursuant to which Franchisee operates Archadeck Construction Sales and Service Businesses at the locations listed in Exhibit A (the “**Franchised Businesses**”) in the territories described in the Franchise Agreements (the “**Territories**”).
2. Franchisor and Franchisee now desire to modify the provisions of the Franchise Agreements as a result of Franchisee owning multiple Franchised Businesses.

**AGREEMENT**

1. **SINGLE BUSINESS LOCATION.** Franchisor and Franchisee acknowledge and agree that Franchisee will operate the Franchised Businesses from a single business location.
2. **MINIMUM ANNUAL SALES QUOTA.** Franchisor and Franchisee acknowledge and agree that for purposes of calculating the Minimum Annual Sales Quotas described in the Franchise Agreements, Franchisee will not aggregate the Gross Sales of each of the Franchised Businesses operating under the Franchise Agreements, and Franchisee must meet the Minimum Annual Sales Quota in each Territory.
3. **MONTHLY ROYALTY FEE AND MARKETING FEE.** Provided that Franchisee is in full compliance with the terms of the Franchise Agreements, Franchisor and Franchisee acknowledge and agree that for purposes of determining the Royalty percentage, the Minimum Monthly Royalty, and the National Branding & Marketing Fee, Franchisee may aggregate the Gross Sales of each of the Franchised Businesses operating under the Franchise Agreements.
4. **ROYALTY REPORTS.** Franchisor and Franchisee acknowledge and agree that Franchisee’s statement of the previous month’s Gross Sales may include the Gross Sales of all of the Franchised Businesses operating under the Franchise Agreements.
5. **INDIVIDUAL ADVERTISING INVESTMENT.** Franchisee and Franchisor agree and acknowledge that Franchisee will be required to spend the Individual Advertising Investment in each Territory each calendar year.
6. **TECHNOLOGY FEES.** Franchisor and Franchisee acknowledge and agree that Franchisee will utilize the same technology package for all of its Franchised Businesses, and Franchisor will only require Franchisee to pay applicable technology fees as if Franchisee was only operating one Franchised Business.

7. **RELEASE OF CLAIMS.** As of the date of, and in consideration for Franchisor entering into this Multi-Unit Addendum, Franchisee does hereby compromise, settle, and absolutely, unconditionally, and fully release, discharge, and hold harmless for itself and each of its respective heirs, executors, administrators, representatives, successors, assigns, officers, members, managers, directors, shareholders, employees, partners, and affiliates (collectively, the “**Franchisee Releasing Parties**”), Franchisor and its past, present and future officers, directors, agents, attorneys, employees, shareholders, successors, assigns, members, managers, and Affiliates (collectively, the “**Franchisor Released Parties**”), for all purposes, of and from any and all claims, debts, demands, damages, costs, expenses, actions, causes of action, or suits of any kind whatsoever, at common law, statutory or otherwise, whether now known or not, whether contingent or matured, including, without limitation, any claim, demand, or cause of action arising out of or in connection with Franchisee’s Construction Sales and Service Businesses or the Franchise Agreements or any other contractual relationship between Franchisee and Franchisor and/or any Franchisor Released Parties, which Franchisee Releasing Parties may have had or may now have directly or indirectly against any or all of Franchisor Released Parties based upon or arising out of any event, act, or omission that has occurred prior to the date hereof. Franchisee Releasing Parties further covenant and agree to never institute, prosecute or assist others to institute or prosecute, or in any way aid any claim, suit, action at law or in equity, or otherwise assert any claim against any or all of Franchisor Released Parties for any damages (actual, consequential, punitive or otherwise), injunctive relief, or other loss or injury either to person or property, cost, expense, attorneys’ fees, amounts paid on account of recovery or settlement, or any other damage or harm whatsoever, based upon or arising out of any event, act, or omission that has occurred prior to the date hereof.

8. **MISCELLANEOUS.** This Multi-Unit Addendum will be binding upon and inure to the benefit of each party and to each party’s respective successors and assigns. Any terms not defined in this Multi-Unit Addendum have the meaning given to the terms in the Franchise Agreements.

9. **NO FURTHER CHANGES.** Except as specifically provided in this Multi-Unit Addendum, all of the terms, conditions and provisions of the Franchise Agreements will remain in full force and effect as originally written and signed.

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed this Multi-Unit Addendum as of the date first above written.

**FRANCHISEE:**

\_\_\_\_\_

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

**FRANCHISOR:**

**ARCHADECK FRANCHISING  
CORPORATION**

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

**Exhibit A**

<b>Date of Franchise Agreement</b>	<b>Franchised Business Location</b>

**EXHIBIT C**

**PROMISSORY NOTE**

\$ \_\_\_\_\_

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

FOR VALUE RECEIVED, the undersigned maker of this Note promises to pay to the order of **Archadeck Franchisor, LLC** at 2426 Old Brick Road, Glen Allen, Virginia 23060 the principal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) in the currency of the United States of America together with interest from the date of this Note at the rate of \_\_\_\_\_ percent (\_\_\_\_\_% ) per annum.

1. On the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, and on the \_\_\_\_\_ day of each and every month thereafter, the sum of \$\_\_\_\_\_ will be due and payable in full.

2. On the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, the then entire outstanding principal and interest balances owing under this Note, if not sooner paid, will be due and payable in full.

3. Any payment is late if not received by holder within 10 days after it is due. If a payment is late, holder may, in its sole discretion elect to;

A. Declare the entire unpaid principal and interest balances immediately due and payable; or

B. Accept the late payment along with a late charge in the amount of 10% of the amount of the late payment. The late charge will be for the purpose of compensating holder for additional expenses which it is recognized that holder will incur as a result of the late payment.

4. All payments, as of the date they are received, will first be credited to any late charges due; the balance, if any, will then be credited to the outstanding interest balance; and the balance, if any, will then be credited to the outstanding principal balance.

5. In the event holder elects under 3A above to demand payment in full of the entire unpaid balance, holder will first provide maker with written notice of its election, demanding payment in full within 10 days. In the event a default exists after the 10 day notice period has expired, maker promises and agrees:

A. That the entire outstanding principal and interest balances, including late charges, will bear interest from the original due date of the delinquent payment at the rate of 18% (default rate) per year (or if this rate exceeds the maximum permitted by law, then the interest rate will be the highest rate permitted by law); and

B. To pay holders actual attorneys' fees and costs incurred in collection efforts as a result of the default.

6. In the event a default exists after the 10 day notice period as provided above in paragraph 5, Archadeck Franchisor, LLC may in addition elect to terminate and cancel the Franchise Agreement between Archadeck Franchisor, LLC and maker described in paragraph 7 below in accordance with the provisions of that Agreement.

7. This Note constitutes part performance of a certain written Franchise Agreement between maker and Archadeck Franchisor, LLC dated the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, and as such, will be read and interpreted in a manner consistent with the terms of said agreement. Default under the terms of this Note will be sufficient grounds for termination or cancellation of that Franchise Agreement in accordance with the terms of the Franchise Agreement.

8. The makers and endorsers of this Note waive and excuse presentment for acceptance and payment, notice of dishonor, and protest of dishonor, and agree to any extension of time of payment and partial payments before, at or after maturity.

9. In the event of any sale, transfer assignment, encumbrance or other conveyance of the rights, duties or obligations of maker under the terms of the Franchise Agreement between maker and Archadeck Franchisor, LLC, the entire unpaid principal and interest balances of this Note as of the date of such sale, transfer, assignment, encumbrance or other conveyance will immediately become due and payable in full without any further notice or demand.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Maker

\_\_\_\_\_  
Maker

Names of Maker(s): \_\_\_\_\_

Address of Maker(s): \_\_\_\_\_

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

## EXHIBIT D

### **NATIONAL GUARANTEE CORPORATION AND FUND DESCRIPTION**

A Guarantee Fund (the "Fund") has been established. The National Guarantee Corporation, a Virginia corporation (the "NGC") is the vehicle for the Fund.

#### The purpose and operations of the NGC:

The NGC will be established for the purpose of guaranteeing the proper completion of all jobs, and guaranteeing the fulfillment of all warranty obligations for jobs sold by ARCHADECK Outdoor Living franchisees for two years after completion of construction, and the payment of all labor and materials on said jobs.

The Fund is under control of the Board of Directors of the NGC, who meet at least once each year, and more often if necessary, to assure the proper operation, use and management of the Fund. The Board currently consists of eight (8) franchisees elected by a majority of the participating NGC shareholders and an Archadeck Board member appointed by Archadeck. Expenses incurred by each member of the Board of Directors in performing his or her duties in the general management of the Fund are reimbursed by the Fund.

Each participating franchisee will purchase one share of common stock of NGC for \$100 as provided below. No franchisee will own more than one share of stock.

#### The Fund will be established in the following manner:

Each franchisee pays an initial deposit of \$5,000 to the Fund upon signing the Franchise Agreement. One hundred dollars of this payment will be used for the purchase of the franchisee's one share of common stock and \$4,900 will be deposited into the franchisee's deposit account held by NGC.

In addition to your initial contribution described in Item 5, you must contribute 0.25% of your Gross Sales payable every other month within 30 days of date of invoice, although Archadeck reserves the right to require that you pay this fee concurrent with the Royalty, until your account reaches \$15,000.

Once your account reached \$15,000, you must only contribute 0.10% of your Gross Sales to the Guarantee Fund, payable every other month within 30 days of date of invoice, although Archadeck reserves the right to require that you pay this fee concurrent with the Royalty.

The Board of Directors may at its discretion increase the monthly contribution from 0.25% to 1.0% of Gross Sales for a franchise that has not reached the required fund contribution level and has a claim paid on its behalf. This does not alter the franchisee's responsibility to reimburse the full amount of the claim to the Fund, including after a franchisee has ceased active operations.

If a claim is paid by the Fund which exceeds the total value of a franchisee's account, and said franchisee does not reimburse the Fund, the amount of the difference between the claim and the franchisee's account (the deficit) is to be replaced by the remaining participating franchisees (however, this does not reduce or eliminate the franchisee's obligation to repay those monies to the Fund). In this event, all amounts assessed as necessary by the Board of Directors to recover the deficit will be considered as loans and repaid as rapidly as possible from the earnings of the Fund.

Any franchise that seeks withdrawal of its deposit as a result of having ceased operations, completed all of its jobs, and waited beyond the warranty period of the final job completed, will receive its full deposit in one lump sum payment less its proportionate share of any accrued Fund loss or plus its proportionate share of any accrued Fund surplus, such Fund losses or surpluses will only be allocated as of the date that it ceased operations as an ARCHADECK Outdoor Living franchisee, and less any unreimbursed claims paid on behalf of the ARCHADECK Outdoor Living franchisee.

The position of the franchisor (Archadeck):

Archadeck will provide adequate housing for the Fund Manager (if a Fund Manager is deemed necessary by the Board of Directors) at cost to the NGC. Archadeck shall designate one representative of its staff to serve on the Board of Directors. Archadeck provides various administrative services, accounting and financial services and claim investigative services under a Management Agreement between NGC and Archadeck on a fee for service basis. In addition, if a claim is made against the Fund requiring completion of a job or warranty work, Archadeck will assist NGC in finding supervisory personnel to go to the job site and supervise the completion of the job; Archadeck is reimbursed by the Fund as a part of the overall claim for all cost of any nature incurred in the performance of these duties.

Responsibilities of individual franchise owners to the NGC:

To make all required contributions as stated above; to provide annual financial statements; and to authorize copies of all system audits to be provided to the Fund Manager.

In the event a claim is paid by the Fund on any job for a particular franchisee, then that franchisee will either:

Reimburse the full amount of the claim within 30 days; or, after 30 days, outstanding balances will be charged interest at prime plus 1.5%; or, provide a note to the NGC bearing interest at 2% above prime at an institution where the Fund has deposits, payable in 12 equal monthly installments; or, obtain permission from the Board of Directors for another method of reimbursement.

Individual franchise owners are also required to sign the NGC personal guarantee attached as Appendix B.

Cost of Operations:

The Fund Manager is authorized under the supervision of the Board of Directors to pay all normal operating costs out of the Fund proceeds for office space, telephone, filing systems, computer hardware and software, furniture, accounting, legal fees, postage, printing, stationery, etc., expenses of the Board of Directors in the performance of their duties, and miscellaneous justifiable expenses.

Guarantee Certificate:

The NGC will issue Guarantee Certificates for use by participating franchisees and Archadeck. Franchisees are allowed to use the Guarantee Certificate on sales calls as a closing tool by showing it to and discussing it with prospective customers. Archadeck will use the guarantee provided by the Fund as a marketing tool in its national marketing efforts.

Fund Earnings:

Someday, the Fund may reach a total sum that will enable it not only to cover all expenses, but to also make a profit for those who have established the Fund, so that when a profit is shown, the Board of Directors may present alternative plans for the use of said profits for final determination by NGC shareholders.



### Dispute Resolution:

Any controversy or claim arising out of or relating to any agreement or relationship between the NGC and any franchisee, franchisor, insurer, or stockholder which cannot be settled by those parties, will be settled by arbitration. A representative of Archadeck will serve as advisor to the arbitration committee but will not be present during any deliberation of the committee. The committee will determine which party or parties pay the expenses of the arbitration and may require at its own discretion a deposit to cover said expenses.

However, if any party institutes litigation against another party to enforce any rights or obligations relating to the NGC, the prevailing party will be entitled to recover from the other party all costs and expenses (including reasonable attorneys' fees) incurred by the prevailing party in connection with such litigation.

### Additional Potential Future Activities:

The NGC Board of Directors will be authorized to submit to the Archadeck Strategic Advisory Board proposals in which the NGC would be used as a vehicle to: Serve as a purchasing cooperative, provided such efforts do not include extending credit to any person using this service; To enter venture efforts designed to improve or strengthen the franchisees' position within the remodeling industry; To provide management and informational services to ARCHADECK Outdoor Living franchisees in order to facilitate better management techniques and provide a resource to the NGC to recognize potential risk to the Fund.

**Appendix A**

**NATIONAL GUARANTEE CORPORATION  
SHAREHOLDER AGREEMENT**

THIS SHAREHOLDER AGREEMENT, made as of the \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_, by and between \_\_\_\_\_ (the "Shareholder"), and NATIONAL GUARANTEE CORPORATION, a Virginia corporation (the "Company").

**RECITALS**

1. The Shareholder is a franchisee of Archadeck Franchisor, LLC, a Delaware corporation ("Archadeck") and as such, has received and owns one (1) share of common stock of National Guarantee Corporation, a Virginia corporation. Each franchisee receives one (1) share of common stock for each NGC account maintained.

2. The NGC was formed for the purpose of Guaranteeing the proper completion of all jobs, and the fulfilling of all Guarantee obligations for jobs sold by Archadeck franchisees, and the payment of all labor and materials on such jobs. A secondary purpose of the NGC is to enhance and aid Archadeck franchisees in the operation and performance of the franchise. This could include, but is not limited to additional programs, national discounts, volume buying power, national insurance policies, etc.

3. The Shareholder and the NGC now desire to enter into a written agreement to set forth the rights and duties of each and the management of the NGC.

In consideration of the premises and of the mutual covenants contained herein, the parties hereto agree as follows:

**ARTICLE ONE  
CONTRIBUTIONS**

A. The NGC shall establish a deposit account in the NGC's name (the "Fund") for the purposes set forth above. Such fund shall be created on such terms and with such banking institution as the Board of Directors shall determine. The NGC shall establish on the NGC books and records for the Shareholder and each other shareholder of the NGC, as part of the Fund, a shareholder deposit account.

B. Each Shareholder shall pay 0.25% (1/4 of a percentage) of its gross receipts (the "Shareholder Contribution") into its deposit account in the Fund until the total payments equal \$15,000. Upon contributing \$15,000 Shareholders will continue to contribute into the deposit account in the Fund at a rate of .1% (1/10 of a percentage) of gross receipts. These funding parameters take effect January 1, 2020.

C. Shareholder payments to the NGC fund shall be calculated and collected with the monthly royalty report. Payments will be made with one check made to Outdoor Living Brands ("OLB") who will deposit all NGC contributions into the NGC fund on a monthly basis. OLB will provide the NGC board a quarterly statement of past due accounts. NGC accounts that are past due will be placed on drafting hold with OLB drafting department.

D. The Board of Directors of the NGC, or an appropriately formed and charged committee thereof, may at its discretion increase the Shareholder Contribution up to 1.0% of gross receipts for a Shareholder that has not reached the Cumulative Maximum Contribution and has a claim paid on its behalf. This does not alter the Shareholder's responsibility to reimburse the full amount of the claim to the Fund.

E. Expenses of the day-to-day operation of the NGC, and job completion and warranty claims made against the NGC, shall be paid from all Shareholder accounts at an equal rate (prorated for new accounts active for less than the expense period).

F. Expenses from job completion and warranty claims shall first be paid from the deposit account of the Shareholder responsible for the project requiring completion or payment of a warranty claim ("Responsible Shareholder"); however, should a claim require payments in excess of the amount in the Responsible Shareholder's deposit account ("Deficit") and the Responsible Shareholder does not immediately reimburse the NGC the amount of this Deficit, the Responsible Shareholder will be deemed in default under the terms of this Agreement, as more fully described below in Article 1 (F), and the following terms and conditions shall apply:

1. Default for Non-repayment of Deficit. Shareholder hereby agrees and acknowledges that, if any Deficit is not repaid in full within thirty (30) calendar days after receipt of a written demand for payment, the Responsible Shareholder will be in default under this Agreement ("Default for Non-repayment").

2. Whenever a Default for Non-Repayment, as defined in this Article, shall have occurred and be continuing, the NGC may exercise all legal remedies, including but not limited to the following:

- a. The NGC may bring an action for specific performance or damages;
- b. The NGC may take any and all actions at law or in equity necessary or desirable to enforce performance under this Agreement;
- c. In the case of a Default for Non-Repayment due to serious illness, death or other unusual hardship, the NGC may, in its sole discretion, elect to waive the default and release the Responsible Shareholder from its payment obligations related to such default.

G. Each shareholder deposit account shall be adjusted annually by its pro rata share of the NGC's profits or losses.

## **ARTICLE TWO WITHDRAWALS OF CONTRIBUTIONS**

A. The Shareholder shall not have the right, at any time during the term of this Agreement, and so long as he/she is a Shareholder, to withdraw any part of their contributions.

B. If the Shareholder seeks withdrawal of its deposit as a result of having Ceased Operations (hereinafter also referred to as an "Inactive Shareholder"), completed all of its jobs, and waited beyond the two year Guarantee period (or such length of time as the then current Guarantee period) of the final job completed, it shall receive the net amount in its Inactive Shareholder deposit account in one lump sum

payment reflecting the Inactive Shareholder's contributions less its proportionate share of any accrued Fund loss plus its proportionate share of any accrued Fund surplus as of the date of Ceasing Operations. Thereafter, during the Guarantee period, the deposit account is subject to adjustment only for claims made by customers of the withdrawing Inactive Shareholder. Ceasing Operations means, for purposes of this Article, the complete termination of the Shareholder's franchise and closing of the Shareholder's Archadeck business, other than by transfer, sale, assignment, gift, or other conveyance of any kind, of the Shareholder's franchise rights to a party other than Archadeck Franchisor, LLC pursuant to his franchise agreement.

C. Inactive Shareholder hereby agrees and acknowledges that, if at the time of any withdrawal of its deposit hereunder, there is a balance of funds owed to Archadeck Franchisor, LLC by the Shareholder, the NGC shall deliver all or a portion, depending on the amount owed, of the Shareholder's account funds to Archadeck Franchisor, LLC as payment against the amount owed to Archadeck Franchisor, LLC by Shareholder.

D. Beginning in 2022 the following procedure will be followed by Archadeck Franchisor, LLC:

1. During the first quarter of each calendar year, Archadeck Franchisor, LLC will identify all Inactive Shareholders who have ceased operation and where all of their projects are at least two years past their respective completion dates.

2. Archadeck Franchisor, LLC will send a notice to the identified Inactive Shareholders that any remaining net balance of their NGC funds are available for withdrawal and explain the parameters and procedure to claim their funds. The letter will be sent to the most current address on file with Archadeck Franchisor, LLC relative to the Inactive Shareholder.

3. Upon written receipt from the Inactive Shareholder to Archadeck Franchisor, LLC directing it to process payment of any remaining net balance of their NGC funds, Archadeck Franchisor, LLC will distribute the funds as outlined in the Shareholder Agreement in Article Two Paragraph B.

4. In the event the Inactive Shareholder does not claim their net NGC funds within ninety (90) days, the funds will be permanently forfeited by the Inactive Shareholder and become part of a General Account (as defined below) of the NGC.

5. The monies in the NGC "General Account" will be used first to offset any expenses, except as noted below, incurred by the NGC in the current year prior to reducing any active Shareholder accounts. Claims against a specific Inactive Shareholder's account to resolve associated warranty coverage will be deducted from such Inactive Shareholder's specific NGC account prior to being paid out of the NGC's General Account.

### **ARTICLE THREE**

#### **TRANSFER OF INTERESTS**

A. The Shareholder shall not, from the date hereof, sell, assign, transfer or encumber its share of common stock except in the manner provided in this Agreement and without the prior approval of the NGC.

B. The Shareholder's share of common stock in the NGC shall transfer with the sale or other transfer of the Shareholder's Archadeck franchise pursuant to the terms of the Shareholder's franchise

agreement and the terms of the Transfer Agreement entered into between the Shareholder and the Purchaser (the "Transferee Shareholder"). Upon such transfer, the Transferee Shareholder other than Archadeck Franchisor, LLC shall be subject to all the terms and conditions of this Shareholder Agreement.

C. The NGC shall not issue any additional shares to any person who is not a party to this Agreement at the time he acquires his share.

#### **ARTICLE FOUR**

##### **BOOKS**

NGC books shall be maintained at the principal office of the NGC, and each shareholder shall at all times have access thereto. The books shall be kept on a fiscal year basis, which fiscal year shall be the calendar year. At the end of each fiscal year the books shall be closed and balanced. An unaudited financial statement shall then be made as of the closing date.

#### **ARTICLE FIVE**

##### **VOTING AGREEMENT**

A. The Shareholder hereby agrees that at least one member of the Board of Directors of the NGC shall be appointed by Archadeck Franchisor, LLC and further agrees that in the election of directors, it will vote its shares in favor of such appointment.

B. The Shareholder hereby consents to the issuance of shares to all new franchisees accepted by Archadeck Franchisor, LLC as franchisees of the Archadeck system and further directs that no action of the Board of Directors is necessary for the approval of the issuance of shares to new franchisees of Archadeck Franchisor, LLC.

#### **ARTICLE SIX**

##### **NOTICES**

All notices to the Shareholder either required by this Agreement or given at the election of the shareholders shall be in writing, and may be delivered to the Shareholder personally, by fax, by email, or may be deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested, and addressed to the Shareholder at its mailing address set forth in its Archadeck franchise agreement. Each party hereto may change its mailing address, said notice to be given as provided in this Article. Except where otherwise specified in this Agreement, any notice shall be deemed to have been given on the date on which such notice was faxed, emailed, mailed or hand delivered as herein provided.

#### **ARTICLE SEVEN**

##### **PROJECT QUALIFICATIONS**

A Shareholder must be in "good standing" and proper documentation must be on record with Archadeck Franchisor, LLC for a project to be eligible for a "CERTIFICATE OF GUARANTEE".

A. The following shall constitute "good standing":

- 1) The Shareholder shall have a current account balance.

B. The following documentation shall be on record with Archadeck Franchisor, LLC:

- 1) The Customer Contract for the Project
- 2) The Sales Drawings for the Project
- 3) The Contract Specifications for the Project

C. The Terms of a properly issued Certificate of Guarantee shall remain in effect regardless of any changes in a Shareholder's standing.

D. If a franchisee is out of compliance with Funding requirements or drafting policies, their clients' NGC coverage will be suspended. In such an event the Fund Administrator shall send a letter to the franchisee stating that "until all compliance requirements are met their new clients will not receive NGC coverage and no certificates will be mailed". After full satisfaction of compliance issues, a resumption of coverage and issuance of certificates will begin. Clients not sent certificates and offered NGC coverage during the period of non-compliance will receive NGC certificates upon full satisfaction of compliance issues.

## **ARTICLE EIGHT INDEMNIFICATION**

To the fullest extent permitted by applicable law, each Shareholder shall indemnify, defend and hold harmless the NGC from and against any losses, claims, damages, liabilities, judgments, costs and expenses, (including reasonable attorneys' fees) incurred directly or indirectly resulting from or related to Shareholder's breach of any of its obligations set forth in this Agreement. The right to indemnification granted in this Article shall include, but is not limited to, the right to repayment of any Deficit by the Responsible Shareholder, including all expenses or losses related to the enforcement of the right to repayment.

## **ARTICLE NINE GUARANTEE**

A. Each Shareholder personally guarantees, jointly, individually and severally, payment of: (1) all warranty claims paid by NGC; and (2) all past, present and future cost associated with the completion of unfinished projects. Such cost shall include, but are not limited to, engineering fees and attorneys' fees. To evidence such obligations under this Agreement, each Shareholder shall execute a guarantee in favor of the NGC.

B. In the event Shareholder is an entity, the owner of the Shareholder entity (and the owner's spouse, if the owner is married) shall execute a guarantee in substantially the form set forth in Appendix B-1 attached hereto, ("Entity Owner Guarantee"). The Entity Owner Guarantee shall serve as evidence of the entity owner's and the owner's spouse's obligation and willingness to personally guarantee and be bound by all obligations under the terms of this Agreement.

C. In the event Shareholder is an individual, such individual Shareholder (and the Shareholder's spouse, if the Shareholder is married) shall execute a guarantee in substantially the form set forth in Appendix B-2 attached hereto, ("Individual Shareholder Guarantee"). The Individual Shareholder Guarantee shall serve as evidence of the individual Shareholder's and the Shareholder's spouse's obligation and willingness to personally guarantee and be bound by all obligations under the terms of this Agreement.

D. The Guarantees executed pursuant to this Article 9 shall remain in full force and effect for the entirety of all Guarantee periods, notwithstanding any Shareholders' status as an Inactive Shareholder.

**ARTICLE TEN**

**MISCELLANEOUS**

A. This Agreement constitutes the entire agreement between the parties and shall be binding on their heirs, administrators, executors, successors and assigns. Any modification, change or amendment hereto must be in writing, executed by all parties and approved by a majority of the Board of Directors, with 90 days notification to all Shareholders. This Agreement shall be construed and enforced under the laws of the Commonwealth of Virginia.

B. Wherever required by the context of this Agreement, the masculine shall include the feminine and the singular shall include the plural and vice versa.

**IN WITNESS WHEREOF**, the parties hereto have duly executed and delivered this Settlement Agreement in duplicate on the day and year first above written

**SHAREHOLDER**

**[Fill in Name]**

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

**[Fill in Name]**

ITS: [insert title if Shareholder is an Entity]

**NATIONAL GUARANTEE CORPORATION**

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

**Michael Reeder**

ITS: Secretary

## Appendix B-1

### NATIONAL GUARANTEE CORPORATION ENTITY OWNER GUARANTEE

In consideration of, and as an inducement for, NATIONAL GUARANTEE CORPORATION (the “NGC”) to execute the Shareholder Agreement between the NGC and [insert Shareholder Name] (“Shareholder”) on [insert date], 20\_\_ (the “Agreement”), each of the undersigned (“Guarantors”) hereby personally and unconditionally:

1. Absolutely and irrevocably guarantee the payment of all of Shareholder’s payment obligations under the Agreement.

2. Represent, warrant, and covenant the following: (i) this Guarantee constitutes a legal, valid and binding obligation of Guarantors enforceable against Guarantors in accordance with its terms; (ii) there are no facts or circumstances of any kind of which the Guarantors have received notice which impairs their ability to perform their obligations under this Guarantee; and (iii) neither the execution and delivery of this Guarantee nor the carrying out of Guarantors’ obligations hereunder will violate or conflict with or constitute a breach or default under any contract, instrument or agreement. This Guarantee shall be binding upon Guarantors and their heirs, legal representatives and assigns.

3. Agree to bear and be responsible for reimbursing the NGC for all costs, expenses, and expenditures, including, without limitation, legal fees associated with enforcing this Guarantee.

4. Expressly waive the following: (a) acceptance and notice of acceptance by the NGC of the foregoing undertaking; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantors may have to require that any action be brought against any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which Guarantors may be entitled.

5. Consents and agrees that: (a) Guarantors’ direct and immediate liability under this Guarantee shall be joint and several; (b) Guarantors shall render any payment or performance required under the Agreement upon demand, notwithstanding the failure or refusal of the NGC to do so punctually; (c) such liability shall not be contingent or conditioned upon pursuit by the NGC of any remedies against Shareholder or any other entity or person; and (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which the NGC may from time to time grant to Shareholder 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 Guarantee, which shall be continuing and irrevocable.



Agree that this Guarantee will be construed in accordance with and governed by the laws of the Commonwealth of Virginia and may only be amended or modified by a written instrument executed by both the Guarantors and the NGC.

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

**[Fill in Name]**

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

**[Fill in Name]**

Home Address: \_\_\_\_\_

\_\_\_\_\_

**[Fill in Name of Spouse]**

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

**[Fill in Name of Spouse]**

Home Address: \_\_\_\_\_

\_\_\_\_\_

## Appendix B-2

### NATIONAL GUARANTEE CORPORATION INDIVIDUAL OWNER GUARANTEE

In consideration of, and as an inducement for, NATIONAL GUARANTEE CORPORATION (the “NGC”) to execute the Shareholder Agreement between the NGC and [insert Shareholder Name] (“Shareholder”) on [insert date], 20\_\_\_\_ (the “Agreement”), each of the undersigned (“Guarantors”) hereby personally and unconditionally:

1. Absolutely and irrevocably guarantee the payment of all of Shareholder’s payment obligations under the Agreement.

2. Represent, warrant, and covenant the following: (i) this Guarantee constitutes a legal, valid and binding obligation of Guarantors enforceable against Guarantors in accordance with its terms; (ii) there are no facts or circumstances of any kind of which the Guarantors have received notice which impairs their ability to perform their obligations under this Guarantee; and (iii) neither the execution and delivery of this Guarantee nor the carrying out of Guarantors’ obligations hereunder will violate or conflict with or constitute a breach or default under any contract, instrument or agreement. This Guarantee shall be binding upon Guarantors and their heirs, legal representatives and assigns.

3. Agree to bear and be responsible for reimbursing the NGC for all costs, expenses, and expenditures, including, without limitation, legal fees associated with enforcing this Guarantee.

4. Expressly waive the following: (a) acceptance and notice of acceptance by the NGC of the foregoing undertaking; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantors may have to require that any action be brought against any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which Guarantors may be entitled.

5. Consents and agrees that: (a) Guarantors’ direct and immediate liability under this Guarantee shall be joint and several; (b) Guarantors shall render any payment or performance required under the Agreement upon demand, notwithstanding the failure or refusal of the NGC to do so punctually; (c) such liability shall not be contingent or conditioned upon pursuit by the NGC of any remedies against Shareholder or any other entity or person; and (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which the NGC may from time to time grant to Shareholder 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 Guarantee, which shall be continuing and irrevocable.

6. Agree that this Guarantee will be construed in accordance with and governed by the laws of the Commonwealth of Virginia and may only be amended or modified by a written instrument executed by both the Guarantors and the NGC.

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

**[Fill in Name]**

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

**[Fill in Name]**

Home Address: \_\_\_\_\_

\_\_\_\_\_

**[Fill in Name of Spouse]**

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

**[Fill in Name of Spouse]**

Home Address: \_\_\_\_\_

\_\_\_\_\_

**EXHIBIT E**

**MANUAL TABLE OF CONTENTS**

<b>Section</b>	<b>Pages</b>
<b>Section 1 – Introduction</b> <ul style="list-style-type: none"><li>• Archadeck Code of Values</li><li>• What is a Franchise?</li><li>• Initial Recommendations</li><li>• Phases Typically Experienced by Franchisees</li><li>• Purpose of the Archadeck Operations Manual</li><li>• Our Vision</li><li>• Using &amp; Amending this Manual</li><li>• Our Pledge to You</li><li>• Your Responsibilities as an Archadeck Franchisee</li><li>• Responsibilities to Your Client</li><li>• Responsibilities to Yourself</li><li>• Responsibilities to Your Franchisor</li></ul>	8
<b>Section 2 – Pre-Opening Training</b> <ul style="list-style-type: none"><li>• Welcome to Archadeck</li><li>• Overview</li><li>• Marketing</li><li>• Sales</li><li>• Production &amp; Drafting</li><li>• Management &amp; Accounting</li><li>• Appendix A – Training Agenda</li><li>• Appendix B – Travel Directions</li><li>• Appendix C – Contacts &amp; Extensions</li><li>• Appendix D – Press Release</li><li>• Appendix E – Dealer Contact Information</li><li>• Appendix F – SoftPlan Purchase Order</li></ul>	43
<b>Section 3 – Technology Systems</b> <ul style="list-style-type: none"><li>• Introduction</li><li>• Google Apps for Business</li><li>• Ncompass</li><li>• Service Minder</li><li>• SoftPlan Home Design Software</li></ul>	6

Section	Pages
<p><b>Section 4 – Marketing and Advertising</b></p> <ul style="list-style-type: none"> <li>• Your Archadeck Marketing Support Team</li> <li>• The Marketing Gateway</li> <li>• The Archadeck Outdoor Living Brand &amp; Brand Strategy</li> <li>• Our Target Audience Profile</li> <li>• The Journey To The Purchase Decision</li> <li>• Outbound Marketing <ul style="list-style-type: none"> <li>○ Client Loyalty</li> <li>○ Referrals</li> <li>○ Trade Alliances</li> <li>○ Grass Roots Marketing</li> <li>○ Direct Mail</li> <li>○ Print Advertising</li> <li>○ Home &amp; Garden Shows</li> <li>○ Radio</li> <li>○ Events &amp; Sponsorships</li> <li>○ Public Relations</li> <li>○ Marketing Planning</li> <li>○ Minimum Marketing Recommendations</li> </ul> </li> <li>• Inbound Marketing <ul style="list-style-type: none"> <li>○ What is inbound marketing?</li> <li>○ Search Engine Optimization (SEO)</li> <li>○ Google</li> <li>○ Online Business Directories</li> <li>○ Note on Reviews</li> <li>○ Social Media</li> <li>○ Blogging</li> <li>○ Facebook</li> <li>○ YouTube &amp; Video</li> <li>○ Social Media Guidelines and Policy Statement</li> <li>○ Pay Per Click</li> <li>○ Html Email</li> </ul> </li> </ul>	<p>27</p>

Section	Pages
<p><b>Section 5– Design and Pricing</b></p> <ul style="list-style-type: none"> <li>• Design Guidelines</li> <li>• Design Development</li> <li>• Anatomy of an Archadeck Deck</li> <li>• Basic Deck Styles</li> <li>• Working the Budget Backwards</li> <li>• Traffic Flow</li> <li>• Architectural Elements of an Archadeck Deck</li> <li>• Decking Worksheet</li> <li>• Site Survey</li> <li>• Calculating Elevations &amp; TOD’s</li> <li>• Stair Design</li> <li>• Landings</li> <li>• Archadeck Unified Structural System</li> <li>• Design Case Studies</li> <li>• Elements of Pricing</li> <li>• Roof Structures</li> <li>• Enclosure Site Survey</li> <li>• Porch Wizard</li> </ul>	40
<p><b>Section 6– Estimating/Pricing w Tally</b></p> <ul style="list-style-type: none"> <li>• Browser requirements</li> <li>• Settings</li> <li>• Vendors</li> <li>• Contacts</li> <li>• Quotes</li> </ul>	9

<b>Section</b>	<b>Pages</b>
<p><b>Section 7 – Basic Construction Knowledge</b></p> <ul style="list-style-type: none"> <li>• The Archadeck Approach</li> <li>• Pre-Training Items</li> <li>• Basic Construction Knowledge</li> <li>• Basic Drawings</li> <li>• Archadeck Project Categories <ul style="list-style-type: none"> <li>○ Decks</li> <li>○ Porches</li> <li>○ 3 &amp; 4 Season Rooms</li> <li>○ Shade Structures</li> <li>○ Hardscapes &amp; Patios</li> </ul> </li> </ul>	19
<p><b>Section 8 – Sales Training</b></p> <ul style="list-style-type: none"> <li>• Introduction</li> <li>• Understanding the Archadeck Sales Process</li> <li>• The Clients’ Mental Buying Process</li> <li>• Design Consultant &amp; Sales Activities</li> <li>• Fundamental Sales Skills</li> <li>• Four Rules of Effective Active Listening</li> <li>• Task Facts About You &amp; Archadeck</li> <li>• Inner Personal Needs</li> <li>• Putting the Skills to Work</li> <li>• Sales Presentation Skills Training</li> <li>• Archadeck Sales Process &amp; Sales Methodology Roadmap</li> <li>• Archadeck Sales Tools</li> <li>• Archadeck Warranty &amp; National Guaranty Corporation</li> <li>• Handling Stalls &amp; Objections</li> <li>• Referral &amp; Trade Alliance Selling</li> <li>• The Job Progress Methodology (JPM)</li> </ul>	46
<p><b>Section 9 – Business Management</b></p> <ul style="list-style-type: none"> <li>• Accounting Systems &amp; Practices</li> <li>• Human Resources &amp; Payroll Management</li> <li>• Vendor Management</li> <li>• Accounting &amp; Bookkeeping</li> <li>• Budget Planning</li> <li>• Capital Planning</li> </ul>	31

<b>Section</b>	<b>Pages</b>
<p><b>Section 10 – Drafting</b></p> <ul style="list-style-type: none"> <li>• Drafting Policies</li> <li>• Standard Drafting Services</li> <li>• Submission Requirements</li> <li>• Jobs on Hold</li> <li>• Redraws &amp; Change Orders</li> <li>• Cancellations</li> <li>• Receiving Drawings Back from Drafting</li> <li>• Reference Sheet for Drafting &amp; Additional Services</li> <li>• Drafting Information Sheet</li> </ul>	20
<p><b>Section 11 – Approved Suppliers</b></p> <ul style="list-style-type: none"> <li>• Azek</li> <li>• TimberTech</li> <li>• Belgard</li> </ul>	4
<p><b>Section 12 – Exhibits</b></p> <ul style="list-style-type: none"> <li>• Design and Pricing</li> <li>• Masterfiles <ul style="list-style-type: none"> <li>○ Deck</li> <li>○ Porches/Enclosures</li> <li>○ Hardscape</li> </ul> </li> <li>• Sales Training</li> <li>• Production Management</li> <li>• The Carpenters Guide</li> <li>• The JPM</li> </ul>	1
<b>TOTAL NUMBER OF PAGES</b>	<b>254</b>



**EXHIBIT F**

**FRANCHISEE INFORMATION – PART 1**

**ARCHADECK Outdoor Living Franchisees as of December 31, 2020**

<b>TERRITORY NAME</b>	<b>OWNER(S)</b>	<b>STREET ADDRESS</b>	<b>CITY</b>	<b>STATE</b>	<b>ZIP</b>	<b>PHONE</b>	<b>E-MAIL</b>
Archadeck of Birmingham	Derek and Carissa Crews	5210 Stonehaven Drive	Birmingham	AL	35244	205-970-0121	birmingham@archadeck.net
Archadeck of Colorado Springs	Charles "Jim" Shoff	590 W HWY 105, Suite 162	Monument	CO	80132	850-240-4883	coloradosprings@archadeck.net
Archadeck of the Foothills	Ben Wood / Jeff Spahn	11919 W. I-70 Frontage Road N., Unit 109	Wheat Ridge	CO	80033	720-398-9179	foothills@archadeck.net
Archadeck of the Foothills Central	Ben Wood / Jeff Spahn	11920 W. I-70 Frontage Road N., Unit 109	Wheat Ridge	CO	80033	720-398-9179	foothills@archadeck.net
Archadeck of the Foothills East	Ben Wood / Jeff Spahn	11921 W. I-70 Frontage Road N., Unit 109	Wheat Ridge	CO	80033	720-398-9179	foothills@archadeck.net
Archadeck of the Foothills North	Ben Wood / Jeff Spahn	11922 W. I-70 Frontage Road N., Unit 109	Wheat Ridge	CO	80033	720-398-9179	foothills@archadeck.net
Archadeck of the Foothills South	Ben Wood / Jeff Spahn	11923 W. I-70 Frontage Road N., Unit 109	Wheat Ridge	CO	80033	720-398-9179	foothills@archadeck.net
Archadeck of Fairfield and Hartford Counties - 1	Kenneth Nixon	1234 Black Rock Tpke	Fairfield	CT	06825	203-996-9477	HFD-FFLD@archadeck.net
Archadeck of Fairfield and Hartford Counties - 2	Kenneth Nixon	1234 Black Rock Tpke	Fairfield	CT	06825	203-996-9477	HFD-FFLD@archadeck.net
Archadeck of Delaware	David Lyons	31 Savoy Road	Newark	DE	19702	302-766-3698	delaware@archadeck.net
Archadeck of Boca Raton	Patrick Galeron	4154 NW 41st Drive	Coconut Creek	FL	33073	954-505-0213	Boca-ftlauderdale@archadeck.net
Archadeck of Ft. Lauderdale	Patrick Galeron	4154 NW 41st Drive	Coconut Creek	FL	33073	954-505-0213	Boca-ftlauderdale@archadeck.net
*Archadeck of East Hillsborough County (Signed But Not Started as of 12/31)	Kim Turilli / Nick Johnson	2715 Little Road	Valrico	FL	33596	863-326-0305	EHillsborough@archadeck.net
Archadeck of Alpharetta	Mark Salazar	1123 Ascott Valley Drive	Johns Creek	GA	30097	770-696-5693	alpharetta@archadeck.net
Archadeck of Lawrenceville	David Mendonsa	1840 Vendue Court	Lawrenceville	GA	33044	813-299-5586	lawrenceville@archadeck.net
Archadeck of Central Georgia	Steve Denton	340 Carrick Way	Macon	GA	31210	478-745-2000	centralgeorgia@archadeck.net
Archadeck of Central Iowa	Harold and David Cross	2925 99th Street	Urbandale	IA	50322	515-266-8844	centraliowa@archadeck.net
Archadeck of Northern Chicagoland	David and Kristen Berryhill	395 W. Northwest Hwy	Palatine	IL	60067	847-496-4333	chicagoland@archadeck.net
Archadeck of Southern Chicagoland	David and Kristen Berryhill	396 W. Northwest Hwy	Palatine	IL	60067	847-496-4333	chicagoland@archadeck.net
Archadeck of South West Chicagoland	David and Kristen Berryhill	397 W. Northwest Hwy	Palatine	IL	60067	847-496-4333	chicagoland@archadeck.net
Archadeck of West Chicagoland	David and Kristen Berryhill	398 W. Northwest Hwy	Palatine	IL	60067	847-496-4333	chicagoland@archadeck.net
Archadeck of North Metro Chicagoland	David and Kristen Berryhill	396 W. Northwest Hwy	Palatine	IL	60067	847-496-4333	chicagoland@archadeck.net

<b>TERRITORY NAME</b>	<b>OWNER(S)</b>	<b>STREET ADDRESS</b>	<b>CITY</b>	<b>STATE</b>	<b>ZIP</b>	<b>PHONE</b>	<b>E-MAIL</b>
Archadeck of Central Metro Chicagoland	David and Kristen Berryhill	397 W. Northwest Hwy	Palatine	IL	60067	847-496-4333	chicagoland@archadeck.net
Archadeck of South Metro Chicagoland	David and Kristen Berryhill	398 W. Northwest Hwy	Palatine	IL	60067	847-496-4333	chicagoland@archadeck.net
Archadeck of Northeastern Indiana	Craig Whitman	33 Homestead Drive	Decatur	IN	46733	260-403-0764	neindiana@archadeck.net
Archadeck of Southwest Indianapolis	Greg Hazard	260 Keeneland Lane	Greenwood	IN	46142	317-349-5720	swindy@archadeck.net
Archadeck of Louisville	Brendan Kelly	2603 West Robin Road	New Albany	IN	47150	812-946-4235	louisville@archadeck.net
Archadeck of Northern Indianapolis	Ryan Pape	5065 Brighton Drive	Whitestown	IN	46075	260-450-9369	northindy@archadeck.net
Archadeck of Wichita	Tony Giesel	10507 N. Hoover	Hesston	KS	67062	620-747-0089	wichita@archadeck.net
Archadeck of Suburban Boston	Jim Finlay	165 Middlesex Turnpike, #201	Bedford	MA	01730	781-275-1300	subboston@archadeck.net
Archadeck of Central Maryland & Montgomery County	Jayne Dunkelberger	24260B Laytonsville Road	Gaithersburg	MD	20882	301-926-3001	jdunk@archadeck.net
Archadeck of Central Maine	TJ Langerak	193 River Road	Maxfield	ME	04453	207-631-8170	centralmaine@archadeck.net
*Archadeck of Southeast Michigan (Signed But Not Started as of 12/31)	Oliver and Martina Reik	25623 Buckminster Drive	Novi	MI	48375	245-310-5860	semich@archadeck.net
Archadeck of South Kansas City	Dan & Bonnie Hall	2325 SW Hawk View Road	Lee's Summit	MO	64082	913-851-3325	kansascity@archadeck.net
Archadeck of Western North Carolina	Hugh Meenan	5-D Golf Street	Asheville	NC	28801	828-254-8558	westernnc@archadeck.net
Archadeck of Piedmont Triad	Greg McNeer	5587-C Garden Village Way	Greensboro	NC	27410	336-664-1332	piedmonttriad@archadeck.net
Archadeck of Raleigh-Durham	Kyle and Paige Faulkner	115 Berwick Place	Hillsborough	NC	27278	928-581-0034	raleighdurham@archadeck.net
Archadeck of West Triangle	Kyle and Paige Faulkner	115 Berwick Place	Hillsborough	NC	27278	928-581-0034	raleighdurham@archadeck.net
Archadeck of Columbus	Rob Mitchell	1491 Polaris Parkway, #172	Columbus	OH	43240	740-879-3730	Westcolumbus@archadeck.net
Archadeck of West Columbus	Rob Mitchell	1491 Polaris Parkway, #172	Columbus	OH	43240	740-879-3730	Westcolumbus@archadeck.net
Archadeck of Akron	Patrick Sluss	7710 Bellhurst	Louisville	OH	44641	330-224-5394	akron@archadeck.net
Archadeck of West Central Ohio	Tim Stephens	8314 Madrid Blvd.	Waynesville	OH	45068	513-897-2040	wcoho@archadeck.net
Archadeck of West Portland	Eric Fahland	15880 SW Tualantin Street	Sherwood	OR	97140	503-539-1460	westportland@archadeck.net
Archadeck of Chester County	Juan Cardona	1307 Barkway Lane	West Chester	PA	19380	610-696-3340	chesterco@archadeck.net
Archadeck of Central South Carolina	Marshall and Tucker Reu	1427 Gregg Street	Columbia	SC	29201	803-419-8031	centralsc@archadeck.net
Archadeck of Greenville	Marshall and Tucker Reu	1427 Gregg Street	Columbia	SC	29201	803-419-8031	centralsc@archadeck.net
Archadeck of Knoxville	Mark and Rhonda Ward	4120 Sam Cooper Lane	Knoxville	TN	37918	865-688-7999	knoxville@archadeck.net
Archadeck of North Nashville	Russell Henderson	1919 Appomattox Drive	Lebanon	TN	37087	615-547-2333	South.nashville@archadeck.net
Archadeck of South Nashville	Russell Henderson	1919 Appomattox Drive	Lebanon	TN	37087	615-547-2333	South.nashville@archadeck.net
Archadeck of DFW North - 1	Steve Rosenbaum	4461 Fairway Drive	Carrollton	TX	75010	214-649-7934	dfwnorth@archadeck.net

<b>TERRITORY NAME</b>	<b>OWNER(S)</b>	<b>STREET ADDRESS</b>	<b>CITY</b>	<b>STATE</b>	<b>ZIP</b>	<b>PHONE</b>	<b>E-MAIL</b>
Archadeck of DFW North - 2	Steve Rosenbaum	4461 Fairway Drive	Carrollton	TX	75010	214-649-7934	dfwnorth@archadeck.net
Archadeck of Northeast Dallas	Agustin Garza	2005 Killeen Street	Forney	TX	75126	972-897-6860	nedallas@archadeck.net
Archadeck of Southlake	Agustin Garza	2005 Killeen Street	Forney	TX	75126	972-897-6860	nedallas@archadeck.net
*Archadeck of Katy (Signed But Not Started as of 12/31)	Justin Goff	23511 Atwood Landing Lane	Katy	TX	77493	614-378-6208	katy@archadeck.net
Archadeck of Southwest Houston	David Herbert	3213 Ivory Pointe Drive	League City	TX	77573	281-513-0781	Southwesthoustonarchadeck.net
*Archadeck of New Braunfels (Signed But Not Started as of 12/31)	Erik Bradley	2091 Wind Chime Way,	New Braunfels	TX	78103	229-460-3684	newbraunfels@archadeck.net
Archadeck of Austin	Jim Odom	402-A West Palm Valley Boulevard, #309	Round Rock	TX	78664	512-259-8282	austin@archadeck.net
Archadeck of Richmond - 1	Spencer Monroe	2165 Oakhampton Place	Henrico	VA	23233	804-218-1781	RVA@archadeck.net
Archadeck of Richmond - 2	Spencer Monroe	2165 Oakhampton Place	Henrico	VA	23233	804-218-1781	RVA@archadeck.net
Archadeck of Northern Virginia West	Todd Bayliss	2276 Quartermaster Ln	Reston	VA	20191	703-574-1704	novawest@archadeck.net
Archadeck of Fredericksburg - Woodbridge	Brian and Judith Zdziebloski	9419 Everette Court	Spotsylvania	VA	22553	518-469-2824	fredericksburg@archadeck.net
Archadeck of Seattle Eastside - 1	Steve Habib	10011 SE 8th Street	Bellevue	WA	98004	206-788-8080	seattleeastside@archadeck.net
Archadeck of Seattle Eastside - 2	Steve Habib	10012 SE 8th Street	Bellevue	WA	98004	206-788-8080	seattleeastside@archadeck.net
Archadeck of South Sound	David Gielczyk	13039 6th Place SW	Burien	WA	98146	360-204-1464	southsound@archadeck.net
Archadeck of Seattle Northwest	Aaron Smith	20126 Ballinger Way NE, #279	Shoreline	WA	98155	425-283-6824	seattlenorthwest@archadeck.net
Archadeck of Southwest Pennsylvania	Bryan Smith	1023 Fennimore Street	Fairmont	WV	26554	304-319-0533	Southwestpa@archadeck.net
Archadeck of Nova Scotia	Maurice P. Meagher	6070 Almon Street, Suite 112	Halifax, NS B3K 1T8	Canada	-	902-444-3325	novascotia@archadeck.net
Archadeck of Southwest Greater Toronto	Ali and Sabra Faris Rasheed	22187 Emily Circle	Oakville, ON, L6M 0E5	Canada	-	877-263-0172	ali@archadeck.net

\*Signed a franchise agreement, but not yet opened as of December 31, 2020.

**EXHIBIT F**

**FRANCHISEE INFORMATION – PART 2**

ARCHADECK® franchisees who had a business terminated, canceled, or not renewed, or otherwise ceased to do business in 2020, or who had not communicated with us within 10 weeks of the issuance date of this disclosure document.

<b>TERRITORY NAME</b>	<b>OWNER(S)</b>	<b>CITY</b>	<b>STATE</b>	<b>ZIP</b>	<b>PHONE</b>
Archadeck of Central Connecticut	Phil and Marcie Brown	Wallingford	CT	06492	860-829-5588
Archadeck of West County / St. Charles County	Darlene Giesecking / David Boyer	St. Louis	MO	63129	636-227-0800

**EXHIBIT G**

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

<b>STATE</b>	<b>STATE ADMINISTRATOR/AGENT</b>	<b>ADDRESS</b>
California	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation	320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1 <sup>st</sup> Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198
New York (State Administrator)	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21 <sup>st</sup> Floor New York, NY 10005 212-416-8236
New York (Agent)	New York Secretary of State	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492
Virginia (State Administrator)	Virginia State Corporation Commission Division of Securities and Retail	1300 East Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219-3630
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

**EXHIBIT H**

**STATE-SPECIFIC ADDENDA**

## CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

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

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AND COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [WWW.DFPI.CA.GOV](http://WWW.DFPI.CA.GOV).

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

### Item 3, Additional Disclosure:

Neither we nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any National Securities Association or National Securities Exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in such association or exchange.

### Item 6, Additional Disclosure:

The highest interest rate allowed by law in California is 10% annually.

### Item 17, Additional Disclosures:

The franchise agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The franchise agreement requires application of the laws of the Commonwealth of Virginia. This provision may not be enforceable under California law.

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

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



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

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

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

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

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. If the Franchise Agreement is inconsistent with the law, the law will control.

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

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

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**ARCHADECK FRANCHISOR, LLC**

\_\_\_\_\_

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

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

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

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

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

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

## ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures. The following statements are added to Item 17:

Illinois law governs the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure 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.

Your rights upon termination and non-renewal of a franchise agreement are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Illinois law governs the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure 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.

Your rights upon termination and non-renewal of a franchise agreement are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**ARCHADECK FRANCHISOR, LLC**

\_\_\_\_\_

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

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

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

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

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

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

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

Our termination of the Franchise Agreement because of your bankruptcy may not be enforceable under applicable federal law (11 U.S.C.A. 101 et seq.).

You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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.

Nothing in the Franchise Agreement operates to reduce the 3-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Further, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The Federal Bankruptcy laws may not allow the enforcement of the provisions for termination upon bankruptcy of the franchisee.

This Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**ARCHADECK FRANCHISOR, LLC**

\_\_\_\_\_

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

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

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

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

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

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

## MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

### State Cover Page and Item 17, Additional Disclosures:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of 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 Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

### Item 6, Additional Disclosure:

NSF checks are governed by Minn. Stat. 604.113, which puts a cap of \$30 on service charges.

### Item 13, Additional Disclosures:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

### Item 17, Additional Disclosures:

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

We will comply with Minn. Stat. Sec. 80C.14, subs. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure), 180 days notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd. 5.

## MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days' notice for non-renewal of this Franchise Agreement.

The Minnesota Department of Commerce requires that franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee's use of franchisor's trademarks ("Marks") infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee's use of franchisor's trademark but franchisor shall indemnify franchisee for claims against franchisee solely as it relates to franchisee's use of the Marks in accordance with the requirements of the Franchise Agreement and franchisor's standards. As a further condition to indemnification, the franchisee must provide notice to franchisor of any such claim immediately and tender the defense of the claim to franchisor. If franchisor accepts tender of defense, franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an offense directly related to the business conducted according to the Franchise Agreement; or (3) failure of the franchisee to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, the terms of the Franchise Agreement shall not in any way abrogate or reduce your rights as provided for in Minn. Stat. 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Franchise Agreement shall abrogate or reduce any of franchisee's rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.



Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**ARCHADECK FRANCHISOR, LLC**

\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

## NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

### Cover Page, Additional Disclosure.

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT G OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

Item 3, Additional Disclosure. The last sentence in Item 3 is deleted and replaced with the following:

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has any administrative, criminal, or a material civil or arbitration action pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has been convicted of a felony or pleaded nolo contendere to any other felony charge or, during the ten-year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to any misdemeanor charge or been found liable in an arbitration proceeding or a civil action by final judgment, or been the subject of any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge, civil action, complaint, or other such proceeding involved a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegation.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, is subject to any currently effective injunctive or restrictive order or decree relating to franchises, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as a result of 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.

Item 4, Additional Disclosure. Item 4 is deleted and replaced with the following:

Neither we nor any of our predecessors, affiliates, or officers, during the 10-year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership.

Item 5, Additional Disclosures.

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

Item 17, Additional Disclosures.

The following is added to the Summary sections of Item 17(c) and 17(m): 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 Section 687.4 and 687.5 be satisfied.

The Summary section of Item 17(d) is deleted and replaced with the following language: You may terminate the agreement on any grounds available by law.

The following is added to the Summary section of Item 17(j): No assignment will be made except to an assignee who in good faith and judgment of the franchisor is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

The following is added to the Summary sections of Items 17(v) and 17(w): 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.

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

Any provision in the Franchise Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695.

The New York Franchise Law shall govern any claim arising under that law.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**ARCHADECK FRANCHISOR, LLC**

\_\_\_\_\_

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

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

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

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

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

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

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

“According to Section 13.1 – 564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement 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.”

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

“According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**ARCHADECK FRANCHISOR, LLC**

\_\_\_\_\_

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

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

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

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

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

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

## WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Washington Franchise Investment Protection Act, Wash. Rev. Code §§19.100.010 – 19.100.940 applies, the terms of this Addendum apply.

### Item 17, Additional Disclosure:

The state of Washington has a statute, RCW 19.100.180 which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel.

Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Use of Franchise Brokers. The franchisor uses the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

## WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Washington Franchise Investment Protection Act, Wash. Rev. Code §§19.100.010 – 19.100.940 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

2. Use of Franchise Brokers. The franchisor uses the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor

3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.



4. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**ARCHADECK FRANCHISOR, LLC**

\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT I**

**GUARANTEE OF PERFORMANCE**

GUARANTEE OF PERFORMANCE

For value received, Lynx-JP Holdings, Inc. a Delaware corporation (the "Guarantor"), located at 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009, absolutely and unconditionally guarantees to assume the duties and obligations of Archadeck Franchisor, LLC located at 2426 Old Brick Road, Glen Allen, Virginia 23060 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2021 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Alpharetta, Georgia, on the 7 day of September, 2021.

**Guarantor:**

**LYNX-JP HOLDINGS, INC.**

By: 

Name: Michael Borreca

Title: Senior Vice President, CFO

(A)

**EXHIBIT J**

**ACKNOWLEDGEMENT ADDENDUM**

**ACKNOWLEDGMENT ADDENDUM TO  
ARCHADECK® OUTDOOR LIVING FRANCHISE AGREEMENT\***

As you know, you and we are entering into a Franchise Agreement for the operation of an ARCHADECK Outdoor Living franchise. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

**Acknowledgments and Representations.**

1. Did you receive a copy of our disclosure document (and all exhibits and attachments) at least 14 calendar days prior to signing the Franchise Agreement? Check one:  Yes  No. If no, please comment: \_\_\_\_\_  
\_\_\_\_\_
2. Have you studied and reviewed carefully our disclosure document and Franchise Agreement? Check one:  Yes  No. If no, please comment: \_\_\_\_\_  
\_\_\_\_\_
3. If we materially altered the provisions of the Franchise Agreement (except as a result of negotiations you initiated), did you receive a copy of the Franchise Agreement at least 7 calendar days before signing it.? Check one:  No  Yes. If no, please comment: \_\_\_\_\_  
\_\_\_\_\_
4. Did you understand all the information contained in both the disclosure document and Franchise Agreement? Check one  Yes  No. If no, please comment: \_\_\_\_\_  
\_\_\_\_\_
5. Was any oral, written or visual claim or representation made to you which contradicted the disclosures in the disclosure document? Check one:  No  Yes. If yes, please state in detail the oral, written or visual claim or representation: \_\_\_\_\_  
\_\_\_\_\_
6. Did any employee or other person speaking on our behalf make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any ARCHADECK Outdoor Living business location or business, or the likelihood of success at your franchised business? Check one:  No  Yes. If yes, please state in detail the oral, written or visual claim or representation: \_\_\_\_\_  
\_\_\_\_\_
7. Did any employee or other person speaking on our behalf make any statement or promise regarding the costs involved in operating a franchise that is not contained in the disclosure document or that is

contrary to, or different from, the information contained in the disclosure document? Check one: (\_\_\_) Yes (\_\_\_) No. If yes, please comment: \_\_\_\_\_

\_\_\_\_\_

8. Do you understand that the franchise granted under the Franchise Agreement is for the right to operate a business at the authorized location only and includes no area protection other than as provided in Sections 2 and 4 of the Franchise Agreement, and that we and our affiliates have the right to issue franchises outside your territory and, sell competitive products and services and operate competing businesses for or at locations, as we determine, both within and outside your territory, consistent with the terms of Sections 2 and 4 of the Franchise Agreement? Check one: (\_\_\_) Yes (\_\_\_) No. If no, please comment: \_\_\_\_\_

\_\_\_\_\_

9. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise for the franchised business, meaning that any prior oral or written statements not set out in the Franchise Agreement will not be binding? Check one: (\_\_\_) Yes (\_\_\_) No. If no, please comment: \_\_\_\_\_

\_\_\_\_\_

10. Do you understand that the success or failure of your business will depend in large part upon your skills and experience, your business acumen, the hours you work, your location, the local market for products and services under the ARCHADECK Outdoor Living service mark and other trademarks, service marks and trade names we license to you, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition, lease terms and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your business may change? Check one (\_\_\_) Yes (\_\_\_) No. If no, please comment: \_\_\_\_\_

\_\_\_\_\_

11. Do you understand that we may eliminate your protected territory or terminate the Franchise Agreement if you fail to meet annual sales quotas? Check one (\_\_\_) Yes (\_\_\_) No. If no, please comment: \_\_\_\_\_

\_\_\_\_\_

**YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE**

QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

**NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.**

Signed: \_\_\_\_\_

Signed: \_\_\_\_\_

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

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

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

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

**APPROVED ON BEHALF OF ARCHADECK  
FRANCHISOR, LLC**

Signed: \_\_\_\_\_

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

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

Title: Chief Executive Officer

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

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

\*This statement is not intended to disclaim any representations we made in the franchise disclosure document we provided to you

**EXHIBIT K**

**STATE EFFECTIVE DATES AND RECEIPTS**



## **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>State</b>	<b>Effective Date</b>
California	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
Virginia	Pending
Washington	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.

**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 Archadeck Franchisor, LLC (“Archadeck”) 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, Archadeck or an affiliate in connection with the proposed franchise sale. Iowa and New York require that Archadeck gives you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that Archadeck gives you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Archadeck 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 those state administrators listed on Exhibit G.

The franchisor is Archadeck Franchisor, LLC located at 2426 Old Brick Road, Glen Allen, Virginia 23060. Its telephone number is (804) 353-6999.

Issuance Date: September 9, 2021

The franchise sellers involved in offering and selling the franchise to you are Jane Campbell, John Schofield, Annena Ellis, John Hart, Erich Johnston, Christina Koch, Alex Mercer, Michael Reeder, Edward Repak, Stephanie Ryan, Corey Schroeder, Kelli Simpson, Zach Xavier, Erin Zide and Scott Zide, 2426 Old Brick Road, Glen Allen, Virginia 23060, (804) 353-6999, are listed below (with address and telephone number) or will be provided to you separately before you sign the Franchise Agreement

Archadeck authorizes the respective state agencies identified on Exhibit G to receive service of process for us in the particular state.

I have received a disclosure document with an issuance date of September 9, 2021, that included the following Exhibits:

- |   |   |   |  |
|---|---|---|--|
| A | Financial Statements                                | G | List of State Agencies/Agents for Service of Process |
| B | Franchise Agreement                                 | H | State-Specific Addenda                               |
| C | Promissory Note                                     | I | Guarantee of Performance                             |
| D | National Guarantee Corporation and Fund Description | J | Acknowledgement Addendum                             |
| E | Manual Table of Contents                            | K | State Effective Dates and Receipts                   |
| F | Franchisee Information (Parts 1 and 2)              |   |  |

Date: \_\_\_\_\_  
(Do not leave blank)

\_\_\_\_\_  
(Print Name of Prospective Franchisee (For Entity))

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

Signature \_\_\_\_\_

\_\_\_\_\_  
(Print Name of Prospective Franchisee (For Individuals))

State: \_\_\_\_\_

Signature \_\_\_\_\_

Copy for Prospective Franchisee

**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 Archadeck Franchisor, LLC (“Archadeck”) 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, Archadeck or an affiliate in connection with the proposed franchise sale. Iowa and New York require that Archadeck gives you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that Archadeck gives you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Archadeck 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 those state administrators listed on Exhibit G.

The franchisor is Archadeck Franchisor, LLC located at 2426 Old Brick Road, Glen Allen, Virginia 23060. Its telephone number is (804) 353-6999.

Issuance Date: September 9, 2021

The franchise sellers involved in offering and selling the franchise to you are Jane Campbell, John Schofield, Annena Ellis, John Hart, Erich Johnston, Christina Koch, Alex Mercer, Michael Reeder, Edward Repak, Stephanie Ryan, Corey Schroeder, Kelli Simpson, Zach Xavier, Erin Zide and Scott Zide, 2426 Old Brick Road, Glen Allen, Virginia 23060, (804) 353-6999, are listed below (with address and telephone number) or will be provided to you separately before you sign the Franchise Agreement \_\_\_\_\_.

Archadeck authorizes the respective state agencies identified on Exhibit G to receive service of process for us in the particular state.

I have received a disclosure document with an issuance date of September 9, 2021, that included the following Exhibits:

- |   |  |   |                                    |
|---|--|---|------------------------------------|
| A | Financial Statements                   | G | List of State Agencies/Agents for  |
| B | Franchise Agreement                    |   | Service of Process                 |
| C | Promissory Note                        | H | State-Specific Addenda             |
| D | National Guarantee Corporation and     | I | Guarantee of Performance           |
|   | Fund Description                       | J | Acknowledgement Addendum           |
| E | Manual Table of Contents               | K | State Effective Dates and Receipts |
| F | Franchisee Information (Parts 1 and 2) |   |                                    |

Date: \_\_\_\_\_  
(Do not leave blank)

\_\_\_\_\_  
(Print Name of Prospective Franchisee (For Entity))

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

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

Signature \_\_\_\_\_

\_\_\_\_\_  
(Print Name of Prospective Franchisee (For Individuals))

State: \_\_\_\_\_

Signature \_\_\_\_\_

Please sign and date both copies of this receipt and keep one copy (Copy for Prospective Franchisee) for your records. If the receipts are not signed using a software that automatically sends us an executed copy, then mail one copy (Copy for Archadeck Franchisor, LLC) to the address listed on the front page of this disclosure document or send to Scott Zide by email to SZide@OutdoorLivingBrands.com or by fax to (804) 358-1878.

Copy for Archadeck Franchising, LLC