

FRANCHISE DISCLOSURE DOCUMENT

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This franchise is for the operation of a specialty event and decorating service offering Holiday Lighting Services operated as “Christmas Decor” (“CHRISTMAS DECOR Franchised Business”). You also may elect to offer additional optional ancillary lighting services, including landscape lighting and permanent lighting.

The total investment necessary to begin operation of a CHRISTMAS DECOR Franchised Business ranges from \$19,550 to \$62,250. This includes \$15,400 to \$41,900 that must be paid to the franchisor or its affiliates.

We also offer an Option Agreement that allows you to reserve a Territory (“Territory”) for Christmas Decor for an initial option fee of \$1,000.

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 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 Franchise Recruitment at 301 SE Loop 289, Lubbock, Texas 79404, (806) 722-1225 or toll free (800) 687-9551.

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

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

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

Date of Issuance: October 20, 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
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D-1.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit C includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Christmas Decor business in my area?	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What’s it like to be Christmas Decor franchisee?	Item 20 or Exhibits D-1 and D-2 list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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 and/or litigation only in Texas. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Texas than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty and 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.
3. **Spousal Liability.** Your spouse must sign a document that makes you spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

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State Effective Dates Page

Item 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor

The Franchisor is The Decor Group, Inc. To simplify the language in this Disclosure Document The Decor Group, Inc. is referred to as “we”, “us”, “our” or “TDG”. “You” means the person, partnership, corporation, limited liability company or other entity who buys the franchise.

We began operating in the Texas Panhandle in 1984 as Quality Lawn Care and provided Christmas lighting and decorating services to generate additional revenue in the slow winter months. The business later added landscape lighting as an additional service. Quality Lawn Care was incorporated in Texas in 1992 as Quality Lawn Care Corporation. On February 19, 2002, the name “Quality Lawn Care Corporation” was changed to “The Decor Group, Inc.” (“The Decor Group”).

Our principal business address is 2301 Crown Court, Irving, Texas 75038 with Franchise Support located at 301 SE Loop 289, Lubbock, Texas 79404. Our agents for service of process in the states which require franchise registration are listed in Attachment B. We do business under the names “The Decor Group”, and “Christmas Decor”. We do not do business under any other name.

On September 3, 1996, our owners incorporated Christmas Decor, Inc. (“CDI”) in Texas. From 1996 until March 31, 2012 (“Merger Date”) CDI offered franchises for CHRISTMAS DECOR Franchised Businesses. Our owners incorporated Nite Time Decor, Inc. (“NTD”) in Texas on May 5, 1999. From August 1999 until the Merger Date, NTD offered franchises for NITE TIME DECOR Franchised Businesses. CDI and NTD shared our principal business address. On the Merger Date, CDI and NTD were merged into The Decor Group, Inc., and we are the surviving entity. We have offered franchises for Christmas Decor Franchised Businesses since July 16, 2012. From July 16, 2012 until March 31, 2013 we also offered franchises for Nite Time Decor Franchised Businesses, but we no longer offer Nite Time Decor franchises.

As Quality Lawn Care, we operated a Christmas lighting and decorating business and a landscape lighting business. Certain of our officers and directors (who were also officers and directors of CDI and/or NTD) also previously operated businesses similar to the Franchised Businesses in Midland and Lubbock, Texas; however, those businesses were sold as franchises. We do not currently operate businesses of the type being franchised. We have never offered franchises in any other line of business and we do not engage in any other line of business.

From January 1999 (before it was incorporated) to December 2000, NTD operated a landscape lighting business; CDI did not directly operate a Christmas lighting and decorating business. During the period of their existence, neither CDI nor NTD offered franchises in any other line of business and did not engage in any other line of business.

Our affiliate, American Christmas Light and Supply, Inc. (“ACLS”) was incorporated in Texas in December 1997 and sells certain lighting and other supplies to our franchisees. It does not operate a holiday lighting business or a landscape lighting or permanent lighting business and has never offered franchises in any line of business. ACLS maintains the same principal place of business as we do.

We have no parent company required to be disclosed in this Item 1.

The Franchise

We offer qualified applicants the opportunity to purchase a CHRISTMAS DECOR Franchised Business.

We offer franchises for businesses that provide special event and Christmas/Holiday lighting and decorating products and services (including large eye-catching displays for commercial properties) ("Holiday Lighting Services") within a specific geographic Territory under the Christmas Decor trademarks and business system (the "CHRISTMAS DECOR System"). Residential customers want high quality lighting displays at their homes and commercial customers want displays and lighting that will drive traffic to their businesses during the Christmas season and for other special events. You will develop and train personnel to sell and deliver Christmas Decor approved Holiday Lighting Services to local customers and operate and maintain a local office of the Christmas Decor franchise network. You must operate under the trade names, service marks, trademarks and related logos that we prescribe, including the trademark "Christmas Decor®" ("CHRISTMAS DECOR Marks") and must display the Christmas Decor logo at your business location, on your signs, vehicles, uniforms, and on any marketing materials you use to solicit holiday lighting and decorating services.

In addition to Holiday Lighting Services, you also may elect to provide certain optional lighting products and services, like landscape lighting products and services ("Landscape Lighting Services") and permanent lighting products and services ("Permanent Lighting Services") either at the time you sign the Franchise Agreement or within the first 24 months after signing. We refer to these as Ancillary Lighting Services.

If you purchase a Franchised Business, you will sign our form of standard Franchise Agreement, attached to this disclosure document as Exhibit A ("Franchise Agreement" or "Agreement"). We also offer an Option Agreement (Exhibit A-2 to this Disclosure Document) which allows you to reserve rights to acquire a specific Territory for a period of time if you pay an option fee.

Frequently (although not always) we sell Christmas Decor franchises to people who operate an existing business like a landscape business or a similar business. We call these existing, related businesses an "other business" and we acknowledge those other businesses when we enter into the Franchise Agreement to make it clear that they do not violate the restrictive covenants under the Franchise Agreement.

Competition

Your competitors include local lighting display installers, other national distributorships and retailers who sell similar products and services. In some areas electrical contractors may also sell and install either line voltage or low voltage landscape lighting.

Industry Specific Regulation

Some states may require special licenses, training and/or apprenticeships to install holiday, event, and decorating lighting or landscape lighting. You should check with state, county and municipal agencies to determine the licensing requirements that may apply to the operation of the Franchised Business and should consider these laws and regulations when evaluating your purchase of a franchise. In addition, many of the laws, rules and regulations that apply to business generally, such as the Americans With Disabilities Act, Federal Wage and Hour Laws and the Occupation, Health and Safety Act, also apply to the Franchised Business.

Item 2

BUSINESS EXPERIENCE

KEVIN BLAKE (“BLAKE”) SMITH, Chairman of the Board of Directors/Chief Executive Officer

Mr. Smith is our Chairman of the Board of Directors and Chief Executive Officer. He has held these positions since July 2002. Mr. Smith also served as the Chairman of the Board and Chief Executive Officer of CDI from September 1996 until the Merger Date. He served as a Director of NTD from its formation until the Merger Date, as Chairman of the Board from January 2009 to the Merger Date, and as Chief Executive Officer from March 2010 to the Merger Date. He was President and Secretary of NTD from January 2009 to March 2010 and Executive Vice President of NTD from July 2002 to January 2009. He also serves as Chairman of the Board, and Chief Executive Officer of ACLS. He has been Chairman and Chief Executive Officer since its formation and was previously President from January 2010 to January 2012. He was previously Executive Vice President of ACLS from December 1997 to December 2009. All of these companies are located in Irving, Texas.

BRANDON STEPHENS, President/Chief Operating Officer/Secretary

Mr. Stephens has been employed by TDG since February 2003, and since February 2012 has served as our President, Chief Operating Officer and Secretary. He also currently serves as President, Chief Operating Officer and Secretary of ACLS and has held those positions since February 2012. He served as President, Chief Operating Officer and Secretary for CDI and NTD from February 2012 to the Merger Date. From June 2010 to February 2012 he was Vice President of Marketing for TDG, CDI, and NTD. All of these companies are located in Irving, Texas.

Item 3

LITIGATION

No Litigation is required to be disclosed in this Item.

Item 4

BANKRUPTCY

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

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Item 5

INITIAL FEES

Option Fee

If you purchase an Option Agreement, the initial option fee is \$1,000.

Initial Franchise Fee

The initial franchise fee is determined before you sign the Franchise Agreement and includes a fixed base fee and a territory fee. The territory fee is determined by a number of factors, including the size and type of territory granted, the number of residential households in the territory and other demographic data. The base fee is \$9,900 plus a territory fee ranging from \$1,500 to \$22,000.

The initial franchise fee is payable when the Franchise Agreement is signed.

Initial Inventory and Equipment

Before beginning business, you must purchase opening inventory and equipment to provide Holiday Lighting Services estimated at approximately \$4,000 to \$10,000. You must purchase this opening inventory and equipment from us, our affiliate ACLS, or from another approved supplier on payment terms specified by the supplier. This inventory should be purchased upon completion of Quick Start Training. There is no requirement to purchase inventory and equipment for Ancillary Lighting Services before beginning business.

We are a member of the International Franchise Association (“IFA”) and participate in IFA’s VetFran Program which provides special financial incentives to qualified veterans. Under the VetFran Program we have arranged with our affiliate, ACLS, to offer honorably discharged veterans who purchase new franchises a \$1,500 credit against the cost of any initial inventory and equipment purchased from ACLS.

Refunds

All initial fees are non-refundable, except that (i) we will credit the option fee against your initial franchise fee if you purchase a franchise before the Option Agreement expires, and (ii) we will refund the initial franchise fee (less our expenses) if we terminate the Franchise Agreement because you fail to satisfactorily complete the Quick Start training program. Initial franchise fees may not be the same for all franchisees but are determined uniformly.

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Item 6

OTHER FEES

Type Of Fee	Amount	Due Date	Remarks
<p>Holiday Lighting Services Royalty Fee</p>	<p><u>All Franchise Years</u> – 5% of annual Gross Sales attributable to Holiday Lighting Services</p> <p><u>Franchise Years 2 through 5</u> Minimum based on previous Franchise Year’s Gross Sales attributable to Holiday Lighting Services</p> <p><u>Gross Sales from Holiday Lighting Services</u> <u>\$0-\$100,000:</u> Greater of \$3,050 annually (\$250/month February – September; \$350/month October - December) or 5% of annual Gross Sales from Holiday Lighting Services</p> <p><u>Gross Sales from Holiday Lighting Services</u> <u>\$100,001-\$150,000:</u> Greater of \$3,950 annually (\$250/month February – September; \$650/month October - December) or 5% of annual Gross Sales from Holiday Lighting Services</p> <p><u>Gross Sales from Holiday Lighting Services</u> <u>\$150,001-\$200,000:</u> Greater of \$5,000 annually (\$250/month February – September; \$1,000/month October - December) or 5% of annual Gross Sales from Holiday Lighting Services</p> <p><u>Gross Sales from Holiday Lighting Services</u> <u>greater than \$200,000:</u> Greater of \$6,950 annually (\$250/month February – September; \$1,650/month October - December) or 5% of annual Gross Sales from Holiday Lighting Services</p>	<p><u>First Franchise Year</u> By January 20 of the year following the First Franchise Year.</p> <p><u>Franchise Years 2 through 5</u> Each February 1 through December 1, 11 monthly remittances based on the Minimum Royalty, with an annual reconciliation in January of the year following the close of the applicable Franchise Year.</p>	<p>See Note 1.</p>

Type Of Fee	Amount	Due Date	Remarks
On-Going Inventory and Equipment for Holiday Lighting Services	Then current pricing. Estimates range from 10% - 20 % of gross sales attributable to Holiday Lighting Services for each franchise year.	When invoiced	During the term of the franchise, you will purchase the inventory and equipment needed to provide Holiday Lighting Services from us, our affiliate ACLS, or from another approved supplier on payment terms specified by the supplier. See Note 1.
Landscape Lighting Services Royalty Fee	Franchise Years 1 through 5 – 3% of annual Gross Sales attributable to Landscape Lighting Services	By January 20 of the year following each Franchise Year	Payable only if you elect to provide Landscape Lighting Services See Note 1.A.
Permanent Lighting Services Royalty Fee	Franchise Years 1 through 5 – 5% of annual Gross Sales attributable to Permanent Lighting Services	By January 20 of the year following each Franchise Year	Payable only if you elect to provide Permanent Lighting Services See Note 1.A.
Inventory and Equipment for Ancillary Lighting Services	Then current pricing Estimates range from 5% to 20% of gross sales attributable to Ancillary Lighting Services for each franchise year.	When invoiced	If you elect to provide Ancillary Lighting Services, you will purchase the inventory and equipment needed to provide Landscape Lighting Services and / or Permanent Lighting Services from us, our affiliate ACLS, or from another approved supplier on payment terms specified by the supplier. See Note 1.A.

Type Of Fee	Amount	Due Date	Remarks
Marketing Development Fund (MDF) Contribution	<p><u>First Franchise Year</u> – 1% of annual Gross Sales attributable to Holiday Lighting Services</p> <p><u>Franchise Years 2 through 5</u> Minimum contributions are based on Franchisee’s previous Franchise Year’s Gross Sales attributable to Holiday Lighting Services</p> <p><u>Gross Sales from Holiday Lighting Services</u> \$0-\$100,000: Greater of \$640 annually (\$50/month February – September; \$80/month October - December) or 1% of annual Gross Sales from Holiday Lighting Services</p> <p><u>Gross Sales from Holiday Lighting Services</u> \$100,001-\$150,000: Greater of \$850 annually (\$50/month February – September; \$150/month October - December) or 1% of annual Gross Sales from Holiday Lighting Services</p> <p><u>Gross Sales from Holiday Lighting Services</u> \$150,001-\$200,000: Greater of \$1,000 annually (\$50/month February – September; \$200/month October - December) or 1% of annual Gross Sales from Holiday Lighting Services</p> <p><u>Gross Sales from Holiday Lighting Services</u> <u>greater than \$200,000:</u> Greater of \$1,150 annually (\$50/month February – September; \$250/month October - December) or 1% of annual Gross Sales from Holiday Lighting Services</p>	<p><u>First Franchise Year</u> By January 20 of the year following the First Franchise Year.</p> <p><u>Franchise Years 2 through 5</u> Each February 1 through December 1, 11 monthly payments based on the Minimum MDF Contribution, with an annual reconciliation in January of the year following close of the applicable Franchise Year.</p>	<p>The Marketing Development Fund is used to market, advertise and promote Holiday Lighting Services</p> <p>See Note 1B.</p> <p>If we recommend and 51% of franchisees in good standing approve an increase, we may raise your MDF Contribution.</p>

Type Of Fee	Amount	Due Date	Remarks
Promotional Programs	Currently, none	As required	If a majority of franchisees approve a national, regional or local advertising or promotional program, you must participate and pay the associated costs
Local or Regional Advertising Materials	Reasonable charge Estimates range from 2% - 8% of gross sales for each franchise year	When invoiced	We may create or develop creative materials for local or regional advertising and provide them to you for a reasonable charge.
Transfer Fee	\$2,500	On transfer	Your buyer must also pay our then-current start up fee (now, \$2,500) for Quick Start training, literature and marketing materials. See Item 17
Additional or Refresher Training, Conferences and Seminars	Additional or Refresher Training – our then-current fee (currently \$399), plus reimbursement of our costs. Note 2. Conferences and Seminars – reasonable fee plus your out-of-pocket costs. Note 3.	When attending	You must attend 1 regional training and 2 conferences during the 5 year term of your Agreement, 1 of which must be in year 2. As part of your initial franchise fee, you will receive credit for 1 conference registration in your first franchise year. See Note 3.
Renewal Fee	\$2,000	On renewal	See Item 17
Software License Renewal Fee	Currently, \$350	By August 1st	See Note 4
Termination Fee	Lump sum payment of up to 24 months' minimum Holiday Lighting Services Royalty Fees	Upon termination	When we terminate you for cause or you terminate without cause. Note 5.
Annual Royalty Late Payment/ Reporting Fee	\$500 per occurrence plus \$50 late fee for each month reporting and/or payment or remittance is delinquent	When required	Payable when annual Gross Sales are not reported or year-end royalties are not remitted by January 20. We may also charge interest or terminate the Franchise Agreement if you fail to remit payment. This is in lieu of the general late fee described below.

Type Of Fee	Amount	Due Date	Remarks
Interest on past due amounts	Lesser of 1.5% per month or the maximum legal rate from the due date of the invoice	When required	Payable if payments or remittances are made after the due date
Late Fee	\$50 for each month payment or remittance is delinquent	When required	Payable only when payments or remittances are late. This general late fee does not apply when the Annual Reporting Late Payment / Reporting Fee applies.
Audit Administration Fee and Costs	\$3,000, plus our actual audit costs	When invoiced	Payable if an audit shows you have understated Gross Sales. If you have understated Gross Sales you must remit any additional fees owed, plus interest. If the understatement is 2% or more, or if you fail to provide access to the required books, records, accounts and inventory, you must also pay our audit costs, any associated costs, and an audit administration fee of \$3,000.
Product Testing Costs	Reasonable charge Estimates range from \$100 - \$1,000 for each test required	As required	When you wish to purchase product from an unapproved supplier, you or the supplier must pay the cost of any required testing by us. See Item 8
Enforcement costs	Varies	On demand	The prevailing party in a legal action may recover attorney's fees and court costs. If we seek and secure an injunction or specific performance for your violation of the Agreement, you must pay our costs.
Indemnification costs	Varies	On demand	You must indemnify us if we incur losses based on your actions.

Notes to Item 6

* You pay all fees to us and all fees are uniformly imposed, unless otherwise noted. All fees are non-refundable.

Note 1
Royalty Fee

Note 1
Holiday Lighting Services Royalty Fee

The First Franchise Year begins on the Effective Date of the Franchise Agreement and ends December 31 of that calendar year. Subsequent Franchise Years begin on the first day of January and end on the last day of December of each calendar year.

Except for the First Franchise Year, when Holiday Lighting Services Royalty Fee remittances are made annually, the Minimum Holiday Lighting Services Royalty Fee is remitted in monthly payments throughout each Franchise Year. Minimum Holiday Lighting Services Royalties are calculated, following the close of each Franchise Year based on actual annual Gross Sales attributable to Holiday Lighting Services and any excess Holiday Lighting Services Royalty Fee due must be reported and remitted by January 20. The Minimum Holiday Lighting Services Royalty Fee for each Franchise Year is based on the previous Franchise Year's annual Gross Sales attributable to Holiday Lighting Services. Monthly Minimum Holiday Lighting Services Royalty Fee remittances are determined as follows: If the previous Franchise Year's annual Gross Sales attributable to Holiday Lighting Services are from \$1 to \$100,000 you must remit 8 payments of \$250 each on the first day of each month beginning February 1 through September 1 and remit 3 final payments on October 1, November 1 and December 1, each equal to \$350. If the previous Franchise Year's annual Gross Sales attributable to Holiday Lighting Services are from \$100,001 to \$150,000 you must remit 8 payments of \$250 each on the first day of each month beginning February 1 through September 1 and remit 3 final payments on October 1, November 1 and December 1, each equal to \$650. If the previous Franchise Year's annual Gross Sales attributable to Holiday Lighting Services are from \$150,001 to \$200,000 you must remit 8 payments of \$250 each on the first day of each month beginning February 1 through September 1 and remit 3 final payments on October 1, November 1 and December 1, each equal to \$1,000. If the previous Franchise Year's annual Gross Sales attributable to Holiday Lighting Services are greater than \$200,000 you must remit 8 payments of \$250 each on the first day of each month beginning February 1 through September 1 and remit 3 final payments on October 1, November 1 and December 1, each equal to \$1,650. All Holiday Lighting Services Royalty Fee remittances must be made by automatic bank draft or credit card.

"Gross Sales" means all revenues from the sale of Christmas, holiday, special event and celebration lighting and decoration services and products of any nature or kind relating to the Franchised Business, whether for cash or credit and regardless of collection in the case of credit; provided however that "Gross Sales" shall not include any sales tax or other taxes collected by the Franchised Business and paid to the appropriate taxing authority. "Gross Sales attributable to Holiday Lighting Services" shall mean all Gross Sales of the Franchised Business derived from the provision of Holiday Lighting Services. "Gross Sales Attributable to Ancillary Lighting Services" shall mean all Gross Sales of the Franchised Business derived from the provision of the applicable Ancillary Lighting Service.

Ongoing inventory and equipment costs are estimates. The actual dollar amount purchased is at the sole discretion of the franchisee based on the amount of gross sales goals each owner has for a given Franchise Year.

Note 1.A.
Ancillary Lighting Services Royalty Fee

The First Franchise Year begins on the Effective Date of the Franchise Agreement and ends December 31 of that calendar year. Subsequent Franchise Years begin on the first day of January and end on the last day of December of each calendar year.

Ancillary Lighting Service Royalty Fees are calculated annually based on Gross Sales attributable to the applicable Ancillary Lighting Service provided in each Franchise Year and must be reported and paid by January 20 following the end of each such Franchise Year. All Ancillary Lighting Services Royalty Fee remittances must be made by automatic bank draft or credit card.

Ongoing inventory and equipment costs are estimates. The actual dollar amount purchased is at the sole discretion of the franchisee based on the amount of gross sales goals each owner has for a given Franchise Year.

Note 1.B.

MDF Contribution

MDF Contributions are used to market, advertise and promote Holiday Lighting Services. Except for the First Franchise Year when MDF Contributions are made annually, Minimum MDF Contributions are paid monthly throughout each Franchise Year, February through December. MDF Contributions are calculated following the close of the Franchise Year based on actual annual Gross Sales attributable to the Holiday Lighting Business, and any excess MDF Contribution due must be reported and paid by January 20. The MDF Contribution for each Franchise Year is based on the previous Franchise Year's annual Gross Sales attributable to the Holiday Lighting Business. Monthly Minimum MDF Contributions are determined as follows: If the previous Franchise Year's annual Gross Sales attributable to the Holiday Lighting Business are from \$1 to \$100,000 you must remit 8 payments of \$50 each on the first day of each month beginning February 1 through September 1 and remit 3 final payments on October 1, November 1 and December 1, each equal to \$80. If the previous Franchise Year's annual Gross Sales attributable to the Holiday Lighting Business are from \$100,001 to \$150,000 you must remit 8 payments of \$50 each on the first day of each month beginning February 1 through September 1 and remit 3 final payments on October 1, November 1 and December 1, each equal to \$150. If the previous Franchise Year's annual Gross Sales attributable to the Holiday Lighting Business are from \$150,001 to \$200,000 you must remit 8 payments of \$50 each on the first day of each month beginning February 1 through September 1 and remit 3 final payments on October 1, November 1 and December 1, each equal to \$200. If the previous Franchise Year's annual Gross Sales attributable to the Holiday Lighting Business are greater than \$200,000 you must remit 8 payments of \$50 each on the first day of each month beginning February 1 through September 1 and remit 3 final payments on October 1, November 1 and December 1, each equal to \$250. All MDF Contributions must be made by automatic bank draft or credit card.

Note 2

Additional or Refresher Training Fees

If you reasonably request training in addition to the standard training we provide or we require you to attend a refresher training seminar, we will, at our option, provide additional training to you for our then-current training fee (currently \$399), plus reimbursement of all expenses, including training fees, travel, lodging, meals and other related costs.

If you elect to sell Ancillary Lighting Services, we will make 1 introductory training program available for up to 3 attendees at no charge during the first 24 months of the Franchise Agreement.

Note 3

Continuing Training, Conferences and Seminars

The conference and continuing education fees are based upon estimates of what will be required to offset our actual costs. You must also pay your transportation, lodging and related costs. Your initial franchise fee includes a credit for 1 complimentary conference registration for 1 person at an annual conference

held during the first 18 months of the initial term of the Franchise Agreement. This conference must be attended prior to your 2nd decorating season.

You must attend 1 regional continuing education class and 2 annual conferences during the 5 year initial term and any renewal term of this Agreement, 1 of which must be attended during your 2nd franchise year. If you attend the annual conference in your 2nd franchise year you must also attend the designated refresher course, for 2nd-year franchisees, in conjunction with the conference. We recommend attending all new training available to further broaden your knowledge to better serve your customers. If you have missed more than 1 continuing education class or annual conference during the term of your Franchise Agreement, you must attend an additional continuing education “refresher course”, at your expense, as a condition to renewal.

Note 4
Software License Fee

We have developed proprietary software for Christmas Decor which will aid you in the operation of your business. The initial franchise fee includes the cost to license the software and the technical support for the First Franchise Year. After the First Franchise Year, you must renew the license each year by paying a renewal fee on or before August 1. We may adjust this fee annually but the renewal fee will not exceed 35% of our then-current license fee.

Note 5
Termination Fee

If we terminate the Franchise Agreement based on your default or if you terminate the Franchise Agreement without cause you must pay to us, as liquidated damages, a termination fee in a lump sum payment in the amount of the minimum Holiday Lighting Services Royalty Fees due for the 24 month period following termination or the remaining term of the Franchise Agreement, whichever is less.

Note 6
Method of Payment of Fees

You must agree to sign an “Automatic Draft Agreement” or “Credit Card Agreement” which allows us to arrange with your financial institution or credit card company to honor drafts we submit for payment or remittance. When payments or remittances are due a draft will be submitted for an amount equal to your royalty fee and MDF contribution.

Except as noted in the preceding chart, all fees and expenses described in this Item 6 are non-refundable, are imposed by, and are payable to us. Except as specifically stated above, the amounts given may be subject to increases based on changes in market conditions, our cost of providing services and future policy changes. Currently, we have no plans to increase payments or remittances over which we have control.

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Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount		Method of payment	When due	To whom payment is to be made
	Low	High			
Initial Franchise Fee Base Fee (Note 1)	\$9,900	\$9,900	Lump Sum	On signing Franchise Agreement	TDG
Initial Franchise Fee - territory fee (Note 1)	\$1,500	\$22,000	Lump Sum	On signing Franchise Agreement	TDG
Initial Rent & Deposit (Note 2)	\$0	\$1,000	As Incurred	As Arranged	Lessor
Leasehold Improvements (Note 3)	\$0	\$1,000	As Incurred	As Arranged	Contractor/ Landlord
Vehicle (Note 4)	\$0	\$350	As Incurred	As Arranged	Vendor
Business Licenses and Permits (Note 5)	\$0	\$500	As Incurred	When Required	State and Local Agencies
Insurance (Note 6)	\$200	\$3,000	Varies	As Arranged	Broker or Insurance Company
Initial Printing Supply Package (Note 7)	\$1,500	\$5,000	As Incurred	As Arranged	Approved Suppliers
Legal and Accounting Fees (Note 8)	\$250	\$1,500	As Incurred	As Arranged	Attorneys & Accountants
Initial Inventory and Equipment (Note 9)	\$4,000	\$10,000	As Incurred	As Arranged	ACLS or Approved Suppliers
Computer System (Note 10)	\$0	\$500	As Incurred	As Arranged	Vendor
Quick Start Training – travel & living expenses (Note 11)	\$1,200	\$1,500	As Incurred	As Arranged	Vendor
Additional Funds for initial 6 month period (Note 12)	\$1,000	\$6,000	As Required	As Needed	Suppliers, Employees, Etc.
TOTALS	\$19,550	\$62,250			

Notes To Item 7

Note 1

The preceding chart assumes that you are a new Franchisee and will pay an initial franchise fee. See Item 5 for a description of the initial franchise fee. The initial franchise fee includes a base fee and applicable territory fee. We will refund the Initial Franchise Fee (less our expenses) if we terminate the Franchise Agreement because you fail to satisfactorily complete the Quick Start Training program. All other fees are non-refundable. Your initial franchise fee also entitles you to attend 1 conference in your first franchise year at no additional charge.

Note 2

The Franchised Business can be run as a home based business or as a division of an existing business. If you have a convenient area in your home, such as a garage or basement or other similar space, you can convert that space into work area, or if you have an existing service business you may already have sufficient space. The space needed for the office is estimated to be approximately 500-900 square feet, and it will be located in an area offering convenient access to your employees. If you must lease additional space, the rent for the leased premises will vary substantially per location. The estimate is based on the first month's rent and a security deposit equal to another month's rent, both paid in advance. Rent will vary by location. We will provide guidance for converting a location for use as the Franchised Business. For your first 6 months, the fee will range from \$0 to \$7,000 including the security deposit.

Note 3

We estimate that leasehold improvements will range from \$0 to \$1000 to convert a space in a building or your home into the office for your Franchised Business. The cost of the improvements will vary from location to location. If you lease office space, the landlord may make all necessary leasehold improvements, and include the cost of the improvements in your monthly lease payment, so that you do not incur any front-end out-of-pocket expenses; however, there is no guarantee that a landlord would enter into this type of arrangement.

Note 4

If you have a truck or other service vehicle that you use in an Other Business, you can usually convert that vehicle for use in operating your Franchised Business at a cost ranging from \$100 to \$2500. If you do not have a vehicle, you will need to purchase or lease a vehicle to be able to function as a franchisee. The estimate is based on the first month's lease payment.

Note 5

Several local business licenses or permits may be needed to open the Franchised Business or, if you currently operate a similar business, you may already be covered under business licenses you hold now. It is your responsibility to adhere to licensing requirements and renewals. The costs of these business licenses and permits will vary from location to location and are estimated to be from \$0 to \$500.

Note 6

Estimated insurance costs are based on premiums for the insurance coverage required under the Franchise Agreement. (See Section 15 of the Franchise Agreement) All insurance policies must be written by an insurance company satisfactory to us covering both franchisee and us. You also may maintain additional insurance if you consider it advisable.

Note 7

This estimate is for your initial supply of business cards, flyers, contract forms, brochures, sales forms, and invoices.

Note 8

Estimated legal and accounting fees include the cost to create your business entity (e.g., incorporation) and to set up your books and records. (See Section 12 of the Franchise Agreement for our record keeping requirements.)

Note 9

This estimate is for your initial inventory of lights, garland, wreaths, fasteners and other items which should be purchased and on hand upon completion of Quick Start Training.

Note 10

You must acquire a printer, cables, peripherals and other computer equipment to place orders electronically over the Internet and to submit sales reports electronically. If you already have this equipment in place with another business you own, you may use them for the Franchised Business and this will result in no additional cost to you.

Note 11

This estimate includes any airfare or other transportation expenses you may incur to attend Quick Start Training seminar, as well as the cost of hotel rooms and meals not provided during training. You are responsible for any such expenses. This cost of these expenses will vary depending on your location and the transportation required for you to travel to the location of the training at our headquarters in Irving, Texas.

Note 12

This estimate includes other expenditures you may be required to make before operations begin and during the initial phase (6 months) of the franchise. In addition, you must be able to pay your personal living expenses for at least the first 6 months of operation. The exact amount of Additional Funds required will vary considerably. This is only an estimate and will vary for each franchised business. For example, if you purchase the franchise as an “add on” to your existing business operations, you may not require the same amount of additional funds. We have relied on our and our affiliates 25 years of experience in the Franchise business to compile these estimates.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase all applicable lighting, decorative garlands, hardware, clips, lighting fixtures, wire, transformers, hardware, accessories and install and use equipment, printing and other supplies and fixtures in accordance with the standards and specifications in the Manual. You must purchase all required lighting products, other products and materials for the operation of the Franchised Business solely from suppliers (including manufacturers and distributors) we approve.

Our affiliate, ACLS, is an approved supplier (but not the only approved supplier) of inventory, equipment and supplies for the Franchised Business, including certain branded lighting products. These products include the Barcana line of outdoor lighted Christmas themed ornaments, PermaLites[®] on-site or cloud-based LED lighting and the related DecorSmart technology, and Nite Time Decor low voltage outdoor lighting fixtures. We and ACLS are also the exclusive North American distributor for FDS Illuminations which provides custom-made large holiday decor and displays. For its fiscal year ending March 31, 2021, ACLS received revenue from the sale of product to Christmas Decor franchisees of \$8,024,008. This information is based on the books and records of ACLS. ACLS is owned by Blake Smith who is an officer of TDG.

Although historically we have not supplied lighting or other products to our franchisees, we may do so in the future. We and ACLS may sell some or all of these lighting products to businesses that do not operate a CHRISTMAS DECOR franchise, but these products are made available to franchisees at franchise-only pricing.

We may receive a commission from certain approved third party suppliers of 5% to 10% of the dollar volume of orders by franchisees which we may apply to the cost of maintaining our approved supplier program.

You must obtain the insurance coverage required under the Franchise Agreement from an insurance company satisfactory to us.

The proportion of required purchases from approved suppliers of all lighting products, other products and materials required to establish and operate the Franchised Business is 100%. As of the date of this disclosure document, there are no purchasing or distribution cooperatives.

We may negotiate certain purchase arrangements (including price terms) for the purchase of certain items with suppliers for the benefit of franchisees. In doing so, we seek to promote the overall interests of our franchise system and our interests as the franchisor.

We do not provide material benefits to franchisees based upon their use of designated or approved suppliers.

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Item 9

FRANCHISEE'S OBLIGATIONS

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

OA = Option Agreement
 FA = Franchise Agreement
 SLA = Software License Agreement

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	OA: Not Applicable FA: Section 3 SLA: Not Applicable	Item 11
b. Pre-opening purchases/leases	OA: Not Applicable FA: Sections 13.A. and C. SLA: Not Applicable	Items 5 and 7
c. Site development and other pre-opening requirements	OA: Not Applicable FA: Sections 3, 5.A. and 13.A. SLA: Not Applicable	Items 6, 7 and 11
d. Initial and on-going training	OA: Not Applicable FA: Sections 5, 14.A. and 14.G. SLA: Not Applicable	Item 11
e. Opening	OA: Not Applicable FA: Section 3.C. SLA: Not Applicable	Item 11
f. Fees	OA: First paragraph; Sections 2 and 5 FA: Sections 1.B., 2.B.6, 11, 17.C., and 19.B.(4) SLA: Sections 1.3 and 8.1	Items 5, 6, 7 and 11
g. Compliance with standards and policies/Operating Manual	OA: Not Applicable FA: Sections 7, 12 and 13 SLA: Not Applicable	Item 11
h. Trademarks and Proprietary Information	OA: Not Applicable FA: Sections 6, 7 and 8 SLA: Sections 4 and 5	Items 13 and 14
i. Restrictions on products/services offered	OA: Not Applicable FA: Sections 13 and 14 SLA: Sections 2, 3 and 4	Item 16
j. Warranty and Customer Service Requirements	OA: Not Applicable FA: Manual (Proprietary) SLA: Section 6	Item 11
k. Territorial development and sales quotas	OA: Not Applicable FA: Section 10.A.(1) SLA: Not Applicable	Item 12
l. Ongoing product/service purchases	OA: Not Applicable FA: Sections 13 and 14 SLA: Not Applicable	Item 8 and 12

Obligation	Section in Agreement	Disclosure Document Item
m. Maintenance, appearance and remodeling requirements	OA: Not Applicable FA: Section 13.B. SLA: Not Applicable	Item 11
n. Insurance	OA: Not Applicable FA: Section 15 SLA: Not Applicable	Item 7
o. Advertising	OA: Not Applicable FA: Sections 10, 13.J. and 14.D. SLA: Not Applicable	Items 6 and 11
p. Indemnification	OA: Not Applicable FA: Section 27 SLA: Not Applicable	Item 6
q. Owners participation/management/staffing	OA: Not Applicable FA: Section 13.H. SLA: Not Applicable	Item 15
r. Records and Reports	OA: Not Applicable FA: Sections 11.B. and 12 SLA: Not Applicable	Item 6 and 7
s. Inspections and Audits	OA: Not Applicable FA: Sections 12 and 13.E. SLA: Not Applicable	Item 6 and 8
t. Transfer	OA: Section 7 FA: Section 19 SLA: Section 7	Item 17
u. Renewal	OA: Section 2 FA: Section 2.B. SLA: Section 8	Item 17
v. Post-termination obligations	OA: Not Applicable FA: Sections 17 and 18 SLA: Section 8	Item 17
w. Non-competition covenants	OA: Not Applicable FA: Sections 18.C. and 18.D. SLA: Not Applicable	Item 17
x. Dispute Resolution	OA: Not Applicable FA: Sections 22, 23, 24, 25, and 26 SLA: Not Applicable	Item 17
y. Other: Guarantee of franchise obligations	OA: Not Applicable FA: Sections 19.B. and 32.A. SLA: Not Applicable	Item 15

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Item 10

FINANCING

Depending upon the territory, your credit rating and other factors, we may, in our sole discretion, make limited financing available for a portion of the initial franchise fee. In these cases, the amount financed will be the lesser of 50% of the territory fee or \$7,500. The maximum financing term will be 18 months and the interest will be calculated at an 10% annual percentage rate. Payments must be made under a mandatory automatic bank draft or credit card.

SUMMARY OF FINANCING OFFERED

The following are examples of financing for the Initial Franchise Fee. The amount financed (if any) and the term of the loan will vary based on the factors listed above.

Item Financed	Total Amount	Source of Financing	Down Payment	Amount Financed	Term (Yrs)	Interest Rate	Monthly Payment	Prepay Penalty	Security Required	Liability Upon Default	Loss of Legal Right on Default
Initial Franchise Fee	\$9,900 Base	TDG	\$18,400	\$7,500	1.5	10%	\$450.43	None	Personal Guaranty and Security Agreement Franchise	Judgment Attorney's Fees Costs	Acceleration of debt Loss of Franchise
	\$16,000 Territory										

A copy of the Promissory Note, Security Agreement and Guaranty Agreement are attached as Exhibit E to this Disclosure Document. We require that the Franchise Agreement be pledged as collateral for payment of the note as well as a personal guaranty of the note signed by you and your spouse (if any, and even if your spouse is not a party to the Franchise Agreement) or by all of your owners (if you are a corporation, limited liability company, partnership or other entity). If you do not make payments in a timely manner, we can raise the interest rate to the maximum allowed by law or call the loan and demand immediate payment of the full outstanding balance as well as any and all court costs and attorney's fees. We have the right to terminate your franchise if you do not make your payments on time. We may assign the note to a third party. We do not require you to waive defenses.

Except as disclosed above, we do not provide or arrange any financing for you. We do not receive direct or indirect payments for placing financing. We do not guarantee your obligations to third parties.

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Item 11

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

Except as listed below, TDG is not required to provide you with any assistance.

Pre-Opening Obligations (Sections 1, 3.C., 14.A. and 14.B. Franchise Agreement): Before you open your business, we will provide you with the following assistance. We will:

1. (Section 3.B., Franchise Agreement) You have sole responsibility to select a site for the Franchised Business in the Territory and for negotiating any lease, if applicable. We will review and approve your site based on an analysis of demographics, visibility and accessibility, and suitability of the premises to be leased. We are not required to approve or disapprove your site within any specific time period, but we will use our reasonable best efforts to notify you of our decision within 30 days from the date you submit your request. If we do not approve the site, you must locate your Franchised Business at another site within the Territory. Typically, our franchisees operate their businesses from their homes or from another pre-existing business location within the Territory, which we approve before the Franchise Agreement is signed. Your failure to present an acceptable site may result in a default under the Franchise Agreement, for which the Franchise Agreement may be terminated.

Under the Franchise Agreement, you must open for business within 30 days following the effective date of the Franchise Agreement. The factors that affect these dates are: the ability to obtain a lease; time for leasehold improvements; your ability to obtain delivery of equipment from suppliers; local ordinances and weather conditions. Any delay must be approved by us in writing;

2. Assist you with suggestions for the layout and design of the Franchised Business (if applicable; however, the costs of leasehold improvements, signs, printing, furniture and fixtures for finishing out a franchised location are your responsibility);

3. Provide you with specifications for the equipment, inventory, forms and materials needed to operate the Franchised Business, provide you with specifications for approved apparel, and give you a list of approved suppliers;

4. Provide you access to an operations/training manual. You do not own this manual;

5. Provide you the initial software license including 1 year of technical support; and

6. Provide you with a Quick Start Training program which includes administrative and inventory control assistance and a 1 day software training program.

Post-Opening Obligations (Section 14.C. Franchise Agreement): During the operation of the Franchised Business, we will provide continuing consultation and advice regarding business, financial, operational, technical, sales and advertising matters, fair pricing structures for advertisers, software upgrades, selection of proper equipment, fixtures and supplies, operation of the Franchised Business and development of personnel policies. We will provide the assistance by intranet, telephone, or if the situation warrants, through on-site assistance by appropriate personnel at your expense. We will use our intranet system as a primary information and communication tool which means that you must maintain the capability to access the Internet. We require the utilization of high speed internet connections where available. We are not obligated to spend any specific amount on advertising in your territory other than the administration of the Marketing Development Fund described below

Advertising and Promotion (Article 10 and Section 14.D. Franchise Agreement) We may develop and provide creative materials for local or regional advertising and make the advertising materials available to

you for publication or distribution in your market area at your expense. Our advertising programs may cover joint advertising or marketing programs with third parties and the development of marketing brochures, forms, letterhead, envelopes, business cards, etc., for your use. In addition, we may provide specific guidelines for advertising and advertising programs you initiate and have the right to disapprove any advertising which, in our opinion, is not in accordance with these guidelines. You must discontinue any advertising and/or promotions that would, in our opinion, be detrimental. We do not have any advertising cooperatives.

We administer Marketing Development Fund to market, advertise and promote CHRISTMAS DECOR Holiday Lighting Services (“MDF”). You must contribute to the MDF a minimum ranging from \$640 to \$1,150 annually (based on the prior year's annual gross sales from Holiday Lighting Services) or 1% of annual gross sales from Holiday Lighting Services, whichever is greater. For each CHRISTMAS DECOR Franchised Business we own (if any), we will make contributions to the MDF on the same basis as the assessment required of you. MDF contributions are not used to market, advertise or promote Ancillary Lighting Services.

We will administer the MDF as follows:

We will oversee all advertising and advertising programs and will have the sole discretion to approve or disapprove the creative concept, materials, methods, and media (which includes electronic media and the internet) used in the programs, and their placement and allocation. We have no advertising council composed of franchisees. You must agree and acknowledge that the MDF is intended to maximize public recognition and acceptance of the Marks for the benefit of the System, and we undertake no obligation in administering the MDF to make expenditures for you which are equivalent or proportionate to your contribution, or to ensure that you benefit directly or pro-rata from advertising or promotion conducted under the MDF.

All MDF contributions and earnings will be used exclusively to meet any and all costs of maintaining, administering, directing and preparing advertising and promotion activities (including the costs of preparing and conducting advertising campaigns in various media; sponsorship, marketing surveys and other public relations activities; employing advertising agencies; and providing advertising brochures and other marketing materials to you). If we elect to establish a national toll-free number for end-user customer service, we may pay for the related costs from the MDF. We have established a Franchise Locator through the Christmas Decor webpage on the internet. The MDF pays for continuing development and maintenance of these sites.

We do not segregate the MDF funds for the CHRISTMAS DECOR System from our general operating funds. However, we do separately account for the System's MDF funds. The MDF funds do not inure to our benefit and no MDF contributions will be used to defray any of our expenses, except for such reasonable administrative costs and overhead, if any, as we may incur in activities reasonably related to the administration or direction of the MDFs and advertising programs for the System and its franchisees.

All MDF contributions and earnings must be expended for the purposes described above during the taxable year within which the contributions and earnings are received. If, however, excess amounts remain in the MDF at the end of the taxable year, all expenditures in the following taxable year(s) shall be made first out of the accumulated earnings from previous years, next out of earnings in the current year and finally from current contributions.

The MDF is not our asset. A statement of the operations of the System's MDF will be prepared annually by our accounting department. We will make those statements available to the System's franchisees (including you) upon written request. All MDF transactions are subject to an internal annual review but are not subject to a separate annual audit.

Although the MDF is intended to be of perpetual duration, we have the right to terminate the MDF at any time. The MDF will not be terminated, however, until all monies in the MDF have been expended for the purposes described in the Franchise Agreement. Your required contributions to the MDF can be increased upon our recommendation and ratification of the recommended increase by 51% of the franchisees in good standing.

The following is a breakdown of the expenditures of the MDF for our 2020 fiscal year (which ended on March 31, 2021):

Production ⁽¹⁾	68%
Media Placement ⁽²⁾	25%
Administrative Expenses ⁽³⁾	5%
Other ⁽⁴⁾	<u>2%</u>
Total	100%

Notes:

(1) Production expenditures include: website design, printing and photo layouts; subscriptions; marketing analysis software; customer profiling and tests; and video expenses.

(2) Media Placement expenditures include: website development and optimization; public relations programs – local, regional, and national press releases, online publications, national media attention; trade shows; and philanthropic efforts – Ronald McDonald House, Decorated Families Program.

(3) Administrative Expenses include: any office expenditures related to marketing and advertising.

(4) Other expenditures include: product samples; sales portfolios; and focus groups.

None of the funds of the MDF were used to advertise or solicit for the sale of franchises.

Technology Requirements (Sections 12.D., 13.C. and 14.C. Franchise Agreement) Currently, we do not specify the type of computer system you must maintain, although you must have an IBM PC or compatible computer, printer, scanner, facsimile transmission equipment, cables, peripherals and other computer equipment needed to run the proprietary software program (described below). We also require you to keep a current E-mail address with an internet service provider (must be approved by TDG) to receive communications from us, to place orders electronically over the Internet, utilize online support, and to submit sales reports and customer lists electronically and you must be able to access the internet via the most current version of Internet Explorer.

For no additional charge during the first year, we provide to you a proprietary software program and first year of technical support. This program enables you to complete a variety of functions, including proposals, scheduling, invoicing, costing and tracking accounts receivable. You must renew the license annually by paying an annual renewal and software support fee which is currently \$350. (See Item 6)

In the future, we may require you to update the Computer System (defined in the Franchise Agreement to include computer hardware and software and a DSL line or other dedicated network connection) or install any other Computer System that we designate, and may also require you to purchase and use any other proprietary software developed by or for us.

You must transmit to us, or permit us to collect electronically, information stored on our proprietary programs. At our request, you must install and maintain a telephone modem, or other computer internet

connection, and dedicated line that we may use to access sales information and other data from our proprietary system. We will not have independent access to the information generated and stored in the systems.

Each transaction of the CHRISTMAS DECOR Franchised Business must be processed using our proprietary software in the manner we prescribe. We will have the right to access and retrieve from our software all sales and other information relating to the CHRISTMAS DECOR Franchised Business, and you agree to take any reasonable action necessary to give us that access. There are no contractual limitations on our right to access this information or to request upgrades of our proprietary software.

You must provide a link from any Other Business website (as defined in the Franchise Agreement) which we approve. When this link is provided, TDG will create a link to your Other Business from your Christmas Decor front door webpage. You must provide a URL and any necessary artwork, all of which we must approve.

We estimate that the additional cost of your computer system will be approximately \$500. Neither we, nor our affiliates, nor any third parties are required to provide ongoing maintenance repairs, upgrades, or updates to your computer system. Currently, there are no optional or required maintenance/upgrade contracts for the computer system.

Manual (Article 7 and Section 14.B. Franchise Agreement) We will provide you access to our Manual (currently 1,335 total pages) either in electronic form or a hard copy. The Manual is our confidential property and may not be loaned out, duplicated or copied in any manner. We may add to and otherwise modify the Manual periodically, as we think necessary, but no addition or modification will alter your fundamental status and rights under the Franchise Agreement. You must always follow the directives of the Manual throughout the term of the Franchise Agreement. A copy of the Table of Contents of the Manual is attached as Exhibit B to this disclosure document. The Manual will be provided and updated through our intranet system or in any other medium we deem best.

Training (Article 5 and Section 14.A. and 14.G. Franchise Agreement.):

Holiday Lighting Services

We will make our Quick Start training program available to you (or 1 of your principal investors) and up to 2 additional employees. For your first Territory, Quick Start training attendees must include 1 principal investor. Unless we approve a different training schedule, you must attend and successfully complete to our satisfaction within 30 days after the Franchise Agreement is signed and before you begin offering Holiday Lighting Services, one of our regularly scheduled training and familiarization courses of up to 5 days in duration conducted at our headquarters. The training program covers the material aspects of the operation of the Franchised Business, including introduction and orientation to the System, financial controls, promotion and sales methods, other marketing techniques, service and operational techniques, systems and methods, deployment of sales people and other personnel, and maintenance of quality standards. The materials used in training include the manuals as well as other presentation materials including Power Point presentations and handouts. All expenses you and your employees incur in attending training, including travel, room and board expense and other similar expenses, are your responsibility.

We conduct training classes throughout the year as needed. Training is administered under the supervision of Blake Smith, with 25 years experience in the lighting industry and Brandon Stephens, with 18 years experience in the lighting industry. We also draw upon the experience of our other management personnel, employees, and training professionals who each have at least 5 years experience in fields related to the training being conducted.

QUICK START TRAINING PROGRAM ⁽¹⁾

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
DAY 1			
Company History & Operating Philosophy	1.5	0	TDG Office Irving, TX
Design Basics	1.5	0	TDG Office Irving, TX
ACLS Product & Ordering Procedures	1.5	0	TDG Office Irving, TX
DAY 2			
Product Orientation & Design Theory	1.5	0	TDG Office Irving, TX
Marketing & Public Relations	1.5	0	TDG Office Irving, TX
Mapping & Measuring	1.5	0	TDG Office Irving, TX
Creating Proposals	1.0	0	TDG Office Irving, TX
Sales	3.0	0	TDG Office Irving, TX
DAY 3			
Sales / Role Play	1.0	0	TDG Office Irving, TX
Scheduling & Paper Flow	1.0	0	TDG Office Irving, TX
Shop & Crew Organization	1.5	0	TDG Office Irving, TX
Power, Electrical, & Troubleshooting	2.0	0	TDG Office Irving, TX
Installation / Classroom	2.0	0	TDG Office Irving, TX
Takedown & Storage	1.0	0	TDG Office Irving, TX
DAY 4			
Field Training	4.0	0	Field Training Site Irving, TX
Franchise Requirements & Operating Standards	1.0	0	TDG Office Irving, TX
Communication Systems & Online Ordering	1.0	0	TDG Office Irving, TX
Approved Vendors	1.0	0	TDG Office Irving, TX
Business Planning Tools	2.0	0	TDG Office Irving, TX

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
DAY 5			
Proprietary Software Training	8.0	0	TDG Office Irving, TX

⁽¹⁾ Time periods are approximate.

The training materials are all contained in the Christmas Decor Training Work Book which is supported by a digital library or online.

We may conduct additional seminars or other training programs for your benefit, and you (and/or your employees) may attend any seminar or program. We may charge a reasonable fee for a seminar or program if it is deemed appropriate. You must pay for all traveling, living, and other expenses incurred by anyone attending training other than so stated. You may make reasonable requests for training in addition to that specified above, and we shall provide the training at your expense, including our travel, lodging, meals and other training fees.

You must attend 1 Christmas Decor continuing education program and 2 annual Christmas Decor conferences during the 5 year initial term of the Agreement, 1 of which must be attended during your 2nd franchise year. If you attend the annual Christmas Decor conference in your 2nd franchise year you must also attend the designated refresher course, for 2nd-year franchisees, in conjunction with the Christmas Decor conference. If you have missed more than 1 continuing education class or annual Christmas Decor conference during the term of your Franchise Agreement, you will be required to attend an additional Christmas Decor continuing education “refresher course”, at your expense, at the time of your renewal. Your initial franchise fee includes a credit for 1 complimentary Christmas Decor conference registration for 1 person at an annual Christmas Decor conference held during the first 18 months of the initial term of the Franchise Agreement.

Ancillary Lighting Services

If you elect to offer Ancillary Lighting Services, we will make 1 introductory training program available at no charge for up to 3 attendees during the first 24 months following execution of the Franchise Agreement. The landscape lighting training program covers product lines, design techniques and technical system training and support. The permanent lighting training program covers product lines, on-site and cloud-based control technologies, design, installation and technical support. These programs are more fully described below. You must complete training to our satisfaction before beginning to offer the applicable Ancillary Lighting Services.

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Landscape Lighting Services

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
DAY 1			
Introduction to Nite Time Decor	0.5	0	TDG Office Irving, TX
Nite Time Decor products	1.5	0	TDG Office Irving, TX
Art of Design	1.0	0	TDG Office Irving, TX
Design Pro Software	1.0	0	TDG Office Irving, TX
Nite Time Decor Installation Practices	1.0	0.5	TDG Office Irving, TX
Demo Kit – Benefits & Features	1.0	3.0	TDG Office Irving, TX
DAY 2			
Review demonstration	0.5	0	TDG Office Irving, TX
Design System	0.5	0	TDG Office Irving, TX
Proposal Builder	1.0	0	TDG Office Irving, TX
Advanced Installation Methods	2.0	0	TDG Office Irving, TX
Installation	1.0	5.0	TDG Office Irving, TX
DAY 3			
Sales practices	1.5	0	TDG Office Irving, TX
Marketing	1.5	0	TDG Office Irving, TX
Business Planning	1.5	0	TDG Office Irving, TX

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Permanent Lighting Services

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
DAY 1			
Introduction to Decor Smart and PermaLites®	0.5	0	TDG Office Irving, TX
Decor Smart products	0.5	0	TDG Office Irving, TX
Decor Smart Home Automation	0.5	0	TDG Office Irving, TX
RGB Landscape Lights	1.0	0	TDG Office Irving, TX
RGB PermaLites®	1.0	0	TDG Office Irving, TX
RGB allied products	1.0	0	TDG Office Irving, TX
App Download Exercise	1.0	0	TDG Office Irving, TX
Pairing Lamps Exercise	1.0	0	TDG Office Irving, TX
Gateway / Repeater usage	1.0	0	TDG Office Irving, TX
Networks /Groups / Individuals	1.0	0	TDG Office Irving, TX
DAY 2			
Install Decor Smart	1.0	3.0	TDG Office Irving, TX
Decor Smart Design & Application Rules	2.0	0	TDG Office Irving, TX
Decor Smart Troubleshooting	2.0	0	TDG Office Irving, TX
DAY 3			
Sales practices	1.5	0	TDG Office Irving, TX
Marketing	1.5	0	TDG Office Irving, TX
Business Planning	1.5	0	TDG Office Irving, TX

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Item 12

TERRITORY

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

You will receive exclusive rights to offer and sell Holiday Lighting Services and Permanent Lighting Services to residential accounts within your Territory. You will not receive an exclusive Territory for commercial accounts. An exclusive territory means we will not operate or give anyone else the right to operate a CHRISTMAS DECOR Franchised Business offering Holiday Lighting Services or Permanent Lighting Services to residential properties within your Territory. As for sales of Holiday Lighting Services and Permanent Lighting Services to commercial accounts in your Territory and sales of Landscape Lighting Services to both residential and commercial accounts in your Territory, you may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You and we will determine the Territory and a description of the Territory will be inserted in Exhibit A to the Franchise Agreement before the Franchise Agreement is signed. We determine Territories based on (among other relevant factors) the number of residential households in the area and other demographic data, advertising markets, natural and man-made boundaries and resulting traffic patterns. The size of the Territory may range from a portion of a city or an unincorporated area to a single or multi-county area and will be described in Exhibit A of each Franchise Agreement by county lines or a description of municipal boundaries.

If you fully comply with the Franchise Agreement (including satisfaction of the Annual Performance benchmarks set out in paragraph 3 of Exhibit A to the Franchise Agreement), we will not operate or give anyone else the right to operate a CHRISTMAS DECOR Franchised Business offering Holiday Lighting Services or Permanent Lighting Services to residential properties within your Territory. However, we may service or may authorize other franchisees to service national accounts in your Territory if you fail to service the national account in conformity with the applicable protocols and within any required time period. We also may establish or authorize others to establish Christmas Decor businesses outside your Territory and within or outside your Territory any other businesses offering similar or dissimilar products and services through similar or dissimilar channels of distribution under different trademarks.

Your protection is only for sales of Holiday Lighting Services and Permanent Lighting Services to residential properties within your Territory. We and any other Christmas Decor franchisee may sell Holiday Lighting Services and Permanent Lighting Services under the Marks to and service commercial accounts in your Territory and may sell Landscape Lighting Services under the Marks to residential and commercial accounts in your Territory, including through other channels of distribution like the internet, catalog sales, telemarketing and direct marketing.

You may sell Holiday Lighting Services and Permanent Lighting Services to and service commercial accounts outside your Territory. You may also sell Holiday Lighting Services and Permanent Lighting Services to and service residential accounts outside your Territory but only in areas that are currently unassigned to any Christmas Decor franchisee and only as long as (i) the area is not awarded to another Christmas Decor franchisee, (ii) these accounts are acquired by referrals or other incidental contact and not through active solicitation activities which are prohibited, and (iii) you relinquish residential accounts outside your Territory to a new Christmas Decor franchisee when the area is awarded. If you elect to provide Landscape Lighting Services, you also may sell those Landscape Lighting Services to residential and commercial accounts outside your Territory. You have the right to use other channels of distribution (including the Internet) to make sales outside your Territory.

Your territorial protection depends on your compliance with the Franchise Agreement, including your achievement of the Annual Performance Benchmarks set out in an exhibit to the Franchise Agreement. The amount of the Annual Performance Benchmarks is determined by the size of the Territory, number of households in the Territory and other demographic data. If you do not achieve an Annual Performance Benchmark we may elect to reduce the size of your Territory, and you must continue to operate the CHRISTMAS DECOR Franchised Business under the Franchise Agreement, as modified. If we elect to reduce the size of your Territory, we will endeavor to redesign your new Territory to better suit your available resources and will make corresponding adjustments to your on-going Annual Performance Benchmarks.

We may excuse or defer compliance with the Annual Performance Benchmarks if, in our reasonable judgment, (a) you are precluded from operating by an event of force majeure (war, civil disturbance, natural disaster, labor dispute, terrorist act or other similar event outside your control), or (b) (i) you have been adversely impacted by a significant negative change in the local economy, or (ii) you have experienced extraordinary unforeseeable business circumstances. In addition, if we determine that you have experienced inclement weather days in excess of 10% more than normal for the local area during the peak decorating season (October 1st through December 25th), we will reduce the Annual Performance Benchmarks for that year by a percent equal to the percent of inclement days above and beyond this 10% allowance.

We will not unreasonably withhold our approval for you to relocate your CHRISTMAS DECOR Franchised Business as long as you relocate to a site within your Territory.

We will not compensate you for soliciting or accepting orders from inside the Territory.

If you sign an Option Agreement and pay the option fee, you may reserve a Territory for the option period specified in the Option Agreement. Except for the Option Agreement, we do not grant options, rights of first refusal or similar rights to acquire additional franchises.

Item 13

TRADEMARKS

You will operate the Franchised Business under certain trademarks, service marks, trade names, logo types and emblems we authorize including “CHRISTMAS DECOR”. The Manual contain specifics on how our names and Marks must be used.

The following primary service marks are registered on the Principal Register of the U.S. Patent and Trademark Office (“USPTO”) and are licensed to franchisees:

Marks	Registration No.	Registration Date
CHRISTMAS DECOR	4,304,700	March 19, 2013
CHRISTMAS DECOR HOLIDAY AND EVENT DECORATORS ¹	3,116,209	July 18, 2006

We will file all required affidavits when appropriate.

¹This Mark was the subject of a previous federal registration dated February 10, 1998, Registration No. 2,135,684.

There are no currently effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the Trademark Administrator of any state or any court, no pending infringement, opposition or cancellation proceeding, and no pending material litigation involving our Marks. There are no agreements currently in effect which significantly limit our rights to use or license the use of our Marks in a manner material to you. We have no actual knowledge of any superior prior rights or infringing uses of our Marks that could materially affect your use of the Marks.

You must follow our rules when you use our Marks. You cannot use a Mark as part of your legal name or with modifying words, designs or symbols except for those which we may authorize in writing. You must submit your proposed assumed name (as distinguished from your corporate or other legal name) to us for approval. Your assumed name must follow a naming convention that includes either a description of the geographic region being serviced (for example “Christmas Decor of SW Lubbock”) or incorporated with the name of your current business (for example “Christmas Decor by Bob’s Landscaping”). The geographic description must not already be in use and must reasonably depict your service area. We will assist you in determining a naming convention that fits your business based on market size and brand recognition of your Other Business in your specific geographic area. If we require you to modify or discontinue using the trademark, you must do so at your own expense.

You may not use our name or Marks in connection with the sale of an unauthorized product or service or in a manner not authorized by us.

You must notify us immediately when you learn about an infringement of or challenge to your use of our Marks. We will take the action we think appropriate and the right to exclusively control any litigation, U.S. Patent and Trademark proceeding or other administrative proceeding arising out of any infringement, challenge or claim or otherwise relating to the Marks. We are not required to defend you and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the Marks if the proceeding is resolved unfavorable to you. You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are part of our business.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights. We do not own any patents nor are there any pending patent applications that are material to the franchise. However, we claim copyright protection for the Manuals, videos, certain marketing, sales and operations literature, our proprietary software programs and any computer software programs and other materials we may develop in the future.

There are no presently effective determinations of the Copyright Office, any pending interference, opposition or cancellation proceedings or any pending material litigation involving the copyrights which is relevant to their use. There are no agreements currently in effect which significantly limit our rights to use or license the use of the copyrights in any manner material to the franchise. There are no superior rights or infringing uses known to us which could materially affect your use of these rights.

We are not obligated by the Agreement or otherwise to protect any or all of these rights or to protect you against claims of infringement. We are not required by the Agreement to defend you against any claim of copyright infringement.

You are authorized by the Agreement to use our copyrighted materials in the performance of your activities under the Agreement. Ownership of all of these rights will remain in us and our assigns. These materials are provided in confidence, must be kept confidential and must be returned on termination or expiration of the Franchise Agreement or transfer of the franchised business.

Trade Secrets and Confidential/Proprietary Information. Under the Franchise Agreement, you acknowledge that you will obtain knowledge of our confidential/proprietary matters, techniques and business procedures and that they are necessary and essential to the operation of the franchised business. You also agree that the confidential/proprietary information was not known to you before signing the Franchise Agreement and that our methods are distinctive to the System. As used in the Franchise Agreement, “Confidential/Proprietary Information” means confidential and proprietary matters, techniques and business procedures regarding the Christmas Decor System including marketing techniques, financial controls, training, and the Manual. We also consider the Christmas Decor customer lists of the franchised business to be our proprietary trade secrets. You must agree to make customer lists available to us upon request. Information from these lists is used to, among other things, enhance marketing techniques, conduct periodic surveys, improve market penetration and strengthen brand protection. Upon request, we will provide a non-solicitation agreement stating that any customers related to any Other Business you own will not be solicited for any services except those offered by us through our franchisees.

Manual. During the term of the Franchise Agreement, we will give you access to the Christmas Decor Manual in either electronic form or a hard copy, which may cover such topics as Pre-Opening Procedures, Daily Operations, Marketing and any related topics as may be incorporated in the Manual periodically. The Manual will remain our confidential property. We will have the right to add to and modify the Manual periodically, as we determine to be necessary, but none of these additions or modifications will alter your fundamental status and rights under the Franchise Agreement. You must always follow the directives of the Manual, as we may modify them.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

This is a full-time business during the holiday decorating season, usually September through the following February each year. Although we do not require you to personally supervise the CHRISTMAS DECOR Franchised Business on-premises, we recommend that you do so. If you do not, one of your employees whom we approve must devote full-time and on-premises attention to the management and operation of the CHRISTMAS DECOR Franchised Business during the holiday decorating season. This employee must sign a confidentiality and non-compete agreement that we and our counsel approve and satisfactorily complete our Christmas Decor Quick Start Training program but is not required to have any equity investment in the franchise. Even if the CHRISTMAS DECOR Franchised Business is operated under the supervision of an approved manager, you (or your owner/operator) must devote a majority of time, energy and best efforts to its operation and cannot engage in any business or other activities that will conflict with your obligations under the Franchise Agreement. You must submit to TDG a business plan for your CHRISTMAS DECOR Franchised Business, by September 1 or 10 business days after completion of Christmas Decor Quick Start Training, whichever is later. We also recommend that you prepare business plans annually by each September 1 during the term of the Franchise Agreement.

If you form a corporation, partnership or limited liability company, you must be the controlling shareholder, partner or member. Except for shareholders of publicly-held corporations and, in our discretion, limited partners of a limited partnership franchisee, all of your shareholders, partners or members must jointly and severally guarantee your performance under the Franchise Agreement and bind themselves to the terms of the Agreement, including non-compete covenants and the covenants against the use or disclosure of our confidential/proprietary information. We also require you to obtain from your employees and send to us confidentiality and non-compete agreements that we and our counsel approve as appropriate for your service area.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer and sell only those products and services we authorize, but are not required to sell all products or services we authorize. We have the right to change the type of products or services we authorize. There are no contractual limitations on our right to make any changes.

You may sell Holiday Lighting Services and Permanent Lighting Services to residential accounts in your Territory and to any commercial account wherever located. You may also sell Holiday Lighting Services and Permanent Lighting Services to, and service, residential customers located in unassigned territories under the conditions described in Item 12 of this disclosure document. If you provide Landscape Lighting Services, you may sell them to residential and commercial accounts inside and outside your Territory.

You may not conduct advertising which is not in good taste or is of questionable moral character. All marketing materials and initial marketing investments must be approved by our Marketing Director and comply with all standards as laid out in the TDG Marketing and Brand Guidelines.

If we establish a national accounts system, we may provide you referrals according to the protocols for national accounts that will be described in the Manual. If you do not agree to service a national account, then we may either service it directly or assign it to another franchisee. We reserve the right to change any national accounts program that we may establish at our sole discretion.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

The following tables list certain important provisions of the Franchise Agreement and related agreements including the Software License Agreement. You should read these provisions in the agreements attached to this disclosure document.

THE FRANCHISE RELATIONSHIP

FRANCHISE AGREEMENT (FA)

<u>Provision</u>	<u>Section In Franchise Agreement</u>	<u>Summary</u>
a. Length of franchise term	Section 2	5 years.
b. Renewal or extension of the term	Section 2	Your renewal rights permit you to remain as a franchisee after the initial term of your Franchise Agreement expires. If you wish to do so, and you satisfy the required conditions to renew, we will offer you the right to renew for additional successive 5-year periods. You must sign our then-current franchise agreement which may include terms that differ from the terms in the initial contract.
c. Requirements for renewal and extension	Section 2	Pay fee, sign general release (See Exhibit F), comply with then-current training

<u>Provision</u>	<u>Section In Franchise Agreement</u>	<u>Summary</u>
		<p>requirements, satisfy outstanding monetary obligations, comply with then-current specifications and standards, achieve Annual Performance Benchmarks, and ensure compliance with Franchise Agreement for duration of original terms.</p> <p>One of the conditions to renewal requires you to sign our then-current franchise agreement for the renewal term and this new agreement may have materially different terms and conditions (including, e.g., higher royalty and/or marketing development fees) from the agreement that covered your initial term or prior renewal term.</p>
d. Termination by franchisee	Section 16.A.	You may terminate if we breach and fail to cure within 30 days of receipt of written notice (subject to state law).
e. Termination by franchisor without cause	None.	None.
f. Termination by franchisor with cause	Section 16.	We can terminate only if you default.
g. “Cause” defined – curable defaults	Section 16.B.	You have 30 days (15 days for a monetary default) to cure all curable defaults.
h. “Cause” defined – non-curable defaults	Section 16.C. and 16.D.	Abandonment, overdue fees, illegal operation of the Franchised Business, material misrepresentation on application, unauthorized transfer, unauthorized disclosure of confidential or proprietary information, repeated territorial infringement, failure to provide access to conduct audits within 3 days of written notice, repeated defaults under the Agreement, activity that disparages us, the CHRISTMAS DECOR brand or the Marks, failure to cure a curable default within 30 days, conviction of a felony (or plea of nolo contendere to felony charge), and bankruptcy.
i. Franchisee’s obligations on termination/non-renewal	Section 17	Pay amounts due, pay liquidated damages (if applicable), return Manual and related materials, return all Christmas Decor customer files, cease using the Marks, cease operating the Franchised Business, no confusing use of the Marks.
j. Assignment of contract by	Section 19	No restrictions.

<u>Provision</u>	<u>Section In Franchise Agreement</u>	<u>Summary</u>
franchisor		
k. “Transfer” by franchisee – defined	Section 19	You may not convey, give away, pledge, exchange, lease, mortgage, or encumber the Agreement or any of your rights or privileges under the Agreement without our consent.
l. Franchisor approval of transfer by franchisee	Section 19	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Section 19	Transferee must qualify, must not operate a similar business, sign the then current Franchise Agreement, pay the transfer fee, complete any required training and sign a general release (see Exhibit F).
n. Franchisor’s right of first refusal to acquire franchisee’s business	Section 19	We have the right to match any offer for your business.
o. Franchisor’s option to purchase franchisee’s business	Section 17	On termination or expiration of the Franchise Agreement, we have the right to purchase your inventory and equipment at fair market value.
p. Death or disability of franchisee	Section 19	A person’s interest must be transferred to an approved third party within 3 months of that person’s death or mental incapacity. Where interest is transferred by devise or inheritance, and the heir does not meet our qualifications, the heir will have up to 180 days to dispose of the deceased’s interest.
q. Non-competition covenants during the term of the franchise	Section 18	You may not offer products or services substantially similar to the Holiday Lighting Services or, if applicable, the Permanent Lighting Services in your Territory, the service territory of another Christmas Decor franchisee or an area within a 50-mile radius of your Territory or the service territory of another Christmas Decor franchisee (subject to state law).
r. Non-competition covenants after the franchise is terminated or expires	Section 18	For 2 years you may not offer products or services substantially similar to the Holiday Lighting Services or, if applicable, the Permanent Lighting Services in your Territory, the service territory of another Christmas Decor franchisee or an area within a 50-mile radius of your Territory or the service territory of another Christmas Decor franchisee (subject to state law).

<u>Provision</u>	<u>Section In Franchise Agreement</u>	<u>Summary</u>
s. Modification of the agreement	Section 33	Agreement may only be modified in writing and signed by the party to be bound.
t. Integration/merger clause	Section 33	Only the terms of the franchise agreement and other related agreements are binding (subject to state law). No other representations or promises will be binding. Nothing in the Franchise Agreement or in any other related written agreement is intended to disclaim representations made in the franchise disclosure document.
u. Dispute resolution by arbitration or mediation	Section 22	Non-binding mediation (subject to state law)
v. Choice of forum	Section 23, 24, 25, and 26	State and Federal courts in Lubbock, Texas (subject to state law) The Franchise Agreement contains a number of provisions that may affect your legal rights, including a waiver of punitive or exemplary damages, a waiver of jury trial and a contractual limitations period. We recommend that you carefully review all of these provisions, and the entire contract, with a lawyer.
w. Choice of law	Section 23	Texas (subject to state law).

OPTION AGREEMENT (OA)

Provision	Section in Option Agreement	Summary
a. Length of option term	Section 1	As agreed before you sign the Option Agreement; maximum, 1 year.
b. Renewal or extension of the term	Section 2	After the initial term, you may extend the option on a month-to-month basis
c. Requirements for renewal and extension	Section 2	Continuing payment of monthly option fee. We may require you to pay this fee using a company check, an automatic bank draft, or credit card and a pre-approved authorization form.
d. Termination by franchisee	Not Applicable	
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	Not Applicable	

Provision	Section in Option Agreement	Summary
g. “Cause” defined – curable defaults	Not Applicable	
h. “Cause” defined – non-curable defaults	Not Applicable	
i. Franchisee’s obligations on termination/non-renewal	Not Applicable	
j. Assignment of contract by franchisor	Section 7	No restrictions
k. “Transfer” by franchisee – defined	Section 7	You may not assign the Option Agreement without our consent.
l. Franchisor approval of transfer by franchisee	Not Applicable	
m. Conditions for franchisor approval of transfer	Not Applicable	
n. Franchisor’s right of first refusal	Not Applicable	
o. Franchisor’s option to purchase franchisee’s business	Not Applicable	
p. Death or disability of franchisee	Not Applicable	
q. Non-competition covenants during the term of the franchise	Not Applicable	
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	
s. Modification of the agreement	Not Applicable	
t. Integration/merger clause	Not Applicable	
u. Dispute resolution by arbitration or mediation	Not Applicable	
v. Choice of forum	Not Applicable	
w. Choice of law	Not Applicable	

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SOFTWARE LICENSE AGREEMENT (SLA)

<u>Provision</u>	<u>Section In Software License Agreement</u>	<u>Summary</u>
a. Length of license term	Sections 8.1., 8.2., 8.3.	License will expire on August 1 of the year following the date of the SLA and on each August 1 thereafter, unless license is renewed. Provided that the license is renewed yearly, the SLA shall be co-extensive with the terms of the FA, including any renewal of the FA. Expiration/termination of the FA will automatically terminate the SLA.
b. Renewal or extension of the term	Sections 8.1., 8.2., 8.3.	Each year if license is renewed and as long as FA is effective.
c. Requirements for renewal and extension	Section 8.1.	Payment of a renewal fee is required. The renewal fee will not exceed 35% of the then current license fee and must be paid in the manner established by us.
d. Termination by franchisee	Not Applicable	
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	Not Applicable	
g. "Cause" defined – curable defaults	Not Applicable	
h. "Cause" defined – non-curable defaults	Not Applicable	
i. Franchisee's obligations on termination/non-renewal	Section 8.4.	You must immediately cease to use and return to us all copies of the Software Products and erase the Software Product from your computer system.
j. Assignment of contract by franchisor	Not Applicable	
k. "Transfer" by you – defined	Section 7	You may not transfer without our prior written consent.
l. Franchisor approval of transfer by franchisee	Not Applicable	
m. Conditions for franchisor approval of transfer	Not Applicable	
n. Franchisor's right of first refusal	Not Applicable	

<u>Provision</u>	<u>Section In Software License Agreement</u>	<u>Summary</u>
o. Franchisor's option to purchase	Not Applicable	
p. Death or disability of franchisee	Not Applicable	
q. Non-competition covenants during the term of the franchise	Not Applicable	
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	
s. Modification of the agreement	Not Applicable	
t. Integration/merger clause	Not Applicable	
u. Dispute resolution by arbitration or mediation	Not Applicable	
v. Choice of forum	Not Applicable	
w. Choice of law	Section 10	SLA will be interpreted and construed under Texas law.

California residents, see the California Addendum to this Disclosure Document for additional disclosures required by California law.

Item 18

PUBLIC FIGURES

We do not use any public figure to promote the franchise.

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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 performance at a particular location or under particular circumstances.

This financial performance representation includes Average Gross Sales in Table No. 1, and Estimated Net Profit as a Percentage of Sales, Average New Sale, Average Closing Rate, Average Customer Retention, and Average Daily Production for a 3-Man Crew in Table No. 2. Average Gross Sales are further categorized by market size and number of years in operations.

All information in the following tables reflect the sale of Holiday Lighting Services only and none of the information relates to the sale of any Ancillary Lighting Services.

Table No. 1

The average sales information was derived from system-wide sales reporting data from 185 Christmas Decor franchisees representing 208 franchises (or 89% of all 235 active Christmas Decor franchises at the sales reporting deadline of January 20, 2021). 8 franchises that either failed to provide sales reports or had de minimis activity because their owners are in the process of selling their Christmas Decor franchise were not included in our system-wide sales data for royalties. 18 of these 235 franchises had been in operation for fewer than the 2, 3+ or 5+ year operational periods used to determine inclusion for purposes of the Average Gross Sales category, so their Average Gross Sales were not included. (See notes (1) and (2)). 1 Franchise began after the reporting deadline of January 20, 2021 and therefore had no data to report for this Financial Performance Representation.

		Franchises Above Average	Franchises Below Average	Highest	Lowest	Median⁽⁵⁾
AVERAGE GROSS SALES ⁽¹⁾						
5+ years in operation ⁽²⁾	\$278,358	36%	64%	\$3,925,203	\$20,867	\$171,937
3+ years in operation ⁽³⁾	\$276,004	37%	63%	\$3,925,203	\$20,867	\$170,811
2 years in operation ⁽⁴⁾	\$166,039	50%	50%	\$265,065	\$67,012	\$166,039

Notes to Table No. 1

- (1) In the first franchise year of this seasonal business, franchisees start at different times during the year (often in the last quarter) and are trained on the system at various times so their gross sales for each outlet are not a true representation of the system. In the second year, much of the gross sales are dependent on renewal of customers from the previous year. Since the total number of customers for each new outlet in its first year is disproportionately low, the renewals are also disproportionately low for the second year. It takes until the third year for a franchisee to achieve the relationship needed to accurately portray the franchise system as it was designed and is taught to franchisees. We consider mature franchises to be those with at least a 3 year operating history. Accordingly, we did not include the Gross Sales of any Christmas Decor franchise operating for less than 2 years in determining Average Gross Sales.

Average Gross Sales data includes both residential and commercial customers. Gross Sales is defined as the sale of Holiday Lighting Services less sales tax, discounts, allowances, and returns.

- (2) Our system-wide average sales information for royalty purposes is based on the collective sales data received from 174 franchisee owners representing 196 Christmas Decor franchises. 29 franchises have been in operation for less than 5 years and are not included in the system-wide averages for this financial performance representation.
- (3) Our system-wide average sales information for royalty purposes is based on the collective sales data received from 183 franchisee owners representing 206 Christmas Decor franchises. 20 franchises have been in operation for less than 3 years and are not included in the system-wide averages for this financial performance representation.
- (4) Our system-wide average sales information for royalty purposes is based on the collective sales data received from 2 franchisee owners representing 2 Christmas Decor franchises that have been in operation for 2 years (the date of purchase through the end of the 2nd calendar/franchise year).
- (5) The definition of Median is the gross sales amount that is the midpoint in the range of gross sales amounts used in Table 1.

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Further details regarding those Christmas Decor franchises represented in Table No. 1 of this financial performance representation are listed below:

Geographic Distribution. The following is a breakdown of the Christmas Decor franchises included in Table No. 1 of this financial performance representation by state:

Alabama – 3	Louisiana – 5	Ohio – 6
Alaska – 2	Maryland – 6	Oklahoma – 3
Arizona – 2	Massachusetts – 7	Oregon – 3
Arkansas – 4	Michigan – 7	Pennsylvania – 11
California – 3	Minnesota – 5	Rhode Island – 1
Colorado – 6	Mississippi – 2	South Carolina – 2
Connecticut – 2	Missouri – 2	South Dakota – 1
Delaware – 1	Montana – 5	Tennessee – 4
Florida – 7	Nebraska – 2	Texas – 22
Georgia – 10	Nevada – 1	Utah – 6
Idaho – 4	New Hampshire – 1	Vermont – 1
Illinois – 7	New Jersey – 17	Virginia – 5
Indiana – 4	New Mexico – 1	Washington – 4
Iowa – 6	New York – 3	West Virginia – 2
Kansas – 3	North Carolina – 2	Wisconsin – 4
Kentucky – 2	North Dakota – 1	Wyoming – 1

Number of Years in Operation. The following is a breakdown of the Christmas Decor franchises included in Table No. 1 of this financial performance representation by years in operation:

Years in Operation	# of Franchises
1 – 2	2
3 – 4	10
5 +	196

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Table No. 2

Information for the following 5 categories was derived from a survey sent to all Christmas Decor franchisees to elicit information about their 2020 operating year. Of the franchisees surveyed, 195 Christmas Decor franchisees representing 220 franchises (or 94% of all 235 active Christmas Decor franchises at the sales reporting deadline of January 20, 2021) responded to our questions and were included in the other 5 categories listed below. 1 Franchise began after the reporting deadline of January 20, 2021 and therefore had no data to report for this Financial Performance Representation. Data concerning the remaining 14 franchises whose owners did not respond to the survey or who failed to respond thoroughly were not included in this financial performance representation. It is unknown to us whether the inclusion of such data, if it were available, would have a material effect on the figures contained in the following chart:

		Franchises Above Average	Franchises Below Average	Median⁽⁶⁾
Average Estimated Net Profit as a Percentage of Sales⁽¹⁾	34%	69%	31%	48%
Average New Sale⁽²⁾	\$1,860	38%	62%	\$1,635
Average Closing Rate⁽³⁾	55%	45%	55%	54%
Average Customer Retention⁽⁴⁾	78%	58%	42%	80%
Average Daily Production (3-man crew)⁽⁵⁾	\$2,784	42%	58%	\$2,272

Notes to Table No. 2

- (1) The definition of Estimated Net Profits is total sales less product costs, cost of labor, sales and marketing related costs, equipment rental, and any other variable costs related specifically to the Christmas Decor business. Royalty Fees paid to the Franchisor, owner salary/draws or allocations of fixed assets unchanged by the Christmas Decor business were not included.
- (2) Average New Sale data is for sales to first-time residential customers.
- (3) Average Closing Rate is the number of sales made to first-time residential customers vs. the number of appointments to those same customers.
- (4) Average Customer Retention is the number of renewals made to residential customers (at least 2 years old) vs. the number of attempted renewals to those same customers.
- (6) Average Daily Production is based on the sales installed by a 3-man crew operation during the holiday season (typically, the last 2 weeks of October, all of November and the first 2 weeks of December).
- (7) The definition of Median is the midpoint in the range of figures used for each of the averages in Table 2.

Further details regarding those Christmas Decor franchises represented in Table No. 2 of this financial performance representation are listed below:

Geographic Distribution. The following is a breakdown of the Christmas Decor franchises included in Table No. 2 of this financial performance representation by state:

Alabama – 3	Louisiana – 5	Ohio – 6
Alaska – 2	Maryland – 9	Oklahoma – 4
Arizona – 2	Massachusetts – 7	Oregon – 3
Arkansas – 4	Michigan – 7	Pennsylvania – 12
California – 3	Minnesota – 4	Rhode Island – 1
Colorado – 6	Mississippi – 2	South Carolina – 1
Connecticut – 2	Missouri – 2	South Dakota – 1
Delaware – 1	Montana – 5	Tennessee – 5
Florida – 8	Nebraska – 2	Texas – 24
Georgia – 10	Nevada – 1	Utah – 6
Idaho – 6	New Hampshire – 1	Vermont – 1
Illinois – 7	New Jersey – 18	Virginia – 5
Indiana – 4	New Mexico – 1	Washington – 4
Iowa – 6	New York – 4	West Virginia – 2
Kansas – 4	North Carolina – 2	Wisconsin – 4
Kentucky – 2	North Dakota – 1	Wyoming – 2

Number of Years in Operation. The following is a breakdown of the Christmas Decor franchises included in Table No. 2 of this financial performance representation by years in operation:

Years in Operation	# of Franchises
1 – 2	16
3 – 4	10
5 +	194

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

This analysis does not include any estimates of the federal income tax that would be payable on the net income from a CHRISTMAS DECOR Franchised Business or state or local net income or gross profits taxes that may be applicable to the particular jurisdiction in which any such business is located.

Some outlets have sold and/or earned this amount. Your individual financial results may differ from these results. There is no assurance you'll sell and/or earn this much.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing 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 Brandon Stephens, 301 SE Loop 289, Lubbock, Texas 79404, (806) 722-1225, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

**Systemwide Outlet Summary
For Years 2019 to 2021⁽¹⁾**

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised	2019	230	229	-1
	2020	229	225	-4
	2021	225	235	+10
Company-Owned	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Total Outlets	2019	230	229	-1
	2020	229	225	-4
	2021	225	235	+10

Notes:

(1) All numbers are as of each year's fiscal year end, March 31.

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Table No. 2**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2019 to 2021⁽¹⁾**

STATE	YEAR	NUMBER OF TRANSFERS
Maine	2019	0
	2020	1 ⁽⁴⁾
	2021	0
Michigan	2019	1 ⁽²⁾
	2020	0
	2021	0
New Jersey	2019	0
	2020	0
	2021	1 ⁽⁵⁾
Oklahoma	2019	0
	2020	0
	2021	1
Oregon	2019	0
	2020	1
	2021	0
Pennsylvania	2019	0
	2020	0
	2021	1
Tennessee	2019	1 ⁽³⁾
	2020	0
	2021	1
Texas	2019	0
	2020	0
	2021	1
Utah	2019	0
	2020	1
	2021	0
Total	2019	2
	2020	3
	2021	5

Notes:

- (1) All numbers are as of each year's fiscal year end, March 31.
- (2) During the fiscal year ending March 31, 2019, one existing franchise in Michigan was transferred to an existing franchise in the same state and consolidated with their existing franchise under a single franchise agreement with a common owner. The transfer is reflected in the transfers in Table 2 of this Item 20.
- (3) During the fiscal year ending March 31, 2019, one existing franchise in Tennessee was transferred to an existing franchise in the same state and consolidated with their existing franchise under a single franchise agreement with a common owner. The transfer is reflected in the transfers in Table 2 of this Item 20.
- (4) During the fiscal year ending March 31, 2020, one existing franchise in Maine was transferred to an existing franchise in New Hampshire and consolidated with their existing franchise under a single franchise agreement with a common owner.
- (5) During the fiscal year ending March 31, 2021, one existing franchise in New Jersey (with a portion of their territory in Pennsylvania) was transferred to a new franchise with the entire territory in Pennsylvania. The transfer is reflected in the transfers in Table 2 of this Item 20.

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Table No. 3**Status of Franchised Outlets
For Years 2019 to 2021⁽¹⁾**

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMIN- ATIONS	NON- RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS - OTHER REASONS	OUTLETS AT END OF THE YEAR
Alabama	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Alaska	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Arizona	2019	2	1	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Arkansas	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
California	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Colorado	2019	6	0	0	0	0	0	6
	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
Connecticut	2019	4	0	1	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Delaware	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Florida	2019	8	0	0	0	0	0	8
	2020	8	0	0	0	0	0	8
	2021	8	1	0	0	0	0	9

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS – OTHER REASONS	OUTLETS AT END OF THE YEAR
Georgia	2019	11	0	0	0	0	0	11
	2020	11	0	0	0	0	0	11
	2021	11	0	0	1	0	0	10
Idaho	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
Illinois	2019	8	0	0	0	0	0	8
	2020	8	0	0	0	0	0	8
	2021	8	0	0	0	0	0	8
Indiana	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
Iowa	2019	6	0	0	0	0	0	6
	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
Kansas	2019	4	0	0	0	0	0	4
	2020	4	0	0	1	0	0	3
	2021	3	1	0	0	0	0	4
Kentucky	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Louisiana	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
Maine	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	1 ⁽⁴⁾	0
	2021	0	0	0	0	0	0	0
Maryland	2019	6	0	0	0	0	0	6
	2020	6	0	0	0	0	0	6
	2021	6	3	0	0	0	0	9

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS – OTHER REASONS	OUTLETS AT END OF THE YEAR
Massachusetts	2019	7	0	0	0	0	0	7
	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
Michigan	2019	8	0	0	0	0	1 ⁽²⁾	7
	2020	7	0	0	0	0	0	7
	2021	7	0	1	0	0	0	6
Minnesota	2019	6	0	0	0	0	0	6
	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
Mississippi	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Missouri	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	1	0	0	0	2
Montana	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
Nebraska	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Nevada	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
New Hampshire	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
New Jersey	2019	17	2	0	0	0	0	19
	2020	19	0	0	0	0	0	19
	2021	19	2	0	1	0	1 ⁽⁵⁾	19

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS – OTHER REASONS	OUTLETS AT END OF THE YEAR
New Mexico	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
New York	2019	7	1	0	2	0	0	6
	2020	6	0	1	1	0	0	4
	2021	4	1	0	0	0	0	5
North Carolina	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
North Dakota	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Ohio	2019	6	0	0	0	0	0	6
	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
Oklahoma	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
Oregon	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Pennsylvania	2019	12	0	0	0	0	0	12
	2020	12	0	0	0	0	0	12
	2021	12	1 ⁽⁵⁾	0	0	0	0	13
Rhode Island	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
South Carolina	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
South Dakota	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS – OTHER REASONS	OUTLETS AT END OF THE YEAR
Tennessee	2019	8	0	0	1	0	1 ⁽³⁾	6
	2020	6	0	0	0	0	0	6
	2021	6	1	0	2	0	0	5
Texas	2019	22	2	0	1	0	0	23
	2020	23	0	0	0	0	0	23
	2021	23	6	0	1	0	0	28
Utah	2019	6	0	0	0	0	0	6
	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
Vermont	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Virginia	2019	4	1	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
Washington	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
West Virginia	2019	3	0	0	1	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Wisconsin	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
Wyoming	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
Totals	2019	230	7	1	5	0	2	229
	2020	229	0	1	2	0	1	225
	2021	225	18	2	5	0	1	235

Notes:

(1) All numbers are as of each year's fiscal year end, March 31.

- (2) During the fiscal year ending March 31, 2019, one existing franchise in Michigan was transferred to an existing franchise in the same state and consolidated with their existing franchise under a single franchise agreement with a common owner. The transfer is reflected in the transfers in Table 2 of this Item 20.
- (3) During the fiscal year ending March 31, 2019, one existing franchise in Tennessee was transferred to an existing franchise in the same state and consolidated with their existing franchise under a single franchise agreement with a common owner. The transfer is reflected in the transfers in Table 2 of this Item 20.
- (4) During the fiscal year ending March 31, 2020, one existing franchise in Maine was transferred to an existing franchise in New Hampshire and consolidated with their existing franchise under a single franchise agreement with a common owner. The transfer is reflected in the transfers in Table 2 of this Item 20.
- (5) During the fiscal year ending March 31, 2021, one existing franchise in New Jersey (with a portion of their territory in Pennsylvania) was transferred to a new franchise with the entire territory in Pennsylvania. The transfer is also reflected in the transfers in Table 2 of this Item 20.

Table No. 4

**Status of Company-Owned Outlets
For Years 2019 to 2021⁽¹⁾**

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEE	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEE	OUTLETS AT END OF THE YEAR
All States	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Totals	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0

Notes:

- (1) All numbers are as of each year's fiscal year end, March 31.

Table No. 5

Projected Openings as of March 31, 2021

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED OUTLETS IN THE NEXT FISCAL YEAR
Florida	0	2	0
Georgia	0	1	0
Illinois	0	2	0
New Hampshire	0	1	0
New Jersey	0	1	0
North Carolina	0	1	0
Oklahoma	0	1	0
Pennsylvania	0	1	0
Tennessee	0	1	0
Texas	0	8	0
Virginia	1	1	0
Totals	1	20	0

The names, business addresses and business telephone numbers of our franchisees and their outlets as of March 31, 2021 are attached as Exhibit D-1.

Attached as Exhibit D-2 is a list of the name, city and state, and current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who has had an outlet terminated, canceled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement as of March 31, 2020, or who has 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.

As of October 20, 2021, we are not offering any existing franchised outlets to prospective franchisees, including those that either have been reacquired by us or are still being operated by current franchisees pending a transfer. If we begin to offer any such outlet, specific information about the outlet will be provided to you in a separate supplement to this disclosure document.

As of October 20, 2021, we have no current or former franchisees who have signed provisions in the last 3 years restricting their ability to speak openly to you about their experience with the Christmas Decor franchise system.

As of October 20, 2021, there are no trademark-specific franchisee organizations associated with the Christmas Decor franchise system.

Item 21

FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit C are the audited financial statements of TDG as of March 31, 2021, 2019 and 2018, prepared by our current independent auditor. Also attached are our unaudited financial statements for the period ending September 30, 2021.

Item 22

CONTRACTS

Attached to this Disclosure Document as an exhibit are copies of the following contracts:

1. Option Agreement;
2. Franchise Agreement and State Addenda;
3. End User Software License Agreement for our proprietary software;
4. Form of General Release;
5. ACH Authorization Agreement;
6. Credit Card Authorization Agreement; and
7. Promissory Note, Security Agreement, Guaranty Agreement

Item 23

RECEIPT

Attached as the last 2 pages of this Disclosure Document are duplicate Receipts to be signed by you. Keep one for your records and return the other one to us.

STATE ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT G

**ADDENDUM TO THE DECOR GROUP, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA**

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Disclosure Document and/or Franchise Agreement contain provisions that are inconsistent with the following, these provisions are hereby amended:

A. Item 3 of the Disclosure is supplemented by the following language

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

B. Item 6 of the Disclosure Document is supplemented by the following language

The maximum legal interest rate allowed in California is 10% annually.

C. Item 17 of the Disclosure Document is supplemented by the following language.

- a. 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.
- b. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
- c. 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.
- d. The franchise agreement requires application of the laws of Texas. This provision may not be enforceable under California law.
- e. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
- f. The franchise agreement requires binding arbitration. The arbitration will occur at the American Arbitration Association office located nearest to Lubbock, Texas with the costs being borne equally by the parties.

- g. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
- h. 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.
- i. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

D. Item 19 of the Disclosure Document is supplemented by the following language.

The financial performance representation figure(s) does (do) not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue of gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Franchised Business. Franchisees or former franchisees, listed in the disclosure document, may be one source of this information.

2. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dbo.ca.gov.

3. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH A COPY OF THE DISCLOSURE DOCUMENT.

**ADDENDUM TO THE DECOR GROUP, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS**

If the franchise agreement requires that it be governed by a state's law, other than the State of Illinois, to the extent that such law conflicts with the Illinois Franchise Disclosure Act (including judicial Decisions interpreting the Act), Illinois law will govern.

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

Your rights upon termination and non-renewal of a Franchise Agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

“NATIONAL ACCOUNTS” EXIST IN THIS FRANCHISE SYSTEM. FRANCHISOR HAS DISCRETION TO SERVICE “NATIONAL ACCOUNTS” OR ALLOW ANOTHER FRANCHISEE TO SERVICE ACCOUNTS WITHIN YOUR TERRITORY WITH NO COMPENSATION PAID TO YOU.

**ADDENDUM TO THE DECOR GROUP, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND**

1. Item 5 “Initial Fees,” is amended by:

(a) Deleting the first two sentences of the paragraph under the subheading “Initial Franchise Fee” and replacing it with the following:

“All Initial fees and payments are deferred until such time as you have completed the Quick Start Training program and opened for business.”

(b) Adding the following phrase at the end of the paragraph under the subheading “Quick Start Training”

“, which amount will be due when you have completed the Quick Start Training program and opened for business.”

2. Item 7 “Estimated Initial Investment,” is amended by deleting the phrase “On signing Franchise Agreement” from the “When Due” column of the Initial Franchise Fee line item and replacing it with the following:

“Upon completion of the Quick Start Training program and the opening of the business.”

3. Item 17

(a) The Summary column for Items 17.v., “Choice of Forum” is amended as follows:

“Except for any rights a franchisee has under the Maryland Franchise Registration and Disclosure Law to bring suit in Maryland for claims arising under the Law, mediation of disputes which are subject to mediation will be held at our corporate headquarters. Except as otherwise required by the Maryland Franchise Registration and Disclosure Law, venue for all proceedings arising under the Franchise Agreement is the state, county or judicial district where our principal place of business is located, unless otherwise brought by us.”

(b) Item 17.c., “Requirements for you to renew or extend” and Item 17.m. “Conditions for our approval of transfer” are amended by the addition of the following:

“A general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any claims arising under the Maryland Franchise Registration and Disclosure Law.”

(c) Item 17 is amended to add the following note at the end of that Item:

“A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims that Franchisee may have under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”

(d) The addition of the following as the last paragraph of Item 17:

“A provision in the Franchise Agreement which terminates the agreement upon your bankruptcy may not be enforceable under Title 11, United States Code Section 101.”

**ADDENDUM TO THE DECOR GROUP, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MICHIGAN**

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

(A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTling ANY AND ALL CLAIMS.

(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISION OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.

(D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISE BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.

(E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

(F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.

(G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:

(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 DISCLOSURE ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

**ADDENDUM TO THE DECOR GROUP, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK**

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION.

REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 38 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal or material civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded *nolo contendere* to a felony charge or, within the 10 year period immediately preceding application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property; or unfair or deceptive practices comparable allegations.
- D. No such party 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, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities

exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.”

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of this Disclosure Document (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of Christmas Decor held this position with the company or partnership.”

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for franchisee to renew or extend**, “and Item 17(m), titled **“Conditions for franchisor approval of transfer”**”.

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchises”**:

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

7. The following is added to the end of the “Summary” section of Item 17(j), titled **“Assignment of contract by franchisor”**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

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

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

**ADDENDUM TO THE DECOR GROUP, INC.
DISCLOSURE DOCUMENT
FOR THE STATE OF NORTH DAKOTA**

1. Item 5 “Initial Fees,” is amended by:

(a) Deleting the first sentence of the second paragraph under the subheading “Initial Franchise Fee” and replacing them with the following:

“The initial franchise fee is payable when you have completed the Quick Start Training program and opened for business.”

(b) Adding the following subsection at the end of Item 5:

“Deferral of Other Initial Payments Payable to Us

Any other initial payment payable to us before the business opens will be deferred until after you have completed the Quick Start Training program and opened for business.”

2. Item 7 “Estimated Initial Investment,” each table is amended by deleting the phrase “On signing Franchise Agreement” from the “When Due” columns of the Initial Franchise Fee line items and replacing it with the following:

Upon completion of the Quick Start Training program and the opening of the business.”

**ADDENDUM TO THE DECOR GROUP, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for The Decor Group, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure: The following statements are added to Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

**ADDENDUM TO THE DECOR GROUP, INC.
DISCLOSURE DOCUMENT
FOR THE STATE OF WASHINGTON**

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.

1) 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 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.

2) In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

3) A release or waiver of rights executed by a franchisee shall 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.

4) Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

5) 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.

FRANCHISE AGREEMENT

EXHIBIT A

“EXHIBIT A”

FRANCHISE AGREEMENT

**THE DECOR GROUP, INC.
FRANCHISE AGREEMENT**

between

**THE DECOR GROUP, INC.
(A Texas Corporation)**

and

Name _____

Address _____

City, State, Zip _____

Phone Number (_____) _____ - _____

Fax Number (_____) _____ - _____

E-Mail Address: _____

Date: _____

Form dated: October 20, 2021
FDD dated: October 20, 2021

THE DECOR GROUP, INC.

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ATTACHMENT A – OWNERS' GUARANTY AND ASSUMPTION AGREEMENT

EXHIBIT A – SELECTED TERMS

THE DECOR GROUP, INC.
FRANCHISE AGREEMENT

Franchisee(s) Name _____

d/b/a CHRISTMAS DECOR of / by _____

Mailing Address _____

City _____ State _____ Zip _____

Street Address _____

City _____ State _____ Zip _____

Effective Date (the date on which TDG signs this Agreement): _____

THIS AGREEMENT is made by and between THE DECOR GROUP, INC., a Texas corporation with headquarters located at 2301 Crown Court, Irving, Texas 75038, hereinafter known as “Franchisor” or “TDG”, and the persons listed above and referenced herein individually or collectively as “Franchisee,” to evidence the agreement and understandings between the parties as follows:

RECITALS

WHEREAS, TDG has acquired or developed expertise and comprehensive business systems (the “CHRISTMAS DECOR System” or “System” as further defined below) for businesses that sell Christmas, holiday and special event lighting and decoration products and services (“Holiday Lighting Services”) and other optional lighting services, including landscape lighting products and services (“Landscape Lighting Services”) and permanent lighting products and services (“Permanent Lighting Services”) (Landscape Lighting Services and Permanent Lighting Services may be referred to separately or together as the “Ancillary Lighting Services”) (the “CHRISTMAS DECOR Business” or the “Franchised Business”); and

WHEREAS, Franchised Businesses operate under the mark “CHRISTMAS DECOR®” and other trade names, trademarks, logos and service marks authorized for use by TDG (the “CHRISTMAS DECOR Marks” or “Marks”); and

WHEREAS, the CHRISTMAS DECOR System include sales development programs, sales techniques, materials for preparation, special training techniques, design information, and Confidential/Proprietary Information, as defined below; and

WHEREAS, there is substantial goodwill and business value in the Marks and System; and

WHEREAS, TDG grants franchises (a “Franchise”) for CHRISTMAS DECOR Businesses to qualified franchisees and Franchisee recognizes the benefits to be derived from being identified with and receiving a Franchise from TDG; and

WHEREAS, Franchisee desires to obtain a Franchise for a CHRISTMAS DECOR Business offering Holiday Lighting Services from TDG in accordance with the terms and conditions set forth in this Agreement; and

WHEREAS, in addition to Holiday Lighting Services, Franchisee may elect to offer one or more of the Ancillary Lighting Services in accordance with this Agreement by checking the applicable box(es) in Exhibit A to this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein and subject to the terms and conditions hereof, the parties agree as follows:

1. GRANT OF FRANCHISE AND INITIAL FRANCHISE FEE

A. Grant of Franchise and Territorial Rights

(1) Grant of Franchise

TDG hereby grants to Franchisee the right and Franchisee hereby accepts the obligation to operate a Franchise for a CHRISTMAS DECOR Business under the terms and conditions set forth in this Agreement. TDG also hereby grants and the Franchisee hereby accepts a limited license to use the CHRISTMAS DECOR Marks and the CHRISTMAS DECOR System solely in connection with the operation of the CHRISTMAS DECOR Business in accordance with the terms and conditions of this Agreement. The CHRISTMAS DECOR Business includes only Holiday Lighting Services and those Ancillary Lighting Services that Franchisee has elected to offer under Exhibit A to this Agreement, either as of the Effective Date of this Agreement or within the first twenty-four (24) months following the Effective Date by a subsequent election amending Exhibit A.

(2) Territorial Rights

Prior to the execution of this Agreement, TDG will designate on Exhibit A to this Agreement a geographically contiguous area to be agreed upon by TDG and Franchisee (the "Service Territory"). Franchisee shall have the right and obligation to operate a CHRISTMAS DECOR Business in the Service Territory in accordance with this Agreement. Except as expressly set forth below and in Section 13.K. of this Agreement (regarding national accounts) and provided that the Franchisee is in full compliance with this Agreement, TDG agrees that during the term of this Agreement, it will not offer or sell, or grant to any other person or entity the right to offer or sell, Holiday Lighting Services or Permanent Lighting Services to residential properties within the Service Territory of Franchisee. Notwithstanding the foregoing, if in any Franchise Year Franchisee fails to satisfy the Annual Performance Benchmarks in Exhibit A to this Agreement, TDG may reduce the size of the Service Territory. In that event, TDG will modify the description of the Service Territory on Exhibit A and forward a copy of the revised Exhibit to Franchisee. Franchisee agrees to continue to operate the CHRISTMAS DECOR Business under this Agreement, as modified. TDG may excuse or defer compliance with the Annual Performance Benchmarks if, in its reasonable judgment, (a) Franchisee is precluded from operating by an event of force majeure (war, civil disturbance, natural disaster, labor dispute, terrorist act or other similar event outside Franchisee's control), or (b) (i) Franchisee has been adversely impacted by a significant negative change in the local economy, or (ii) Franchisee has experienced extraordinary

unforeseeable business circumstances. In addition, if TDG determines that Franchisee has experienced inclement weather days in excess of ten percent (10%) more than normal for the local area during the peak decorating season (October 1st through December 25th), TDG will reduce the Annual Performance Benchmarks for that year by a percent equal to the percent of inclement days above and beyond this ten percent (10%) allowance.

(i) Franchisee agrees that its rights and protections shall relate solely, and be limited, to the offer and sale of Holiday Lighting Services and Permanent Lighting Services to residential properties within the Service Territory. Commercial properties are non-exclusive and any CHRISTMAS DECOR franchisee or TDG may offer and sell Holiday Lighting Services and Permanent Lighting Services to, and may service, commercial properties within the Service Territory. Franchisee also may (a) sell Holiday Lighting Services and Permanent Lighting Services to, and may service, commercial properties located outside the Service Territory and (b) may sell Holiday Lighting Services and Permanent Lighting Services to, and may service, residential properties located outside the Service Territory in any area not assigned to another CHRISTMAS DECOR franchisee; so long as (i) the area is not awarded to another franchisee, (ii) accounts are acquired by referrals or other incidental contact and not by active solicitation activities which are prohibited, and (iii) residential accounts outside the Service Territory are relinquished to the new franchisee when the area is awarded.

(ii) Franchisee further agrees that its rights and protections in the Service Territory do not extend to any Landscape Lighting Services, or to any other types of businesses that TDG or its affiliates may operate or sell franchises to others to operate. Franchisee acknowledges that TDG, its affiliates, other CHRISTMAS DECOR franchisees offering Landscape Lighting Services, and others, may solicit, accept orders for, and sell landscape lighting products and services to any property (whether commercial or residential) within or outside the Service Territory.

(3) TDG's Reservation of Rights

TDG and its affiliates retain all rights not otherwise expressly granted herein, including, without limitation, the right to offer and sell similar or dissimilar products and services, and to conduct any other activities they deem appropriate whenever and wherever they desire, including, but not limited to, the right to establish and operate, and to grant to others the right to establish and operate, on any terms and conditions they deem appropriate (a) any number of CHRISTMAS DECOR Businesses outside the Service Territory, and (b) any other businesses offering similar or dissimilar products and services through similar or dissimilar channels of distribution, at any locations within or outside the Service Territory under different trademarks or service marks.

B. Franchisee's Initial Franchise Fee

(1) Calculation of Initial Franchise Fee

By executing this Agreement, Franchisee agrees to become a Franchisee and pay an Initial Franchise Fee to TDG as follows: Base Fee of Nine Thousand Nine Hundred Dollars (\$9,900.00) plus a Territory Fee ranging from One Thousand Five Hundred Dollars (\$1,500.00) up to Twenty-Two Thousand Dollars (\$22,000.00).

The amount of the Initial Franchise Fee will vary depending upon a number of factors including the size of Service Territory granted, the number of residential households located in the Service Territory, and other demographic data. The amount of the Territory Fee for the Franchised Business subject to this Agreement will be listed in Exhibit A to this Agreement before this Agreement is signed.

(2) Payment of Initial Franchise Fee

Payment of the Initial Franchise Fee is due upon execution of this Agreement by Franchisee and is made by tendering a company check, credit card, automatic bank draft or cashier's check, in the amount of the Initial Franchise Fee (including the applicable Base Fee plus the Territory Fee specified in Exhibit A). The Initial Franchise Fee is fully earned by TDG at the time this Agreement is executed by TDG and, except as provided in Section 5.B., is non-refundable.

2. TERM AND RENEWAL

A. Term

This Agreement shall be effective and binding for an initial term of five (5) years from the Effective Date.

B. Renewal

Franchisee shall have the right to renew the Franchise(s) granted pursuant to this Agreement for three (3) additional successive terms of five (5) years each, provided that all of the following conditions have been fulfilled:

(1) Franchisee has given TDG notice of its intention to renew and has satisfied all conditions to renewal set forth herein on or before the earlier of: May 1 in the fifth (5th) year following the Effective Date of this Agreement or the date which is the fifth (5th) anniversary of the Effective Date.

(2) Franchisee has, during the initial term and any prior renewal term of this Agreement, substantially complied with all its provisions;

(3) Franchisee continues to operate the Franchised Business and, by the expiration date of the initial term and any prior renewal term, has brought the Franchised Business into full compliance with the then-current specifications and standards of TDG;

(4) Franchisee has satisfied all monetary obligations owed by Franchisee to TDG and any of its subsidiaries, affiliates and approved suppliers and has timely met these obligations throughout the initial term and any prior renewal term of this Agreement;

(5) Franchisee has executed TDG's then-current form of Franchise Agreement (with appropriate modifications to reflect the fact that the said agreement relates to the grant of a renewal license), which agreement shall supersede in all respects this Agreement and the terms of which may differ from the terms of this Agreement, including, without limitation, higher continuing fees; provided, that the percentage royalty rate for the first Franchise Year of the renewal term will be at least the same as the percentage royalty rate of the last Franchise Year of the initial or previous renewal term, as applicable. The Service Territory shall remain the same, provided that Franchisee has met all the requirements for each Franchise Year during the initial term or previous renewal term;

(6) Franchisee pays to TDG a Renewal Fee of Two Thousand Dollars (\$2,000.00);

(7) Franchisee has complied with TDG's then-current qualification and training requirements;

(8) Franchisee has executed a general release, in a form prescribed by TDG, of any and all claims against TDG and its subsidiaries and affiliates, if any, and their respective officers, directors, agents and employees; and

(9) Franchisee has satisfied the Annual Performance Benchmarks for each Franchise Year during the initial term or previous renewal term, as applicable.

3. **FRANCHISED BUSINESS LOCATION**

A. **Operation of Franchised Business**

Franchisee understands the importance of complying with all of Franchisor's standards, specifications, policies and procedures relating to the operation of the Franchised Business.

B. **Selection of Location by Franchisee**

Franchisee will be responsible for securing a suitable location for the Franchised Business; however, TDG must approve such location in writing prior to any purchase or lease. This approval will not be unreasonably withheld.

C. **Opening of Franchised Business**

Within thirty (30) days from the Effective Date, Franchisee must have selected a business location suitable to him/her and agreeable to TDG, secured all necessary occupational licenses and/or zoning approvals for the location, opened the Franchised Business, and commenced operations. Time is of the essence. In the event Franchisee does not meet each of the obligations described above within the time period allowed, then this Agreement may be terminated by TDG. Prior to opening, Franchisee shall complete to TDG's satisfaction all preparations of the System in accordance with specifications set forth in the Manuals (as defined in Section 7 of this Agreement), including the acquisition of supplies and, inventory as required by TDG, the completion of the required Quick Start training program and a one (1) day software training

program. Franchisee must submit a business plan by the later of September 1 or ten (10) business days after completing the Christmas Decor Quick Start Training program.

4. EQUIPMENT AND MATERIALS

A. Use of Proper Equipment and Materials

TDG will provide Franchisee with specifications for brands and types of any equipment, printed forms and promotional materials, required for the Franchised Business, all of which may be modified from time to time.

B. Specification Standards For Equipment

Franchisee shall comply with all specifications for types of equipment, inventory, printed forms and promotional materials and for TDG's approved apparel used in the Franchised Business and shall purchase all equipment, printed forms, promotional materials, apparel and other items and supplies only from vendors who have been designated "Approved Suppliers" by TDG as provided in Section 13 of this Agreement.

5. TRAINING REQUIREMENTS AND ASSISTANCE BY TDG

A. Training

Unless otherwise approved by TDG, Franchisee shall attend and successfully complete, to TDG's satisfaction, within thirty (30) days following the Effective Date, and prior to offering Holiday Lighting Services, TDG's regularly scheduled training and familiarization course ("Quick Start Training") for the Franchised Business which includes, in addition to other training, a one (1) day software training course to be conducted at TDG's headquarters. Franchisee (or an owner/operator of Franchisee if Franchisee is a legal entity) **must** attend and successfully complete the Quick Start Training program. The Quick Start Training sessions will cover all material aspects of the operation of the Franchised Business, including introduction and orientation to the System, financial controls, promotion and sales methods, other marketing techniques, service and operational techniques, systems and methods, deployment of salespeople and other personnel, and maintenance of quality standards. TDG shall make training available to Franchisee's owner/operator and up to two (2) additional employees.

B. Non-Completion of Quick Start Training by Franchisee

If TDG determines, in its sole discretion, that Franchisee (including Franchisee's owner/operator if Franchisee is a legal entity) is unable to satisfactorily complete the Quick Start Training program described above, TDG shall have the right to terminate this Agreement as set forth in Section 16.B. of this Agreement. If this Agreement is terminated pursuant to this subsection, TDG shall return to Franchisee the Initial Franchise Fee (or the applicable portion thereof) paid by Franchisee to TDG minus the expenses incurred by TDG as of such date for providing training to Franchisee and other expenses incurred by TDG. Upon the return of said amount, TDG, its affiliates, and their respective officers, directors, and owners (the "Released Parties") shall be fully and forever released from any and all claims or causes of action the Franchisee may have against the Released Parties, including, without limitation, claims under, arising out of, or pursuant to the Franchise Agreement, including its offer and sale and the relationship created by the Franchise Agreement. Following termination, Franchisee shall have no further right, title or interest in the Franchise and Franchisee shall comply with all post-termination obligations,

including the return of all Manuals (including videos and CD Roms), computer software (if applicable), and start-up kit items.

C. Additional or Refresher Training; Seminars and Conferences

Franchisee shall complete, and/or shall cause those of its employees required by TDG to complete, to TDG's satisfaction and at such times as TDG may require, such other additional training as TDG may reasonably require from time to time, including, without limitation, training with respect to Ancillary Lighting Services. Additionally, from time to time, TDG may require previously trained and experienced franchisees, their managers, contractors or employees to attend and successfully complete refresher training programs, seminars or conferences. All additional or refresher training programs, seminars, or conferences shall be conducted at the place and in the manner designated by TDG, including, without limitation, online or at TDG's headquarters or such other location as may be determined by TDG. TDG reserves the right to charge a reasonable fee for any additional or refresher training course, seminar or conference; however, payment of the Initial Franchise Fee for each Franchised Business includes the fee (but not the related attendance costs) for one conference for such Franchised Business in the First Franchisee Year. As further provided in Section 14.G., for each Franchised Business which is the subject of this Agreement, TDG requires, and Franchisee acknowledges and agrees that Franchisee or an employee of Franchisee satisfactory to TDG, must attend at least one (1) regional continuing education program and two (2) annual National Conferences during the five (5) year initial term, and any renewal term, of this Agreement, one (1) of which must be attended during the second (2nd) franchise year. Franchisees attending the annual National Conference in their second (2nd) franchise year must also attend the designated refresher course in conjunction with the conference. If Franchisee or its employee has missed more than one (1) continuing education class or annual National Conference during the term of the Franchise Agreement, Franchisee will be required to attend a "refresher course" as a condition to renewal. Persons attending training will be required to sign a non-disclosure agreement (satisfactory in form and substance to TDG and its counsel) acknowledging that they will be receiving Confidential/Proprietary information during all training sessions and that they must keep such information confidential at all times and use such Confidential/Proprietary Information only in the operation of the Franchised Business.

D. Training Costs

Franchisee shall pay all costs incurred by it and its employees in attending any Quick Start Training or additional or refresher training programs, seminars or conferences, including, without limitation, the attendees' travel, room, meals and wages together with any applicable fee then currently charged by TDG.

6. PROPRIETARY NAMES AND MARKS

A. TDG's Ownership of Names and Marks

Franchisee acknowledges and agrees that TDG is the owner of, or has the right to use and sublicense the use of, the Marks and Franchisee's right to use the Marks is derived solely from this Agreement and is limited to the conduct of business by Franchisee pursuant to and in compliance with this Agreement and all applicable standards, specifications, and operating procedures prescribed by TDG from time to time during the term of this Agreement. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of TDG in and to the Marks. Franchisee acknowledges and agrees that 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 TDG and that this Agreement does not confer any goodwill or other interests in the Marks upon Franchisee. Franchisee shall not, at any time during the term of this Agreement, or after its termination or expiration, contest the validity or ownership of any of the Marks or assist another person in contesting the validity or ownership of any of the Marks. All provisions of this Agreement applicable to the Marks apply to any additional trademarks, service marks, and commercial symbols TDG authorizes for use by Franchisee after the date of this Agreement.

B. Franchisee's Use of Names and Marks

Franchisee shall not use any Mark as part of any corporate or trade name, or with any prefix, suffix, or other modifying words, terms, designs, symbols, or in any modified form, nor may Franchisee use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in the Manuals or otherwise in writing by TDG. Franchisee agrees to give such notices of trademark and service mark registrations as TDG specifies and to obtain such fictitious or assumed name registrations as may be required under applicable law. Franchisee shall not use any of the Marks in any manner which has not been specified or approved by TDG. Franchisee agrees that this Agreement does not convey any right or property interest in the Marks licensed hereunder.

On or before the Effective Date, Franchisee must submit to TDG for its approval a proposed assumed name under which the Franchised Business will be operated. The assumed name must follow a naming convention that describes either (i) the geographic area served by the Franchised Business; e.g., "CHRISTMAS DECOR of _____" - description of geographic region being serviced (for example, "CHRISTMAS DECOR of SW Lubbock") or (ii) combines the name of the Franchisee's Other Business with the Franchised Business name; e.g., "CHRISTMAS DECOR by _____" (for example "CHRISTMAS DECOR by Bob's Landscaping"). The geographic description must not already be in use and must reasonably describe Franchisee's Service Territory.

Franchisee shall not use the Marks or any abbreviation or other name associated with TDG or the System as part of any e-mail address, domain name, or other identification of Franchisee in any electronic medium. Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without first obtaining TDG's written consent as to the content of such e-mail advertisements or solicitations as well as Franchisee's plan for transmitting such advertisements. In addition, Franchisee shall be solely responsible for compliance with any laws pertaining to sending e-mails including but not limited to the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (the "CAN-SPAM Act of 2003").

C. Unauthorized Use of Names and Marks

Franchisee shall immediately notify TDG in writing of any apparent infringement of or challenge to Franchisee's use of the Marks and of any claim by any person of any right in the Marks or any similar trade name, trademark, or service mark of which Franchisee becomes aware. Franchisee shall not directly or indirectly communicate with any person other than TDG and its counsel in connection with any such infringement, challenge, or claim. TDG shall have sole discretion to take such action as it deems appropriate and the right to exclusively control any litigation, U.S. Patent and Trademark proceeding or other administrative proceeding arising out of such infringement, challenge or claim or otherwise relating to the Marks. Franchisee agrees to execute

any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of TDG's counsel, be necessary or advisable to protect and maintain the interests of TDG in any such litigation, U.S. Patent and Trademark proceeding, or other administrative proceeding or to otherwise protect and maintain the interests of TDG in the Marks.

D. TDG's Right to Modify

If it becomes advisable at any time in TDG's sole discretion, for TDG and/or Franchisee to modify or discontinue use of the Marks (or any of them), and/or use one or more additional or substitute trade name, trademark, service mark, or other commercial symbol, Franchisee agrees to comply with TDG's directions within a reasonable time after notice to Franchisee by TDG. TDG shall have no liability or obligation whatsoever with respect to Franchisee's modification or discontinuance of the Marks.

7. CONFIDENTIAL OPERATIONS/TRAINING MANUAL

TDG shall give to Franchisee access to one (1) copy of the operations manual, either in electronic form or a hard copy, and any associated videotapes, audiotapes, CD Roms, and ancillary media which may cover such topics as Pre-Opening Procedures, Daily Operations, Marketing, and additional topics as may be incorporated in such manual from time to time, as TDG deems necessary (collectively the "Manual"). The Manual will remain confidential and the property of TDG and may not be duplicated, loaned out, or copied in whole or in part in any manner. TDG will have the right to add to and otherwise modify the Manual from time to time, as it deems necessary, provided that no such addition or modification will alter the Franchisee's fundamental status and rights under this Agreement. Franchisee agrees to follow the directives of the Manual, as may be amended by TDG from time to time. Alterations to the Manual may be made available to franchisees by any reasonable means used by TDG, including via the internet.

8. CONFIDENTIAL/PROPRIETARY INFORMATION

A. Franchisee Will Learn Confidential/Proprietary Information

Franchisee acknowledges that, in the course of operating the Franchised Business, Franchisee will obtain knowledge of certain confidential and/or proprietary matters, techniques and business procedures of TDG ("Confidential/Proprietary Information") including, without limitation, knowledge regarding the System, marketing techniques, financial controls, training, and the Manual. Franchisee further acknowledges that such Confidential/Proprietary Information was not known to Franchisee prior to the Effective Date of this Agreement, that the methods of TDG are distinctive to the System, are necessary and essential to the operation of the Franchised Business and offer Franchisee a competitive advantage, and that without such Confidential/Proprietary Information Franchisee could not effectively and efficiently operate the Franchised Business. During the term of this Agreement and after the termination or expiration (without renewal) of this Agreement, Franchisee agrees that, except as expressly provided in Section 8.C. of this Agreement, Franchisee will not disclose to anyone, directly or indirectly, any Confidential/Proprietary Information, without the prior written consent of TDG. Franchisee further agrees that, at all times during the term of this Agreement, Franchisee will use such Confidential/Proprietary Information solely in connection with the operation of the Franchised Business and not otherwise, and Franchisee will immediately cease use of such Confidential/Proprietary Information upon the termination or expiration (without renewal) of this Agreement.

B. New Developments

If Franchisee or its employees develop any new concept, process or improvement in the operation or promotion of the Franchised Business, Franchisee agrees to promptly notify TDG and provide TDG with all necessary related information, without compensation. Franchisee acknowledges that any such concept, process or improvement will become the property of TDG, and TDG may use or disclose such information to other franchisees as it determines to be appropriate. Franchisee agrees to execute, and cause its employees to execute, any and all documentation required by TDG to implement this provision.

C. Franchisee's Employees Will Not Disclose Confidential/Proprietary Information

Franchisee may disclose the Confidential/Proprietary Information only to such of its employees, agents and representatives as must have access to it in order to operate the Franchised Business. Before disclosing any such Confidential/Proprietary Information to an employee, agent, or representative of Franchisee, Franchisee shall obtain from each such person, a non-disclosure agreement (adapted by Franchisee to conform to relevant state law requirements and satisfactory in form and substance to TDG and TDG's counsel) that such person shall not, during the course of his or her employment, representation, or agency with Franchisee and thereafter, use, (except in the conduct of the Franchised Business during the term of this Agreement) divulge, disclose, copy or communicate, directly or indirectly, any of the Confidential/Proprietary Information of TDG in any form or manner, to any person or legal entity.

D. TDG's Copyrights

TDG claims copyright protection in and to the Manual, certain marketing, sales, and operations literature, and any computer software programs and other materials TDG may develop in the future. All such materials shall be considered part of TDG's Confidential/Proprietary Information.

E. Customer Lists

Franchisee agrees that the lists of commercial and residential customer names; service, billing and shipping addresses; service, billing and shipping phone numbers; customer sales dollars and other information regarding the customers of the Franchised Business (the "Customer Lists") shall be TDG's sole property and will constitute a part of the Confidential/Proprietary Information. Franchisee agrees that, during the term of this Agreement, it will not disclose the Customer Lists, or any portion thereof, to any person other than TDG and those of Franchisee's employees who must have access to the Customer Lists to perform their duties, and that after the term and expiration (without renewal) of this Agreement, Franchisee shall make available to TDG, the Customer Lists and the entire customer file, including job-site maps, and shall not use the Customer Lists or disclose the Customer Lists to anyone. Franchisee further agrees that TDG has the right to request, and upon such request Franchisee shall provide to TDG, the Customer Lists at any time during the term of this Agreement and in any format determined by TDG. Franchisee acknowledges that TDG also has the right to contact all customers of the Franchised Business from time to time to conduct customer satisfaction, marketing, or other surveys deemed by TDG to be necessary or advisable to promote the CHRISTMAS DECOR Business and brand.

Anything in this Section 8.E. to the contrary notwithstanding, TDG and Franchisee agree that, to the extent the Customer Lists include names, billing and service addresses, and other information for persons who are customers of both the Franchised Business and any Other Business (as

defined below) operated by Franchisee, Franchisee shall jointly own and may continue to use the information relevant to the operation of such Other Business, solely in connection therewith, and provided that, in no event shall any such information be used in connection with the sale, installation or servicing of Holiday Lighting Services. For the avoidance of doubt, if Franchisee owns an Other Business which is a landscape business and elects to provide Landscape Lighting Services under this Agreement, all customers to which such services are provided shall be deemed to be customers of both such Other Business and the Franchised Business. An "Other Business" is any business operated by Franchisee at the Effective Date of this Agreement, including any landscape business, which provides any necessary resources to the Franchised Business, which does not violate the restrictive covenants set forth in Article 18 of this Agreement, and which has been disclosed to and acknowledged by TDG as an "Other Business". A description of any such Other Business shall be entered on Exhibit A to this Agreement.

Upon the termination or expiration (without renewal) of this Agreement, Franchisee acknowledges and agrees that TDG may assign the Customer Lists to another franchisee for the sole purpose of providing Holiday Lighting Services. TDG will use commercially reasonable efforts to obtain from such other franchisee an agreement not to solicit customers listed on the Customer Lists for any purpose other than the provision of said services.

F. Injunctive Relief Available to TDG

Franchisee's obligations under this Section 8 shall survive the expiration (without renewal) termination or transfer of this Agreement and any interest therein. Franchisee acknowledges that any failure to comply with the requirements of this Article 8 will cause TDG irreparable injury and TDG shall be entitled to obtain specific performance of, or an injunction against any violation of, such requirements. Franchisee agrees to pay all court costs and reasonable attorneys' fees and costs incurred by TDG in obtaining specific performance of, or an injunction against, violation of requirements of this Article 8. The foregoing remedies shall be in addition to any other legal or equitable remedies which TDG may possess.

9. MODIFICATION OF THE SYSTEM

Franchisee recognizes and agrees that from time to time hereafter TDG may change or modify the System as presently described in the Manuals, and the Marks, including the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new computer programs, computer hardware and systems, new equipment or new techniques. Franchisee will accept and use for the purpose of this Agreement any such changes in the System, as if they were part of this Agreement as of the Effective Date. Franchisee will make such expenditures as such changes or modifications in the System may reasonably require. Franchisee shall not change, modify or alter in any way the System, without the prior written consent of TDG.

10. ADVERTISING AND PROMOTION

Recognizing the value of advertising and the importance of the standardization of advertising and promotion to the furtherance of the goodwill and the public image of the Franchised Business and all businesses operating under the System, Franchisee agrees to actively advertise the Franchised Business at Franchisee's expense.

Franchisee shall place local advertising in any media it desires, provided that all such advertising (whether for Holiday Lighting Services or Ancillary Lighting Services) conforms to the standards and requirements of TDG as set forth in the Manual or as otherwise designated by TDG. All advertising must

use the approved naming convention set forth in Section 6.B. Franchisee shall obtain TDG's prior approval of all unapproved advertising and promotional plans and materials that Franchisee desires to use ten (10) business days before beginning to use any such plans or materials. Franchisee shall submit such unapproved plans and materials to TDG (by personal delivery, e-mail or through the mail, return receipt requested). Franchisee shall promptly discontinue use of any advertising or promotional plans or materials upon the request of TDG. Any plans or materials submitted by Franchisee to TDG which have not been approved or disapproved in writing within ten (10) days of receipt thereof by TDG, shall be deemed approved. TDG may revoke its approval of any previously approved advertising and promotional plans or materials and upon receipt thereof Franchisee shall promptly discontinue its use of such materials.

Franchisee also shall contribute to the Marketing Development Fund, described in Section 11.C. below.

In addition to its expenditures for local advertising described above and to its contributions to the Marketing Development Fund(s) described in Section 11.C., Franchisee agrees to participate in any national, regional or local advertising or promotional programs that have been approved by a majority of TDG's franchisees and to promptly remit the required funds as directed by TDG for such purpose.

11. ON-GOING FEES

When used in this Article 11 and elsewhere in this Agreement, the following initially capitalized terms shall have the meanings given to them below:

A. Certain Definitions

(1) First Franchise Year

The term "First Franchise Year" shall mean the period beginning on the Effective Date of this Agreement and continuing through the final day of December of the year in which the Effective Date occurs.

(2) Franchise Year

Except with respect to the First Franchise Year defined above, the term "Franchise Year" shall mean the period beginning on the first day of January and continuing through the final day of December of each calendar year.

(3) Gross Sales

The term "Gross Sales" shall mean all revenues from the sale of lighting and decorating services and products of any nature or kind relating to the Franchised Business, whether for cash or credit and regardless of collection in the case of credit; provided however that "Gross Sales" shall not include any sales tax or other taxes collected by the Franchised Business and paid to the appropriate taxing authority. "Gross Sales attributable to Holiday Lighting Services" shall mean all Gross Sales of the Franchised Business derived from the provision of Holiday Lighting Services. "Gross Sales Attributable to Ancillary Lighting Services" shall mean all Gross Sales of the Franchised Business derived from the provision of Landscape Lighting Services and / or Permanent Lighting Services, as applicable.

B. Royalty Fees

In consideration of the license granted, Franchisee agrees to remit to TDG a Royalty Fee for the First Franchise Year, and each succeeding Franchise Year in an amount equal to five percent (5%) of the actual annual Gross Sales of the Franchised Business or a minimum as described in subsection (2) below, whichever is greater. The Royalty Fee is payable as follows:

(1) Holiday Lighting Services Royalty Fees

A Holiday Lighting Services Royalty Fee for the First Franchise Year, and each succeeding Franchise Year in an amount equal to five percent (5%) of the actual annual Gross Sales of the Franchised Business attributable to Holiday Lighting Services or a minimum as described in subsection (2) below, whichever is greater. The Holiday Lighting Services Royalty Fee is payable as follows:

(a) First Franchise Year

The Holiday Lighting Services Royalty Fee for the First Franchise Year shall be remitted to TDG in a lump sum on or before January 20 of the year following the First Franchise Year.

(b) Second and Subsequent Franchise Years

Minimum royalty fees for the Second and each Subsequent Franchise Year shall be based on Franchisee's annual Gross Sales for the Franchised Business as follows:

**(i) Gross Sales attributable to Holiday Lighting Services
\$1.00 - \$100,000.00**

For each year that Franchisee's Gross Sales attributable to Holiday Lighting Services are between One Dollar (\$1.00) and One Hundred Thousand Dollars (\$100,000.00), Franchisee shall remit to TDG Holiday Lighting Services Royalty Fees in an amount equal to a minimum of Three Thousand Fifty Dollars (\$3,050.00) or five percent (5%) of the actual annual Gross Sales of the Franchised Business attributable to Holiday Lighting Services, whichever is greater. Minimum payments as described below are based on Franchisee's previous year's gross sales.

Franchisee shall remit to TDG eight (8) payments of Two Hundred Fifty Dollars (\$250.00) each on the first day of each month beginning February 1 through September 1 and shall remit to TDG three (3) final payments on October 1, November 1 and December 1, each equal to Three Hundred Fifty Dollars (\$350.00).

**(ii) Gross Sales attributable to Holiday Lighting Services
\$100,001.00 - \$150,000.00**

For each year that Franchisee's Gross Sales attributable to Holiday Lighting Services are between One Hundred Thousand and One Dollar (\$100,001.00) and One Hundred Fifty Thousand Dollars (\$150,000.00),

Franchisee shall remit to TDG an amount equal to a minimum of Three Thousand Nine Hundred Fifty Dollars (\$3,950.00) or five percent (5%) of the actual annual Gross Sales of the Franchised Business, attributable to Holiday Lighting Services whichever is greater. Minimum payments as described below are based on Franchisee's previous year's gross sales.

Franchisee shall remit to TDG eight (8) payments of Two Hundred Fifty Dollars (\$250.00) each on the first day of each month beginning February 1 through September 1 and shall remit to TDG three (3) final payments on October 1, November 1 and December 1, each equal to Six Hundred Fifty Dollars (\$650.00).

(iii) **Gross Sales attributable to Holiday Lighting Services**
\$150,001.00 - \$200,000.00

For each year that Franchisee's gross sales are between One Hundred Fifty Thousand and One Dollar (\$150,001.00) and Two Hundred Thousand Dollars (\$200,000.00), Franchisee shall remit to TDG an amount equal to a minimum of Five Thousand Dollars (\$5,000.00) or five percent (5%) of the actual annual Gross Sales of the Franchised Business, whichever is greater. Minimum payments as described below are based on Franchisee's previous year's gross sales.

Franchisee shall remit to TDG eight (8) payments of Two Hundred Fifty Dollars (\$250.00) each on the first day of each month beginning February 1 through September 1 and shall remit to TDG three (3) final payments on October 1, November 1 and December 1, each equal to One Thousand Dollars (\$1,000.00).

(iv) **Gross Sales attributable to Holiday Lighting Services**
greater than \$200,000.00

For each year that Franchisee's Gross Sales attributable to Holiday Lighting Services are greater Two Hundred Thousand Dollars (\$200,000.00), Franchisee shall remit to TDG an amount equal to a minimum of Six Thousand Nine Hundred Fifty Dollars (\$6,950.00) or five percent (5%) of the actual annual Gross Sales of the Franchised Business, attributable to Holiday Lighting Services whichever is greater. Minimum payments as described below are based on Franchisee's previous year's gross sales.

Franchisee shall remit to TDG eight (8) payments of Two Hundred Fifty Dollars (\$250.00) each on the first day of each month beginning February 1 through September 1 and shall remit to TDG three (3) final payments on October 1, November 1 and December 1, each equal to One Thousand Six Hundred Fifty Dollars (\$1,650.00).

(v) **Reconciliation Procedure**

On or before January 20 following each Franchise Year, TDG and Franchisee shall calculate the actual amount of the Holiday Lighting

Services Royalty Fees due in accordance with this Section 11.B. Franchisee shall remit to TDG any difference between the Holiday Lighting Services Royalty Fees due for such Franchise Year and the Holiday Lighting Services Royalty Fees paid during such Franchise Year.

(2) **Ancillary Lighting Services Royalty Fees**

If Franchisee elects to provide one or more Ancillary Lighting Services, Franchisee shall pay to TDG the applicable Ancillary Lighting Service Royalty Fees set forth below.

(a) **Royalty Fee for Landscape Lighting Services.**

An Ancillary Lighting Service Royalty Fee for the First Franchise Year, and each succeeding Franchise Year in an amount equal to three percent (3%) of the actual annual Gross Sales of the Franchised Business attributable to Landscape Lighting Services.

(b) **Royalty Fee for Permanent Lighting Services.**

An Ancillary Lighting Service Royalty Fee for the First Franchise Year, and each succeeding Franchise Year in an amount equal to five percent (5%) of the actual annual Gross Sales of the Franchised Business attributable to Permanent Lighting Services.

(c) **Payment Terms.**

The Ancillary Lighting Services Royalty Fee for the First and each Subsequent Franchise Year shall be remitted to TDG in a lump sum on or before January 20 of the year following each Franchise Year.

(3) **Late Charges**

Any Franchisee who fails to report any Gross Sales for a Franchise Year and remit any balance due by January 20 will be assessed a fee of Five Hundred Dollars (\$500.00) per occurrence plus a late fee of Fifty Dollars (\$50.00) per month that reporting and/or remittance is delinquent, in addition to any interest fees otherwise due hereunder. This fee is in lieu of the late charge fee provided for in Section 11.D.

C. Marketing Development Fund

TDG has established a Marketing Development Fund ("MDF") to market, advertise and promote CHRISTMAS DECOR Holiday Lighting Services. Franchisee agrees to contribute to the MDF for the First Franchise Year, and each succeeding Franchise Year an amount equal to one percent (1%) of the actual annual Gross Sales of the Franchised Business attributable to Holiday Lighting Services or a minimum as described in subsection (2) below, whichever is greater. The MDF contribution is payable as follows:

(1) **First Franchise Year**

The MDF Contribution for the First Franchise Year shall be paid to TDG in a lump sum on or before January 20 of the year following the First Franchise Year.

(2) **Second and Subsequent Franchise Years**

MDF Contributions for the Second and each Subsequent Franchise Year shall be based on Franchisee's annual_Gross Sales of the Franchised Business attributable to Holiday Lighting Services as follows:

(a) **Gross Sales attributable to Holiday Lighting Services**
\$1.00 - \$100,000.00

For each Franchise Year that Franchisee's Gross Sales attributable to Holiday Lighting Services are between One Dollar (\$1.00) and One Hundred Thousand Dollars (\$100,000.00), Franchisee shall contribute to the MDF an amount equal to a minimum of Six Hundred Forty Dollars (\$640.00) as described below or one percent (1%) of the actual annual Gross Sales of the Franchised Business attributable to Holiday Lighting Services, whichever is greater. Minimum contributions are based on Franchisee's previous Franchise Year's Gross Sales attributable to Holiday Lighting Services.

Franchisee shall remit to TDG eight (8) payments of Fifty Dollars (\$50.00) each on the first day of each month beginning February 1 through September 1 and shall remit to TDG three (3) final payments on October 1, November 1 and December 1, each equal to Eighty Dollars (\$80.00).

(b) **Gross Sales attributable to Holiday Lighting Services**
\$100,001.00 - \$150,000.00

For each Franchise Year that Franchisee's Gross Sales attributable to Holiday Lighting Services are between One Hundred Thousand and One Dollar (\$100,001.00) and One Hundred Fifty Thousand Dollars (\$150,000.00), Franchisee shall contribute to the MDF an amount equal to a minimum of Eight Hundred Fifty Dollars (\$850.00) as described below or one percent (1%) of the actual annual_Gross Sales of the Franchised Business attributable to Holiday Lighting Services, whichever is greater. Minimum contributions are based on Franchisee's previous Franchise Year's Gross Sales attributable to Holiday Lighting Services.

Franchisee shall remit to TDG eight (8) payments of Fifty Dollars (\$50.00) each on the first day of each month beginning February 1 through September 1 and shall remit to TDG three (3) final payments on October 1, November 1 and December 1, each equal to One Hundred Fifty Dollars (\$150.00).

(c) **Gross Sales attributable to Holiday Lighting Services**
\$150,001.00 - \$200,000.00

For each Franchise Year that Franchisee's Gross Sales attributable to Holiday Lighting Services are between One Hundred Fifty Thousand and One Dollar

(\$150,001.00) and Two Hundred Thousand Dollars (\$200,000.00), Franchisee shall contribute to the MDF an amount equal to a minimum of One Thousand Dollars (\$1,000.00) or as described below or one percent (1%) of the actual annual Gross Sales of the Franchised Business attributable to Holiday Lighting Services, whichever is greater. Minimum contributions are based on Franchisee's previous Franchise Year's Gross Sales attributable to Holiday Lighting Services.

Franchisee shall remit to TDG eight (8) payments of Fifty Dollars (\$50.00) each on the first day of each month beginning February 1 through September 1 and shall remit to TDG three (3) final payments on October 1, November 1 and December 1, each equal to Two Hundred Dollars (\$200.00).

(d) **Gross Sales attributable to Holiday Lighting Services greater than \$200,000.00**

For each Franchise Year that Franchisee's Gross Sales attributable to Holiday Lighting Services are greater Two Hundred Thousand Dollars (\$200,000.00), Franchisee shall contribute to the MDF an amount equal to a minimum of One Thousand One Hundred Fifty Dollars (\$1,150.00) as described below or one percent (1%) of the actual annual Gross Sales of the Franchised Business attributable to Holiday Lighting Services, whichever is greater. Minimum contributions are based on Franchisee's previous Franchise Year's Gross Sales attributable to Holiday Lighting Services.

Franchisee shall remit to TDG eight (8) payments of Fifty Dollars (\$50.00) each on the first day of each month beginning February 1 through September 1 and shall remit to TDG three (3) final payments on October 1, November 1 and December 1, each equal to Two Hundred Fifty Dollars (\$250.00).

(e) **Annual Reconciliation**

On or before January 20 following each Franchise Year, TDG and Franchisee shall calculate the actual amount of the MDF contribution due in accordance with this Section 11.C. Franchisee shall remit to TDG any difference between the MDF contribution due for such franchise year and the MDF contribution paid during such franchise year.

(3) **Increase in MDF Contributions**

Franchisee's required contributions to the MDF can be increased upon the recommendation of TDG and ratification of the recommended increase by fifty-one percent (51%) of the franchisees in the applicable System then in good standing. As used herein, "good standing" means Franchisee is current on all payments due to TDG, its affiliates and Franchisee's suppliers; Franchisee has passed TDG's most recent inspection and is otherwise in compliance with TDG's standards and procedures set forth in the Manual; and Franchisee is not in default of this Agreement or any other agreement between Franchisee and TDG or its affiliates.

(4) Administration of the Marketing Development Fund

TDG shall oversee all advertising and promotional programs and shall have the sole discretion to approve or disapprove any creative concept, materials, methods, and media used in such programs, and the placement and allocation thereof. Franchisee agrees and acknowledges that the MDF is intended to maximize national public recognition and acceptance of the Marks for the benefit of the System and its franchisees. TDG undertakes no obligation in administering the MDF to make expenditures for Franchisee which are equivalent or proportionate to its contribution, or to insure that Franchisee benefits directly or pro-rata from advertising or promotion conducted under the MDF.

The MDF, all contributions thereto, and earnings thereon, shall be used exclusively to meet any and all costs of maintaining, administering, directing, and preparing advertising activities (including the costs of preparing and conducting advertising campaigns in various media); sponsorship, marketing surveys and other public relations activities; employing advertising agencies to assist therein; and providing and developing promotional brochures and other marketing materials to the franchisees operating under the System and any other activities which in the opinion of TDG will continue towards national public recognition including, without limitation, any toll-free telephone number and/or an internet web site and/or franchise locator which may be established by TDG. All funds contributed by the Franchisee to the MDF and any earnings thereon shall be accounted for separately from the other monies of TDG, shall not inure to the benefit of TDG and shall not be used to defray any of TDG's expenses, except for such reasonable administrative costs and overhead, if any, as TDG may incur in activities reasonably related to the administration or direction of the MDF and advertising programs for the franchisees and the System; however, TDG shall not be obligated to segregate the MDF funds for the CHRISTMAS DECOR System from TDG's general operating funds. For each company-owned business operating under the System (if any), TDG shall make contributions to the MDF on the same basis as required of comparable franchisee-owned businesses.

The MDF is not and shall not be an asset of TDG. TDG shall account for the MDF separately, and a statement of the operations of the MDF, as shown on the books of TDG, shall be prepared annually by TDG's accounting department. Annual statements of operation of the MDF related to the Franchised Business subject to this Agreement shall be made available to Franchisee upon Franchisee's request.

Although the MDF is intended to be of perpetual duration, TDG maintains the right to terminate the MDF at any time or suspend collection of dues for a period of time. The MDF shall not be terminated, however, until all monies in the MDF have been expended for the purposes described in this Agreement.

D. Interest for Late Payments; Late Fee

Except as set for the in Section 11.B.(2)(c), if any payment or remittance due pursuant to this Agreement is overdue, Franchisee shall pay to TDG immediately upon demand, the overdue amount plus a Fifty Dollar (\$50.00) late fee. In addition to the late fee, all amounts owed by Franchisee to TDG (including any amount owed pursuant to Section 11.B.) shall bear interest after their due date until paid at a rate of one and one-half percent (1.5%) per month or the maximum rate permitted by law, whichever is less. If TDG is ever deemed to have contracted for, charged, or received interest in an amount that exceeds the amount permitted under applicable

law, then the excess amount shall be deemed to be, and shall be treated as, a payment of outstanding fees or other amounts due under this Agreement and, if no such amounts remain outstanding, any remaining excess shall be paid to Franchisee, as applicable. The foregoing shall be in addition to any other remedies TDG may possess. Franchisee acknowledges that this paragraph shall not constitute agreement by TDG to accept such payments after same are due or a commitment by TDG to extend credit to or otherwise finance Franchisee's operation of the Franchised Business. Further, Franchisee acknowledges that his or her failure to pay all amounts when due shall constitute grounds for termination of this Agreement, as provided in this Agreement.

E. Method of Payment

For all fees due under this Agreement, Franchisee agrees to execute an "Automatic Draft Agreement" or an "Automatic Credit Card Authorization" which instructs its financial institution or credit card company to accept automatic drafts in order to deduct the above described fees from or charge such fees to Franchisee's account and deposit same to the account of TDG each and every payment date for the duration of this Franchise Agreement. A draft will be submitted for Franchisee's Royalty Fees and MDF contributions which are due. Franchisee further agrees to give TDG a copy of said instructions to its financial institution or credit card company and agrees not to alter said instructions to its financial institution or credit card company without the prior written consent of TDG. TDG must be notified in writing of any changes that will affect the draft agreement or late fees will apply.

F. Other Payment Terms

(1) Acceptance of Payments

TDG's acceptance of any payments or remittances due after the due date will not be deemed to be a waiver by TDG of any preceding breach by Franchisee of any of the terms, provisions, covenants or conditions of this Agreement.

(2) Application of Payments

TDG has the right to apply any payment or remittance it receives from Franchisee to any amounts Franchisee owes TDG or its affiliates under this Agreement or any other agreement, even if Franchisee has designated the payment or remittance for another purpose or account. TDG may accept any payment in any amount from Franchisee without prejudice to TDG's right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any payment, remittance or in any letter accompanying any payment or remittance or elsewhere will constitute or be considered as an accord or satisfaction.

(3) No Right to Withhold

Franchisee agrees that Franchisee will not withhold remittances of any Royalty Fees or payments of any other amounts of money owed to TDG for any reason, including on grounds of alleged nonperformance by TDG of any obligation under this Agreement.

(4) **TDG's Right to Offset**

Upon Franchisee's failure to pay to Franchisor as and when due any amounts provided for herein, Franchisor or its affiliates shall have the right, at their sole option, to deduct any and all such amounts remaining unpaid from any monies or credits held by Franchisor or its affiliates for the account of Franchisee.

(5) **Additional Fees**

If Franchisor is required to use a collection agency or attorney to collect money that Franchisee owes to Franchisor, Franchisee shall pay to Franchisor all damages, costs and expenses, including reasonable collection fees and costs and attorneys' fees, incurred by Franchisor in connection with collecting any amounts due under this Agreement and in obtaining any remedy available to Franchisor for any violation of this Agreement (including, without limitation, in obtaining injunctive or other relief for the enforcement of any post-termination provisions subsequent to the termination or expiration of this Agreement).

12. **ACCOUNTING AND BOOKKEEPING RECORDS**

A. **Bookkeeping, Accounting, Records, and Reports**

Franchisee shall maintain, during the term of this Agreement, and shall preserve for a minimum of five (5) years, full, complete, and accurate records of customer inquiries, sales, marketing activities, and accounts payable in accordance with the standard accounting system described by TDG in the Manual or otherwise specified in writing. Franchisee shall submit such reports as TDG may from time to time require, including surveys, reports of labor costs, material costs, gross profits, and net profits (such profit numbers to reflect amounts before any deductions for ownership draws or distributions), in the manner TDG may require, including, without limitation, via electronic means.

B. **Submission of Financial Statements**

Franchisee shall submit to TDG each calendar quarter during the term of this Agreement all report forms required by TDG as outlined in the Manual or during any training seminars. Each report shall be signed by Franchisee attesting that the report is true and correct. Franchisee shall also submit to TDG other forms, business plans, records, reports, information and data as TDG may reasonably require, in the form, and at the times and the places reasonably required by TDG, upon request, and as specified from time to time in the Manuals or otherwise in writing. Without limitation of the foregoing, TDG, in its discretion, may require Franchisee to submit electronic sales reports on a weekly basis during the holiday lighting season (October through March). In determining whether to require weekly sales reports, TDG will consider the feasibility of implementing such a requirement on a system-wide basis. Franchisee shall send to TDG a copy of its state sales tax reporting form within ten (10) days of the date such report is due in accordance with applicable state law and shall also submit to TDG a separate sales report detailing the sales and installation of any decorating and landscape lighting products billed during the same reporting period.

C. Audits

TDG shall have the right at any time during the term of this Agreement and for a period of two (2) years following the termination or expiration (without renewal) of this Agreement to audit (directly or through its authorized representatives) the books, records, accounts and inventory of Franchisee or any related entity which are, or in TDG's sole judgment may be, applicable to or used in connection with the Franchised Business. Should such an examination reveal that the Franchisee has understated any "Gross Sales" amount in any report then Franchisee shall immediately pay any additional fees owed together with interest thereon at the rate set forth in Section 11.D. above. In the event that such an examination or audit should reveal that reports have understated any "Gross Sales" amount by two percent (2%) or more, or in the event Franchisee fails to provide TDG or its representatives access to these books, records, accounts and inventory, the Franchisee also agrees to pay for all costs of such an examination or audit and any associated costs including but not limited to: travel, lodging, meals, accounting, and legal fees and costs, together with an audit administration fee of Three Thousand Dollars (\$3,000.00).

D. Electronic Communication; Computer System; Software License; Electronic Access; Link with Other Business Website

(1) Electronic Communication

Franchisee shall at all times maintain with an approved internet service provider and shall provide to TDG a current e-mail address for each Franchised Business subject to this Agreement to enable TDG to communicate with Franchisee via e-mail. Franchisee acknowledges electronic medium will be the primary method of communication for the Franchised Business and System.

(2) Computer System; Software License

Without limiting the requirements of Section 13.C., at TDG's request, Franchisee agrees to install and use at the Franchised Business the computer hardware and software (including DSL line or other dedicated network connection, high speed required, where available) that TDG may designate from time to time in the Manual or otherwise in writing for use in the operation of the Franchised Business ("Computer System"). The Internet Service Provider used in the Franchised Business must also be approved by TDG.

Franchisee shall purchase and install any computer software which TDG may require for use in the Franchised Business. TDG shall provide to Franchisee at no charge the initial license and first year of technical support for TDG's proprietary software and Franchisee shall pay to TDG or its designee such reasonable amounts for the continuing use and maintenance of the software as TDG may require, including annual renewal fees, if applicable.

(3) Electronic Access

Franchisee shall transmit to TDG or permit TDG to collect electronically information from the Computer System relating to Franchisee's CHRISTMAS DECOR Business. At TDG's request, Franchisee shall install and maintain at the Franchised Business a telephone modem and dedicated line that TDG may use to access sales information and other data on the Computer System. Following installation of the Computer System, each

transaction of the Franchised Business shall be processed on the Computer System in the manner prescribed by TDG from time to time. TDG will have, at all times (including on a daily basis) the right to access and retrieve all sales and other information relating to the Franchised Business from the Computer System and Franchisee agrees to take such action as may be necessary to provide such access to TDG.

(4) Link with Other Business Website

If Franchisee operates any Other Business in addition to the Franchised Business, then, upon TDG's approval of the Other Business website and at TDG's request, Franchisee shall provide a link to the CHRISTMAS DECOR website from the Other Business website and, after this link is provided, TDG will create a link to the Other Business website from Franchisee's CHRISTMAS DECOR front door webpage. Franchisee must provide a URL and any necessary artwork. All links, artwork, URLs and related materials must be approved by TDG. TDG may revoke its approval and require that the links contemplated hereby be discontinued at any time that such items (including the Other Business website) fail to continue to meet TDG's reasonable standards.

Without our prior written approval, which we may give or withhold in our sole discretion, you may not develop, create, generate, own, or otherwise use any computer and/or electronic media (including but not limited to the Internet, bulletin boards and news groups) in connection with the Franchised Business. If we grant our approval for your use of an Internet website, you acknowledge that the form, content and appearance of any Internet website you use must comply with the System standards and must be approved by us in writing before being used. Accordingly, you agree that you have no authority to, and you will not, establish any website that creates any association with the Marks or the System, or post any advertisements or material on the Internet that depict or display the Marks or suggest an association with the System, without our express prior written consent. Without limitation of the foregoing, if we require, any Internet website created by or for you must contain a hypertext link to our Internet website in the form we require, and no other hypertext links to third party Internet websites unless previously approved in writing by us. Notwithstanding our approval of a website, we reserve the right to revoke our approval at any time that the website fails to continue to meet our standards, and you agree that upon such revocation, you will immediately discontinue use of the website.

13. STANDARDS OF QUALITY AND PERFORMANCE

Franchisee shall comply with the entire CHRISTMAS DECOR System including, without limitation, the following:

A. Open Business in Thirty Days

Franchisee shall commence operation of the Franchised Business and begin to offer Holiday Lighting Services no later than thirty (30) days after the Effective Date, or as otherwise approved in writing by TDG. Prior to such opening, Franchisee shall have scheduled or completed the Quick Start Training course and purchased or leased and installed or cause to be installed all necessary equipment, telephone service, signage, inventory and other items, as required by TDG. Franchisee shall purchase the required initial inventory upon completion of Quick Start Training. Franchisee shall also submit to TDG a business plan for the CHRISTMAS DECOR Franchised Business, by September 1 or ten (10) business days following completion of Quick Start Training,

whichever is later. If Franchisee for any reason fails to commence operations as herein provided, unless Franchisee is precluded from doing so by an event of force majeure (defined in Section 1.A.(2)), such failure shall be considered an event of default and TDG may terminate this Agreement.

B. Image of Franchised Business

Franchisee agrees to maintain the condition and appearance of the premises of the Franchised Business consistent with TDG's standards for the image of a business as an attractive, pleasant and comfortable business. Franchisee agrees to affect such reasonable maintenance of the Franchised Business, as is from time to time required to maintain the equipment or improve the appearance and efficient operation of the Franchised Business, including replacement of equipment, fixtures and furniture as may be necessary. If at any time in TDG's judgment the general state of repair or the appearance of the premises of the Franchised Business or its equipment, fixtures, furniture, signs, uniforms of service personnel or decor does not meet TDG's standards for such items, TDG shall notify Franchisee and shall specify the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate action to correct the deficiency within thirty (30) days after receipt of such notice, and thereafter continue a bona fide program to complete any required maintenance, TDG shall have the right (but not the obligation), in addition to all other remedies available to it, to enter upon the premises of the Franchised Business and effect such repairs, equipment, fixtures, furniture or signs on behalf of Franchisee, and Franchisee shall pay the entire costs thereof on demand. Franchisee's obligation to initiate and continue any required maintenance shall be suspended during any period in which such maintenance is impractical due to an event of force majeure (defined in Section 1.A.(2)(a)).

C. Required Purchases; Approved Manufacturers, Suppliers and Distributors

(1) Required Purchases

Franchisee shall, at Franchisee's expense, purchase or lease and install at the Franchised Business all, fixtures, equipment, furniture, computer terminals, hardware, software, and related equipment (including, without limitation, any proprietary software developed by or for TDG), communications systems, signs and other items specified by TDG for the System from time to time in the Manuals or otherwise in writing, all of which comply with TDG's standards and specifications. Without limitation of the foregoing, all purchases of lights, garlands, wreaths, fasteners, clips, lighting fixtures, printing, electrical supplies, forms, apparel, signage, and other materials used in the operation of the Franchised Business shall conform to the specifications and quality standards established by TDG from time to time. Franchisee may only use such garlands, wreaths, fasteners, clips, lighting fixtures, printing, electrical supplies, forms, apparel, signage, and related items which meet TDG's specifications and quality standards and which are stated in TDG's approved list of equipment, printing and products approved by TDG, as meeting its criteria.

(2) Approved Suppliers

From time to time, TDG shall provide to Franchisee a list of approved manufacturers, printers, suppliers, and distributors for all products and services necessary to operate the Franchised Business ("Approved Suppliers"). TDG may revise the list of Approved Suppliers from time to time in its sole discretion. TDG's Approved Suppliers are those who demonstrate on a continuing basis the ability to meet TDG's standards and specifications, who have adequate quality controls and the capacity to supply the needs of

The DECOR GROUP franchise network promptly and reliably over an extended period of time, who have been approved in writing by TDG and who have not thereafter been disapproved by TDG. TDG may designate itself, its affiliates (including, without limitation, American Christmas Light and Supply, Inc. ("ACLS") and any successor thereto or a third party as an Approved Supplier, or as the sole Approved Supplier of any item). Franchisee agrees that TDG and its affiliates may derive revenue based on Franchisee's purchases and leases (including, without limitation, from charging for products and services TDG or its affiliates provide to Franchisee as Approved Suppliers and from payments made to TDG or its affiliates by other Approved Suppliers). Without limitation of the foregoing, Franchisee understands that TDG may receive commissions of up to ten percent (10%) of the product purchase price from Approved Suppliers. Franchisee also understands that if TDG or its affiliates or related parties stock products for and sell products to franchisees these parties expect to make a reasonable profit on such products.

D. Request for Supplier/Product Approval

If Franchisee proposes to use in the operation of the Franchised Business any equipment or materials which are not then approved by TDG as meeting its minimum specifications and quality standards, or to purchase any product from a supplier that is not then designated by TDG as an Approved Supplier, Franchisee shall first notify TDG and shall upon request by TDG submit product samples and such other information as TDG requires for examination and/or testing or to otherwise determine whether such equipment, product, material or supply, or such proposed supplier, meets its specifications and quality standards. A charge not to exceed the actual cost of testing may be made by TDG and shall be paid by Franchisee. TDG may also require inspection of the suppliers' facility before approval can be granted. TDG shall notify Franchisee within a reasonable time whether it approved such equipment, product, material or supply, and/or such supplier by being listed on TDG's approved list.

E. Specifications, Standards and Operating Procedures; Inspections

(1) Operations In Accordance with Standards

Franchisee agrees to fully comply with all mandatory specifications, standards, operating procedures and rules as in effect from time to time relating to:

- (1) The use of any trademarked items or copyrighted materials;
- (2) Procedures and techniques regarding sales activities;
- (3) Training, dress, general appearance and demeanor of Franchised Business employees;
- (4) Advertising and promotional programs;
- (5) The type, quantity and variety of products and materials offered by the Franchised Business;
- (6) Printing, trademarked items and copyrighted materials;
- (7) The use of signs, posters, advertising pieces, displays and similar items;
- (8) The identification of Franchisee as the owner of the Franchised Business;
- (9) The handling of customer complaints;
- (10) The maintenance of an "E-Mail" communication ability (high speed where available); and
- (11) Such other aspects of the Franchised Business as TDG may from time to time determine to be appropriate.

Mandatory specifications, standards, operating procedures and techniques and other rules, prescribed from time to time by TDG in the Manual or otherwise communicated to Franchisee in writing, shall constitute provisions of this Agreement, as if fully set forth herein. All references herein to this Agreement shall include all such mandatory specifications, standards, operating procedures and rules.

(2) TDG's Inspection Rights

In order to assure that Franchisee is operating in accordance with TDG's standards, TDG or its agents shall have the right of entry and inspection of Franchisee's premises at all reasonable times. Additionally, TDG shall have the right to observe the manner in which Franchisee is rendering its services and conducting its operations, to confer with Franchisee's employees and customers, and to inspect equipment, trademarked items, other materials, printed matter or inventory in order to test its content and for evaluation purposes to make certain that all are satisfactory and meet the quality control provisions and standards established by TDG.

F. Licenses, Permits and Certificates

Franchisee shall secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinance and regulations, workmen's compensation, unemployment insurance, withholding and payment of federal and state income taxes, social security taxes, sales, use and property taxes.

G. Marks

Franchisee shall use in the operation of the Franchised Business only the displays, labels, forms and other paper products imprinted with the Marks and colors as prescribed from time to time by TDG. Franchisee shall display a CHRISTMAS DECOR logo, at its place of business and, among other things, on its signs, vehicles, uniforms, and marketing materials that solicit holiday lighting and decorating services.

H. Supervision of Franchised Business

The CHRISTMAS DECOR Business is a full-time business during the holiday decorating season, usually September through the following February each year; if Franchisee elects to provide Ancillary Lighting Services, the full-time operation of the Franchised Business may be extended. The Franchised Business shall at all times be under the direct, on-premises supervision of Franchisee (or, if Franchisee is a legal entity, an approved owner/operator of Franchisee). If Franchisee does not devote his or her full time to conducting the Franchised Business, then such on-premises supervision may be provided by a trained and competent employee of Franchisee whom TDG approves acting as full-time manager. Franchisee shall keep TDG informed at all times of the identity of any employee(s) acting as manager(s) of the Franchised Business. Notwithstanding the above, Franchisee covenants that during the term of this Agreement, Franchisee shall devote a majority of time, energy, and best efforts to the management and operation of the Franchised Business. Franchisee agrees that he or she will at all times faithfully, honestly and diligently perform his or her obligations hereunder and that he or she will not engage in any business or other activities that will conflict with his or her obligations hereunder.

I. Maintenance of Highest Ethical Standards

Franchisee shall at all times require its employees, agents and affiliates to maintain the highest ethical and moral standards of the community and adhere to the standards applicable to a CHRISTMAS DECOR franchisee as set forth by TDG.

J. Use of Advertising and Promotional Claims

All sales activities conducted by Franchisee in any medium shall be conducted in a dignified manner and shall accurately promote, describe and otherwise represent the services of the Franchised Business. Franchisee agrees to refrain from any sales practice which is unethical or may be injurious to the business of TDG and/or other franchised businesses or the goodwill associated with the Marks.

K. Acceptance and Service of National Accounts

Franchisee acknowledges that from time to time, TDG may, in its sole discretion, provide referral clients through its national accounts system to Franchisee. Franchisee hereby agrees to service such clients according to the protocols for national account customers which are described in the Manual and further agrees that in the event the Franchisee fails to service such customers as required by said protocols and within the time required, that TDG, in its sole discretion, may immediately arrange to service them directly or with other franchisees for the balance of the term of this Agreement.

14. OBLIGATIONS OF THE FRANCHISOR: SUPERVISION, ASSISTANCE OR SERVICES

TDG shall provide the Franchisee with the following assistance and services:

A. The System

(1) TDG will provide an initial training program concerning the operation of the Franchised Business as described in Section 5.A. of this Agreement.

(2) TDG may conduct additional seminars or other training programs for the benefit of the Franchisee and Franchisee (and/or Franchisee's employees) shall attend any such seminar or program as required by this Agreement. TDG may charge a reasonable fee for such seminar or program if it is deemed appropriate. Any and all traveling, living and other expenses incurred by anyone attending training shall be paid by Franchisee.

(3) If Franchisee makes a reasonable request for training in addition to that specified above TDG shall, at its option, provide such training at Franchisee's expense, including, without limitation, TDG's then-current training fee and any travel, lodging, meals, employee time, and other related costs, subject to the availability of TDG personnel.

B. Operations Manual

TDG shall provide Franchisee access to one copy of the Manual as more fully described in Section 7 herein.

C. Continuing Assistance

In addition to the assistance rendered to the Franchisee prior to opening, TDG will provide reasonable continuing consultation and advice regarding business, financial, operational, technical, pricing, sales and advertising matters, type of products and services offered, operation of the Franchised Business and development of personnel policies. TDG will provide such assistance by mail, e-mail, intranet system or, if the situation warrants, via telephone or on-site assistance of appropriate TDG personnel as determined by TDG. All expenses incurred by TDG through on-site assistance shall be paid by Franchisee. TDG shall keep a current E-mail address to receive and transmit information to franchisees. Franchisee is required to keep a current E-mail address for each Franchised Business subject to this Agreement with any approved internet service provider to receive communications.

D. Advertising and Promotion

TDG may develop creative materials and/or press releases for local and regional advertising and promotion and make such materials available to Franchisees for publication or distribution in the Franchisee's market area at Franchisee's own expense. TDG may provide specific guidelines for advertising initiated by individual franchisees and reserves the right to disapprove any advertising, which in TDG's opinion, is not in accordance with these guidelines. Immediately upon notification to do so, Franchisee shall discontinue any practices that would, in TDG's opinion, be detrimental to the Marks, TDG, and/or to the franchised network of CHRISTMAS DECOR Businesses.

E. Suppliers

TDG agrees to provide Franchisee with a list of Approved Suppliers and product specifications for the products and services used in the Franchised Business which TDG may change from time to time. By providing such assistance, TDG makes no warranty or guarantee of performance of any such supplier. If Franchisee desires to purchase any items from an unapproved supplier or with differing product specifications, Franchisee must submit a written request for TDG's approval in accordance with the procedures set forth in Section 13.D.

F. Pricing of Services

TDG shall advise Franchisee from time to time concerning pricing for services and products sold by the Franchised Business. TDG and Franchisee agree that any such pricing recommendations are only recommendations and are not to be construed as mandatory upon Franchisee. Nothing contained herein shall be deemed a representation by TDG that the use of TDG's suggested prices will in fact optimize profits.

G. Regional Seminars and National Conferences

TDG at its discretion will coordinate a National Conference each year to promote the training and education of its franchisees. For each Service Territory operated by Franchisee pursuant to a franchise agreement with TDG, Franchisee shall send one (1) person to a minimum of one (1) regional continuing education seminar approved by TDG and two (2) National Conferences during the five (5) years of the initial term and any subsequent renewal term of this Agreement. Attendance each year is encouraged. A credit for one (1) complimentary conference registration for one (1) person, to be used in the first eighteen (18) months of the initial term, is included in the Initial Franchise Fee for each Franchised Business subject to this Agreement.

15. INSURANCE

A. Overall Coverage Required

Franchisee shall procure, prior to opening the Franchised Business, and shall maintain in full force and effect during the term of this Agreement, at Franchisee's expense, an insurance policy or policies covering holiday lighting and protecting Franchisee and TDG, and the officers, directors, partners and employees of both TDG and Franchisee, against any loss, liability, personal injury, death, property damage or expense whatsoever arising or occurring upon or in connection with the operation of the Franchised Business. TDG shall be named as an additional insured on all such policies (excluding worker's compensation policies and employer's liability insurance; Franchisor shall require Franchisee to provide a Waiver of Subrogation).

B. Qualified Insurance Carrier

All insurance policies required under this Agreement shall be written by an insurance company satisfactory to TDG, and coverage shall be provided in accordance with standards and specifications set forth in the Manual or otherwise specified in writing. The insurance coverage shall be provided on policy forms which include the provisions at least as broad as those included in the standard Insurance Service Offices Forms. The coverage shall include, at minimum (except as additional coverage and higher policy limits may reasonably be specified from time to time by TDG) limits at least equal to those shown below for the categories of required insurance.

- (1) Comprehensive general liability insurance;
One Million Dollars (\$1,000,000.00) per occurrence with a Two Million Dollars (\$2,000,000.00) annual aggregate;
- (2) Liability for owned, hired, and non-owned automobiles or other vehicles;
One Million Dollars (\$1,000,000.00) per occurrence;
- (3) Property damage liability insurance covering at a minimum the perils of fire and extended coverage and vandalism;
- (4) Worker's Compensation Employer Liability as prescribed by state law with limits no less than Five Hundred Thousand Dollars (\$500,000.00); and
- (5) Such other insurance that may be required by TDG or by the statutes or other laws of the state in which the Franchised Business is located and operated.

C. No Limitations on Coverage

Franchisee's obligations to obtain and maintain the foregoing insurance policies, in the amounts specified, shall not be limited in any way by reason of any insurance which may be maintained by TDG, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in this Agreement. Franchisee may maintain such additional insurance as it may consider advisable.

D. Evidence of Coverage

Upon obtaining the insurance required by this Agreement and on each policy renewal date thereafter, Franchisee shall promptly submit evidence of satisfactory insurance and proof of payment to TDG, together with, upon request, copies of all policies and policy amendments and endorsements. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be canceled or materially altered without giving at least thirty (30) days' prior written notice to TDG.

E. TDG May Procure Insurance Coverage

Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as described from time to time by the Manuals or otherwise in writing, TDG shall have the right and authority (but no obligation) to procure such insurance and to charge same to Franchisee. Such charges, together with a reasonable fee for TDG's expenses in so acting, shall be payable by Franchisee immediately upon notice from TDG.

16. TERMINATION OF FRANCHISE

A. By Franchisee

If Franchisee is in compliance with this Agreement and TDG breaches this Agreement and fails to cure such breach within thirty (30) days after written notice thereof is delivered to TDG, then Franchisee may terminate this Agreement and the Franchise effective thirty (30) days after delivery to TDG of notice thereof. Any termination of this Agreement and the Franchise by Franchisee, without complying with the foregoing requirements, or for any reason other than breach of this Agreement by TDG and TDG's failure to cure such breach within thirty (30) days after receipt of written notice thereof, shall be deemed a termination by Franchisee without cause.

B. Termination of Franchisee By TDG With Notice and Cure

Franchisee acknowledges that the strict performance of all the terms of this Agreement is necessary not only for protection of TDG, but also the protection of Franchisee and other franchisees of TDG. Franchisee therefore acknowledges and agrees that strict and exact performance by Franchisee of each of the covenants and conditions contained in the Agreement is a condition precedent to the continuation of this Agreement. If Franchisee shall breach any provision of this Agreement, then TDG may notify Franchisee in writing of such breach, specifying its nature and giving Franchisee thirty (30) days (fifteen (15) days for a monetary breach), or such longer period as may be required by applicable law, in which to cure the breach. If Franchisee shall fail to cure the breach within the applicable cure period, then TDG may terminate this Agreement and the Franchise immediately upon written notice of termination to Franchisee.

C. Termination of Franchisee By TDG Without Cure

Notwithstanding the foregoing, Franchisee shall be deemed to be in breach and TDG, at its option, may terminate this Agreement and all rights granted under it effective immediately upon written notice, without affording Franchisee any opportunity to cure the breach, if Franchisee does any of the following:

- (1) Abandons, surrenders, or transfers control of the operation of the Franchised Business or fails to continuously and actively operate the Franchised Business, unless precluded from doing so by an event of force majeure (as defined in Section 1.A.(2)(a));
- (2) Repeatedly fails or refuses to submit when due the Royalty Fees, or any other payments due TDG or its affiliates, related parties or Approved Suppliers or repeatedly commits any other material breach under this Agreement, whether or not such breaches are of the same or different nature and whether or not such breaches have been cured by Franchisee after notice by Franchisor;
- (3) Operates the Franchised Business in a manner that violates any federal, state, or local law, rule, regulation or ordinance;
- (4) Has made a material misrepresentation on his or her application for the Franchise;
- (5) Transfers, assigns, sub-licenses or sub-franchises its rights under this Agreement without the prior written consent of TDG, as set forth herein;
- (6) Discloses or divulges the contents of the Manuals or any other Confidential/Proprietary Information provided to Franchisee by TDG in violation of Articles 7 and 8;
- (7) Infringes on territory that is franchised to another franchisee more than two (2) times;
- (8) Fails to provide TDG or its authorized representatives access to conduct the audits contemplated by Section 12.C. and does not correct such failure within three (3) days following written notice.
- (9) Repeatedly fails to substantially comply with any of the requirements imposed by this Agreement, whether or not cured after notice;
- (10) Commits a breach of this Agreement or engages in any other activity which has a material adverse effect on TDG, the franchised network of CHRISTMAS DECOR Businesses and/or the Marks;
- (11) Fails or refuses to comply with any provision of this Agreement or any other agreement between TDG and Franchisee relating to the Franchised Business or the Franchise and does not correct such failure or refusal within thirty (30) days after written notice of such failure to comply is delivered to Franchisee;
- (12) Is convicted of a felony or has pleaded nolo contendere to a felony.

D. Termination of Franchisee Immediately and Without Notice

Notwithstanding the foregoing, Franchisee shall be in breach under this Agreement and all rights granted under this Agreement shall automatically terminate without notice to Franchisee, if Franchisee does any of the following:

- (1) Makes an assignment for the benefit of creditors or an admission of Franchisee's inability to pay its obligations as they become due; or

- (2) Files a voluntary petition in bankruptcy or any pleading seeking any reorganization, arrangement, composition, adjustment, liquidation, dissolution or similar release under any law, or admitting or failing to contest the material allegations of any such pleading filed against Franchisee, or is adjudicated bankrupt or insolvent, or a receiver is appointed for a substantial part of the assets of the Franchisee or the Franchised Business, or the claims of creditors of Franchisee or the Franchised Business are abated or subject to moratorium under any laws.

17. FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon the expiration or termination of this Agreement:

A. Payment of Monies Owed to TDG

Franchisee shall pay to TDG, within fifteen (15) days after the effective date of termination or expiration of this Agreement, such Royalty Fees, payments for inventory, supplies, merchandise, or any other sums owed to TDG, its affiliates, related parties, or Approved Suppliers by Franchisee, which are then unpaid. TDG shall have the right to conduct audits following the termination or expiration of this Agreement in accordance with Section 12.C.

B. Return of Manual and Other Materials

Franchisee further agrees that upon termination or expiration of this Agreement, Franchisee will immediately return to TDG all copies of the Manual, training aids and any other Confidential/Proprietary Information or materials which have been loaned to Franchisee by TDG. Franchisee further agrees to turn over to TDG any other manuals, computer programs, software (including all proprietary software), customer lists, records, files, instructions, correspondence and brochures, and any and all other confidential and proprietary materials relating to the operation of the Franchised Business in Franchisee's possession, custody, or control and all copies thereof (all of which are acknowledged to be TDG's property). Franchisee shall retain no copy or record of the foregoing, excepting only Franchisee's copy of this Agreement and any correspondence between the parties, and any other documents which Franchisee reasonably needs for compliance with any provision of law.

C. Termination Fee

If this Agreement is terminated by TDG for cause or by Franchisee without cause, Franchisee agrees to pay to TDG a lump sum payment (as liquidated damages for the early termination of this Agreement and not as a penalty or for any other injury) an amount equal to the minimum monthly Holiday Lighting Services Royalty Fees due in respect of the Franchised Business for the twenty-four (24) month period immediately following the termination or the remaining term of the Agreement, whichever is less. Said sum shall be immediately due and payable in full within thirty (30) days after such termination is effective. If such amount it is not timely paid, interest shall accrue thereon from the date due until paid at the rate set forth in Section 11.C.

D. Cease Using Marks

Franchisee further agrees that, upon termination or expiration of this Agreement, Franchisee shall immediately and permanently cease to use, by advertising, or any manner whatsoever, the Marks and any distinctive forms, slogans, symbols, signs, logos or devices associated with the System,

as well as any confidential methods, procedures and techniques associated with the System. In particular but without limitation, Franchisee shall cease to use all signs, advertising materials, stationery, forms, and any other articles which display the Marks.

E. Cease Operating Franchised Business

Franchisee shall immediately cease to operate the Franchised Business, shall comply with the post-termination covenants set forth in Sections 8 and 18 of this Agreement, and shall not thereafter, directly or indirectly, represent itself to the public or hold itself out as a present or former franchisee of TDG. All phone numbers related to the Franchised Business owned and operated by Franchisee shall be immediately assigned to TDG.

F. No Confusion with Marks

In the event Franchisee continues to operate or subsequently begins to operate any other business, Franchisee agrees not to use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or in the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute TDG's rights in and to the Marks, and further agrees not to utilize any designation of origin or description or representation which suggests or represents an association or connection with THE DECOR GROUP System, TDG or a former association or connection with THE DECOR GROUP System, TDG, CHRISTMAS DECOR or CDI.

G. TDG Purchase of Inventory and Equipment

TDG shall have the right (but not the duty), to be exercised by written notice given within thirty (30) days following the date of termination or expiration of this Agreement, to purchase from Franchisee any or all equipment, supplies, signs, advertising materials and items bearing the Marks, at fair market value (less the amount of any outstanding liens or encumbrances). If the parties cannot agree on a fair market value within a reasonable time, an independent appraiser shall be designated by TDG and the appraiser's determination shall be binding. If TDG elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee, and the cost of the appraisal, if any, against any payment therefor.

18. COVENANTS

A. Franchisee Receives Confidential/Proprietary Information

Franchisee specifically acknowledges that pursuant to this Agreement, Franchisee will receive valuable training and Confidential/Proprietary Information, including, without limitation, information regarding promotional, operational, sales, and marketing methods and techniques of the System.

B. No Diversion of Business

During the term of this Agreement and for a period of two (2) years following the expiration or termination of the Agreement, Franchisee covenants that it will not, directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

- (1) Divert or attempt to divert any business or customers of the Franchised Business with which or with whom Franchisee has had contact during the term of this Agreement to any competitor by direct or indirect inducement or otherwise;

- (2) Do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System or both; or
- (3) Induce, directly or indirectly, any person who is at that time employed by TDG or by any other franchisee of TDG, to leave his or her employment.

The provisions of this Section shall apply only (a) within the Service Territory, (b) within a fifty-mile radius of the Service Territory, and (c) within the service territory of any other franchisee.

C. Covenant Not to Compete

Franchisee covenants that, except as otherwise approved in writing by TDG, Franchisee shall not, during the term of this Agreement and for a continuous uninterrupted period commencing upon expiration or termination of this Agreement, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for himself, or on behalf of, or in conjunction with, any person, persons, partnership, or corporation, own, manage, operate, maintain, advise, substantially invest in, be employed by, or engage in, (a) any business (including any retail or wholesale business) that offers to the public in a manner products and/or services substantially similar to the Holiday Lighting Services or, if applicable, the Permanent Lighting Services then being offered by the Franchised Businesses; or (b) any business which grants franchises or licenses to others to operate a business described in (a) above (i) within the Service Territory, or (ii) within a fifty (50) mile radius of the Service Territory, or (iii) within the service territory of any other franchisee, or (iv) within a fifty (50) mile radius of the service territory of any other franchisee. Franchisee additionally covenants that Franchisee will secure similar written covenants from all employees, agents and representatives of Franchisee as TDG may require. The above-noted covenant is not intended to prevent any individual Franchisee from employment which does not compete against the System or its franchisees nor shall it apply upon the termination of this Agreement by Franchisee for cause in accordance with Section 16.A. above.

D. Exception to Covenant Not to Compete

Section 18.C. hereof shall not apply to ownership by Franchisee of less than a five percent (5%) beneficial interest in the outstanding equity securities of any Publicly-Held Corporation.

E. Covenants are Independent

The parties agree that each of the foregoing covenants shall be construed to be independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section 18 is held to be unenforceable or unreasonable by a court or agency having competent jurisdiction in any final decision to which TDG is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resultant covenant were separately stated in and made a part of this Section of the Agreement.

F. Claims Are Not Defense to Covenants

Franchisee expressly agrees that the existence of any claim it may have against TDG, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by TDG of the covenants of this Article 18. Franchisee further agrees that TDG shall be entitled to set off any

amount owed by TDG to Franchisee against any loss or damage to TDG resulting from Franchisee's breach of this Section of the Agreement.

G. Injunctive Relief Available to TDG

Franchisee acknowledges that any failure to comply with the requirements of this Article 18 will cause TDG irreparable injury for which no adequate remedy at law may be available and Franchisee hereby accordingly consents to the issuance by a court of competent jurisdiction of an injunction prohibiting any conduct by Franchisee in violation of the terms of this Article 18. TDG may further avail itself of any other legal or equitable rights and remedies which it may have under this Agreement or otherwise.

H. Survival.

The covenants set forth in this Article 18 shall survive the expiration, termination or transfer of this Agreement or any interest therein.

19. ASSIGNMENT

A. Assignment by TDG

TDG shall have the right to transfer or assign all or part of its rights or obligations under this Agreement to any person or entity without prior notice to or the consent of Franchisee. Following any such transfer, the assignee shall be solely responsible for the obligations of franchisor hereunder.

B. Assignment by Franchisee

Franchisee and the owners of Franchisee shall not transfer, assign, convey, give away, pledge, exchange, lease, mortgage, or otherwise encumber this Agreement, nor any of Franchisee's rights or privileges under this Agreement, nor any interest in Franchisee or in the Franchised Business (including any sale of the assets of the Franchised Business except in the ordinary course) in any manner, by operation or law or otherwise, without the prior written consent of TDG, which consent will not be unreasonably withheld. In granting any such consent, TDG may impose reasonable conditions, including, without limitation, the following:

- (1) The proposed assignee (and the partners, managers, shareholders, directors and officers of a corporate, partnership or limited liability company franchisee) must meet the then-applicable standards and qualifications applicable to System franchisees;
- (2) The proposed assignee shall not operate a franchise, license or other business offering services similar to those offered by the Franchised Business;
- (3) The assignee must sign the then-current form of TDG franchise agreement, which form may contain provisions which materially alter the rights or obligations of Franchisee under this Agreement;
- (4) Franchisee or owner shall remit to TDG a transfer fee in the amount of Two Thousand Five Hundred Dollars (\$2,500.00). In addition, if Franchisee is transferring its Service Territory, the assignee shall pay to TDG a fee of Two

Thousand Five Hundred Dollars (\$2,500.00) (for Quick Start training of up to three (3) people, quick-start literature and marketing materials) and if not transferred by previous owner, franchisee must purchase from TDG all proprietary software required at the then-current price;

- (5) If TDG determines that training is required, assignee and any personnel of assignee required by TDG shall attend Quick Start Training at TDG's home office (at the cost specified under the then-current form of franchise agreement). Any and all traveling, living, and other expenses incurred by anyone attending training shall be paid by such assignee; and
- (6) Franchisee and its owners shall execute a general release of TDG in a form satisfactory to TDG's counsel.

Notwithstanding the foregoing, an individual Franchisee may transfer or assign this Agreement to a partnership, corporation or limited liability company which conducts no business other than operating the Franchised Business, which is actively managed by the Franchisee and in which Franchisee owns and controls one hundred percent (100%) of the general partnership interests, voting stock or membership interests as applicable, provided that Franchisee shall execute an undertaking to be bound, jointly and severally, by all provisions of the Agreement and all other agreements with TDG, and undertaking to guarantee, jointly and severally, the payment of all sums due or to become due to TDG hereunder. The organizational documents of any such transferee shall provide that the transfer of ownership interests are subject to the restrictions set forth in this Agreement and all issued and outstanding stock certificates of any such corporate transferee shall bear the following legend: **“TRANSFER OF THESE SHARES IS SUBJECT TO CERTAIN RESTRICTIONS CONTAINED IN A FRANCHISE AGREEMENT BETWEEN _____ AND TDG DATED _____.”**

C. TDG's Right of First Refusal

If Franchisee (or any of its owners) receives a bona fide written offer to purchase the Franchised Business or any ownership interest therein, such offer shall be submitted to TDG. For a period of thirty (30) days from the date of TDG's receipt of such offer, TDG shall have the right, exercisable by written notice to Franchisee (or its owners), to purchase the Franchised Business or such ownership interest for the price and on the same terms and conditions contained in such offer, provided that TDG may substitute cash for any form of non-cash payment proposed in such offer. If TDG does not exercise its right of first refusal, the bona fide written offer may be accepted by Franchisee (or its owners), subject to the prior written approval of TDG, as provided in this Agreement.

D. Transfer Upon Death or Mental Incapacity

Upon the death or mental incapacity of any person with an interest in the Franchised Business, the executor, administrator, or personal representative of that person must transfer his or her interest to a third party approved by TDG within three (3) months after death or mental incapacity. These transfers, including, without limitation, transfers by devise or inheritance, will be subject to the same restrictions and conditions as any inter vivos transfer including the requirements to complete and pay for training by the future operator of the Franchised Business. However, in the case of a transfer by devise or inheritance, if the heirs or beneficiaries of any deceased person are unable to meet the conditions contained in the Agreement, the personal

representative of the deceased Franchisee shall have a reasonable time (not to exceed one hundred eighty (180) days) to dispose of the deceased's interest in the Franchised Business which disposition will be subject to all the terms and conditions for transfer contained in the Agreement. If the interest is not disposed of within a reasonable time, TDG may terminate the Agreement.

20. INDEPENDENT CONTRACTOR

A. No Fiduciary Relationship

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

B. Franchisee is an Independent Contractor

During the term of this Agreement, and any renewals or extensions hereof, Franchisee shall hold itself out to the public as an independent contractor operating its business pursuant to a Franchise Agreement with TDG. Franchisee agrees to take such affirmative action as may be necessary to do so, including, without limitation, exhibiting a public notice of that fact, the content and display of which TDG shall have the right to specify.

21. WAIVER

No failure of TDG to exercise any power reserved to it by this Agreement or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of TDG's right to demand exact compliance with any of the terms herein. Waiver by TDG of any particular default or breach by Franchisee shall not affect or impair TDG's rights with respect to any subsequent default or breach of the same, similar or different nature; nor shall any delay, forbearance, or omission of TDG to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants hereof, affect or impair TDG's right to exercise the same; nor shall such constitute a waiver by TDG of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

22. MEDIATION

Except for claims as to monies owed or for injunctive or other extraordinary relief, or with respect to acts or omissions relating to the Marks or the Confidential/Proprietary Information (including the Customer Lists), the parties agree that any and all claims, controversies or disputes between them, that cannot be amicably settled, shall first be discussed on a face to face basis by the parties in a meeting of at least one (1) hour duration without the representation of attorneys or others at a mutually agreed upon meeting place or at TDG offices in Lubbock, Texas if a mutual site cannot be agreed upon. If after that meeting, the claims of either party cannot be amicably settled then the parties to this Agreement shall submit their differences to a neutral professional mediator prior to bringing such claim, controversy or dispute in a court or before any other tribunal. The mediation shall be conducted by either an individual mediator or a mediator appointed by a mediation services organization or body experienced in the mediation of disputes between franchisors and franchisees, as agreed upon by TDG and Franchisee and, failing such agreement within a reasonable period of time (not to exceed fifteen (15) days) after either party has notified the other of its desire to seek mediation, by the American Arbitration Association ("AAA") in accordance with its rules governing mediation. Mediation shall be held at an office of the AAA located nearest to Lubbock, Texas. If the parties agree to resolve the dispute in the mediation, then an agreement of resolution shall be

entered into by the parties and they shall equally divide the cost of the mediation (including the fees of the mediator but excluding the fees and costs of counsel retained by either party, which shall be the obligation of that party). If no resolution of the dispute is accomplished in the mediation, then the parties may proceed with judicial enforcement proceedings.

23. JUDICIAL ENFORCEMENT

A. Use of Judicial Process, Injunction and Specific Performance

Following the procedures described above (and subject to the above-described exceptions thereto) either party shall have the right to enforce this Agreement by judicial process. Without limitation of the foregoing, TDG shall be entitled without bond to seek the entry of temporary or permanent injunctions and orders of specific performance enforcing any of the provisions of this Agreement.

B. Governing Law and Venue

Except to the extent governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C., Section 1051 et. seq.), this Agreement shall be governed by the laws of the State of Texas without regard to its conflicts of laws principles. Both parties agree that, (unless superseded by governing state statutes), all litigation shall take place in the state courts in Lubbock, Texas or in the federal district courts for the district in which Lubbock, Texas is situated.

24. WAIVER OF JURY TRIAL

IN ANY LITIGATION BETWEEN THE PARTIES FOUNDED UPON OR ARISING FROM THIS AGREEMENT, THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL AND THE PARTIES HEREBY STIPULATE THAT ANY SUCH TRIAL SHALL OCCUR WITHOUT A JURY.

25. WAIVER OF CERTAIN DAMAGES

FRANCHISEE AND ITS OWNERS HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM OF ANY PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS) AGAINST TDG, ITS AFFILIATES AND THE OFFICERS, DIRECTORS, SHAREHOLDERS, PARTNERS, MEMBERS, AGENTS, REPRESENTATIVES, INDEPENDENT CONTRACTORS, SERVANTS AND EMPLOYEES OF EACH OF THEM, IN THEIR CORPORATE AND INDIVIDUAL CAPACITIES, ARISING OUT OF ANY CAUSE WHATSOEVER (WHETHER SUCH CAUSE BE BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE) AND AGREE THAT IN THE EVENT OF A DISPUTE, FRANCHISEE AND ITS OWNERS SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY THEM. IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS) SHALL CONTINUE IN FULL FORCE AND EFFECT.

26. LIMITATIONS PERIOD

EXCEPT FOR CLAIMS BROUGHT BY TDG WITH REGARD TO (i) ANY MISREPRESENTATION OR OMISSION MADE BY FRANCHISEE OR ITS OWNERS UNDER THIS AGREEMENT OR IN ANY APPLICATION THEREFOR, (ii) FRANCHISEE'S OBLIGATIONS TO PROTECT TDG'S CONFIDENTIAL/PROPRIETARY INFORMATION, OR (iii) FRANCHISEE'S OBLIGATIONS TO INDEMNIFY TDG PURSUANT TO SECTION 24, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP OF FRANCHISEE AND TDG PURSUANT TO THIS AGREEMENT WILL BE BARRED UNLESS AN ACTION IS COMMENCED WITHIN TWO (2) YEARS FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED, OR TWO (2) YEARS FROM THE DATE ON WHICH FRANCHISEE OR TDG KNEW OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIMS, WHICHEVER OCCURS FIRST.

27. INDEMNIFICATION

Franchisee understands and agrees that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on TDG's behalf, or to incur any debt or other obligation in TDG's name. Franchisee further understands and agrees that TDG shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action or by reason of any act or omission of Franchisee in its conduct of the Franchised Business, or any claim or judgment arising therefrom.

Franchisee shall defend, indemnify and hold harmless, to the fullest extent permitted by law, Franchisor, its affiliates, their respective successors and assigns, and the officers, directors, shareholders, partners, agents, representatives, and employees of each of them, past or present (the "Indemnitees") from and against any and all payments of losses and expenses (including, without limitation, all liabilities, losses, damages (including damages for injury to property or persons, including death, and, without limitation, the injury or death of any of Franchisee's employees or agents or damage to any of their property), fines, settlement amounts, costs, expenses, attorneys' fees, investigative fees and court costs) incurred in connection with any action, suit, proceeding, claim, demand, investigation, inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which may arise out of, or in connection with, Franchisee's ownership or operation of the Franchised Business, the performance of Franchisee, its employees or agents under this Franchise Agreement, or the default by Franchisee or its owners of any representation or warranty herein. Franchisee's indemnification obligation will include, without limitation, any claims related to or resulting from the actual or alleged negligence or fault of any Indemnitee. Such indemnity shall survive the transfer, termination or expiration of this Franchise Agreement.

Franchisee shall have ten (10) business days from its receipt of a written demand from Franchisor for indemnification under this Section 27 to comply with its obligations hereunder. Franchisor shall have the right, through counsel of its own choosing and at Franchisee's sole cost and expense, to direct, manage and control its defense of any matter to the extent that it could directly or indirectly affect Franchisor or its Affiliates. Under no circumstances shall the Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against Franchisee under this Section.

Franchisee, its employees and agents, hereby waive, and release the Indemnitees from and against, any and all claims, demands, causes of actions for injury to property or person (including death) arising out of or in connection with Franchisee's operation of the Franchised Business or its performance under this

Franchise Agreement, regardless of when in the future sustained, and whether or not caused or contributed to by the negligence of Indemnitees.

28. TAXES, PERMITS AND INDEBTEDNESS

A. Franchisee Must Pay Taxes Promptly

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

B. Franchisee Can Contest Tax Assessments

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

C. Franchisee Must Comply With Laws

Franchisee shall, at Franchisee's expense, comply with all federal, state and local laws, rules, regulations and ordinances and shall timely obtain and shall keep in force as required throughout the term of this Agreement all permits, certificates and licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, any required permits, licenses to do business, fictitious names and registrations, sales tax permits, and fire clearances.

D. Franchisee Must Notify TDG of Lawsuits

Franchisee shall notify TDG in writing within five (5) days of notice of the commencement of any action, suit, or proceeding against Franchisee, and of the issuance of any inquiry, subpoena, order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which arises out of, concerns, or may affect the operation or financial condition of the Franchised Business, including, without limitation, any criminal action or proceedings brought by Franchisee against its employees, customers, or other persons.

29. NOTICES

All notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by prepaid facsimile or electronic mail (provided that the sender confirms the facsimile or electronic mail by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission) to the party to be notified at the address specified in this Agreement or at any other principal address which the notifying party has on record.

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of facsimile or electronic mail, upon transmission (provided confirmation is sent as described above) or, in the case of expedited delivery service, one (1) business day after the date and time of mailing, or in the case of registered or certified mail, three (3) business days after the date and time of mailing. Notwithstanding the foregoing, if Franchisee or a representative of Franchisee refuses to accept delivery of any notice, then such notice will be deemed to have been given upon refusal of delivery.

30. VARYING STANDARDS

Because complete and detailed uniformity under many varying conditions may not be possible or practical, TDG specifically reserves the right, at its sole and absolute discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any Franchise based upon the peculiarities of a particular location or circumstance, including, density of population, business potential, population, trade area, existing business practices, or any other condition which TDG deems to be of importance to the operation of such Franchisee's business. Franchisee shall not have any right to complain about a variation from standard specifications and practices granted to any other franchisee and shall not be entitled to require TDG to grant to Franchisee a like or similar variation.

31. AUTHORITY

Franchisee or, if Franchisee is a legal entity, the individuals executing this Agreement on behalf of Franchisee, warrants to TDG individually and in their representative capacities, as the case may be, that they have read and approved this Agreement, including any restrictions which this Agreement places upon their right to transfer their respective interests in Franchisee.

32. SPECIAL REPRESENTATIONS

A. Entity Franchisee.

If Franchisee is a corporation or other legal entity, the following requirements shall apply:

- (1) Franchisee shall provide to TDG copies of Franchisee's corporate, partnership, limited liability company or other resolution directing its authorized representatives to enter into this Agreement on behalf of Franchisee.
- (2) Franchisee shall maintain a current list of all owners of record and all beneficial owners of any class of voting stock of or other ownership interest in Franchisee and shall furnish such list to TDG upon its request; and
- (3) All shareholders, partners or members of Franchisee shall jointly and severally guarantee Franchisee's performance hereunder and shall bind themselves to the terms of this Agreement; provided, however, that the requirements of this subsection shall not apply to any corporation registered under the Securities Exchange Act of 1934 (a "Publicly Held Corporation"), or, in TDG's discretion, to limited partners.

B. Franchisee's Representations and Acknowledgments.

Franchisee (and the owners of a corporate, partnership or limited liability company Franchisee) hereby represents as follows:

- (1) That he or she has conducted an independent investigation of TDG's business and System, recognizes that the business venture contemplated by this Agreement involves business risks and that success will be largely dependent upon the ability of Franchisee and its owners as independent business persons. TDG expressly disclaims the making of, and Franchisee acknowledges that it has not received any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business contemplated by this Agreement.
- (2) Franchisee acknowledges having received, read, and understood this Agreement, including the Attachments hereto; and Franchisee further acknowledges that TDG has accorded Franchisee ample time and opportunity to consult with advisors of his or her own choosing about the potential benefits and risks of entering into this Agreement.
- (3) Franchisee acknowledges that it has received a complete copy of this Agreement, attachments referred to herein, and agreements relating hereto, if any, at least seven (7) calendar days prior to the date on which this Agreement was executed by Franchisee. Franchisee further acknowledges that it has received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission, entitled "Information For Prospective Franchisees Required By The Federal Trade Commission," at least fourteen (14) calendar days prior to the date on which this Agreement was executed by Franchisee.
- (4) That TDG has not represented or guaranteed, expressly or impliedly, that Franchisee will derive income from the Franchised Business which exceeds the price paid by Franchisee, or that TDG will refund all or any part of the consideration paid by Franchisee, or repurchase any products, equipment, supplies or other items supplied by TDG or its affiliates if Franchisee is unsatisfied with the Franchised Business.

33. MISCELLANEOUS

A. Severability and Substitution of Valid Provisions

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, and any partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. If any applicable law or rule requires a greater prior notice of the termination of this Agreement than is required hereunder, or require the taking of some other action not required hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice or other requirements hereof.

B. Rights of Parties Are Cumulative

The rights of TDG and Franchisee hereunder are cumulative, and the exercise or enforcement by TDG or Franchisee of any right or remedy hereunder shall not preclude the exercise or enforcement by TDG or Franchisee of any other right or remedy hereunder which TDG or Franchisee is entitled by law to enforce.

C. Binding Effect

This Agreement is binding upon the parties hereto and their respective permitted assigns and successors in interest.

D. Entire Agreement; Construction

This Agreement and any other agreements or instruments referred to herein or which relate to the purchase or lease by Franchisee from TDG of any fixtures, signs, equipment, printing, merchandise, or the like, constitutes the entire agreement of the parties, and there are no other oral or written understanding or agreements between TDG and Franchisee relating to the subject matter of this Agreement, provided that nothing herein or therein is intended to disclaim representations TDG made in the franchise disclosure document that TDG furnished to Franchisee. The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit, or construe the contents of those sections or paragraphs. The term “Franchisee” as used herein is applicable to one or more persons, a corporation, partnership, limited liability company or other legal entity, as the case may be; the singular usage includes the plural; and the masculine and neuter usages include the other and feminine. References to “Franchisee” shall apply to one or more individual franchisees or, in the case of a franchisee which is a legal entity to the principal owner or owners of such entity.

E. Attorney Fees and Enforcement Costs

In the event any legal or other enforcement proceedings between the parties hereto arise under this Agreement, the prevailing party shall be entitled to recover reasonable attorneys’ fees and costs from the other party. Without limitation, Franchisee shall pay to Franchisor all damages, costs and expenses, including collection fees and costs and reasonable attorneys’ fees, incurred by Franchisor in collecting any amounts due under this Agreement and in obtaining any remedy available to Franchisor for any violation of this Agreement, and, if Franchisor secures any injunction or order of specific performance hereunder, Franchisee agrees to pay to Franchisor an amount equal to the aggregate costs of obtaining such relief, including, without limitation, reasonable attorneys’ fees, costs of investigation and proof of facts, court costs, other litigation expenses, travel and living expenses, and any damages incurred by Franchisor as a result of the breach of any provision of this Agreement.

F. Modification

This Agreement may be modified only by a written instrument signed by the party to be bound. Any oral representations or modifications concerning this Agreement shall be of no force or effect unless a subsequent modification in writing is signed by the parties hereto.

G. Survival

Any obligation of Franchisee or its owners that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest in Franchisee shall be deemed to survive such termination, expiration or transfer.

H. No Third Party Beneficiary

Except as expressly provided herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, TDG, TDG's officers, directors and personnel and such of Franchisee's and TDG's respective successors and assigns as may be contemplated (and, as to Franchisee, authorized by Section 19.), any rights or remedies under or as a result of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused their authorized representatives to duly execute and deliver this Agreement in duplicate as of the ____ of _____, 20__.

THE DECOR GROUP, INC. (Officer's signature required):

By: _____

Title: _____

By: _____

Title: _____

FRANCHISEE:

CHRISTMAS DECOR of /by

By: _____

(Officer's signature required)

Title: _____

By: _____

Title: _____

ATTACHMENT A

**TO FRANCHISE AGREEMENT DATED _____, 20____
BETWEEN THE DECOR GROUP, INC. AND _____ (“FRANCHISEE”)**

OWNERS’ GUARANTY AND ASSUMPTION AGREEMENT

This Guaranty and Assumption Agreement (the "Guaranty") is given this ____ day of _____, 20__ by the undersigned.

In consideration of, and as an inducement to, the execution of the Franchise Agreement (the "Agreement") by THE DECOR GROUP, INC. ("we" "us" or "our"), each of the undersigned and any other parties who sign counterparts of this Guaranty (referred to herein individually as a "Guarantor" and collectively as "Guarantors") hereby personally and unconditionally guarantees to us and our successors and assigns, that Franchisee will punctually pay its obligations for initial franchise fees, royalties, marketing development fees and purchases of equipment, materials, supplies and other amounts due under the Agreement.

Each Guarantor waives:

- (i) acceptance and notice of acceptance by us of the foregoing undertakings; and
- (ii) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; and
- (iii) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and
- (iv) any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability; and
- (v) all rights to payments and claims for reimbursement or subrogation which he or she may have against Franchisee arising as a result of his or her execution of and performance under this guaranty by the undersigned (including by way of counterparts); and
- (vi) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each Guarantor consents and agrees that:

- (a) his or her direct and immediate liability under this Guaranty will be joint and several not only with Franchisee, but also among the Guarantors; and
- (b) he or she will render any payment, remittance or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; and
- (c) such liability will not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and

- (d) such liability will not be diminished, relieved or otherwise affected by any subsequent rider or amendment to the Agreement or by any extension of time, credit or other indulgence that we may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment, remittance or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable throughout the term of the Agreement and for so long thereafter as there are any monies or obligations owing by Franchisee to us under the Agreement; and
- (e) Franchisee's written acknowledgment, accepted in writing by us, or the judgment of any court or arbitration panel of competent jurisdiction establishing the amount due from Franchisee will be conclusive and binding on the undersigned as Guarantors.

Each Guarantor also makes all of the covenants, representations, warranties and agreements of the Franchisee set forth in the Franchise Agreement and is obligated to perform thereunder.

If we are required to enforce this Guaranty in an administrative, judicial or arbitration proceeding, and prevail in such proceeding, we will be entitled to reimbursement of our costs and expenses, including, but not limited to, legal and accounting fees, administrative, arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of an administrative, judicial or arbitration proceeding and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the Guarantors will reimburse us for any of the above-listed costs and expenses incurred by us.

IN WITNESS WHEREOF, each Guarantor has hereunto affixed his signature on the same day and year as the Agreement was executed.

GUARANTORS

Name: _____

Name: _____

Name: _____

Name: _____

Exhibit "A"
to Franchise Agreement

Selected Terms

1. **Service Territory:** Set forth below is a written description of Franchisee's Service Territory. (Also see the attached map):

2. **Territory Fee:** the amount of the Territory Fee required under the Agreement is \$_____.

3. **Ongoing Fees:** The amount of the ongoing fees required under the Agreement is:

Gross Sales attributable to Holiday Lighting Services	Holiday Lighting Services Royalty Fees				Marketing Development Contributions			
	The greater of:	Minimum	or %	Monthly (Feb-Sep)	Monthly (Oct-Dec)	Minimum	or %	Monthly (Feb-Sep)
1st Year	none	5%	none	none	none	1%	none	none
2nd Plus Years	Based on Previous Year's Gross Sales attributable to Holiday Lighting Services							
\$0 - \$100,000	\$3,050	5%	\$250	\$350	\$640	1%	\$50	\$80
\$100,001 - \$150,000	\$3,950	5%	\$250	\$650	\$850	1%	\$50	\$150
\$150,001 - \$200,000	\$5,000	5%	\$250	\$1,000	\$1,000	1%	\$50	\$200
\$200,001 +	\$6,950	5%	\$250	\$1,650	\$1,150	1%	\$50	\$250

The above fees may be subject to an annual cost of living adjustment as provided in the Franchise Agreement.

3. **Annual Performance Benchmarks:**

Franchise Year	Annual Performance Benchmarks for Holiday Lighting Services
1 st Franchise Year - _____	
2 nd Franchise Year - _____	
3 rd Franchise Year - _____	
4 th Franchise Year - _____	
5 th Franchise Year - _____	

4. **Description of Other Business:**

5. **Ancillary Lighting Services:** Franchisee elects to provide the following Ancillary Lighting Services in accordance with the terms of the Franchise Agreement (check all that apply);

- Landscape Lighting
- Permanent Lighting

STATE ADDENDA TO FRANCHISE AGREEMENT

EXHIBIT A-1

**AMENDMENT TO THE DECOR GROUP, INC.
FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA**

The Decor Group, Inc. Franchise Agreement between _____ ("Franchisee" or "You") and The Decor Group, Inc. ("Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

CALIFORNIA LAW MODIFICATIONS

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Agreement contains provisions that are inconsistent with the following, these provisions are hereby amended:

- a. 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.
- b. All sections of the Agreement referencing payment by Franchisee of the initial franchise fee upon execution of the Agreement are hereby amended to defer Franchisee's payment of the initial franchise fee until after completion of Quick Start Training and opening of the franchised business.
- c. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
- d. 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.
- e. The franchise agreement requires application of the laws of Texas. This provision may not be enforceable under California law.
- f. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the California law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20__.

FRANCHISOR:

The Decor Group, Inc.,
a Texas corporation

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

**AMENDMENT TO THE DECOR GROUP, INC.
FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS**

The Decor Group, Inc. Franchise Agreement between _____ (“Franchisee” or “You”) and The Decor Group, Inc. (the “Company”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

ILLINOIS LAW MODIFICATIONS

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

- a. If this Agreement requires that it be governed by a state's law, other than the state of Illinois, to the extent that such law conflicts with the Act (including judicial decisions interpreting the Act), Illinois law will govern.
- b. In conformance with Section 4 of the Act, any provision in the Agreement that designates jurisdiction and venue in a forum outside of the state of Illinois is void; except that arbitration may take place outside of Illinois.
- c. Paragraphs 705/19 and 705/20 of the Act provide rights to You concerning non-renewal and termination of this Agreement. If this Agreement contains a provision that is inconsistent with the Act, the Act will control.
- d. In conformance with Section 41 of the Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other Illinois law is void.
- e. Any release of claims or acknowledgments of fact contained in the Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act shall be void and are hereby deleted with respect to claims under the Act.

2. “NATIONAL ACCOUNTS” EXIST IN THIS FRANCHISE SYSTEM. FRANCHISOR HAS DISCRETION TO SERVICE “NATIONAL ACCOUNTS” OR ALLOW ANOTHER FRANCHISEE TO SERVICE ACCOUNTS WITHIN YOUR TERRITORY WITH NO COMPENSATION PAID TO YOU.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20__.

FRANCHISOR:

The Decor Group, Inc.
a Texas corporation

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

**AMENDMENT TO THE DECOR GROUP, INC.
FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND**

The Decor Group, Inc. Franchise Agreement between _____ (“Franchisee” or “You”) and The Decor Group, Inc. (the “Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

MARYLAND LAW MODIFICATIONS

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law, Md. Code. Ann. Bus. Reg. §§ 14-201 – 14-233 (2004 Repl. Vol.). To the extent that this Agreement contains provisions that are inconsistent with the following, these provisions are hereby amended:

- a. The Franchisee is required in this Agreement to execute a general release as a condition of renewal, sale, and/or assignment/transfer. Such release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- b. 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,
- c. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- d. Any claims that Franchisee may have under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
- e. All initial fees and payments shall be deferred until such time as the franchisor completes its initial obligations.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20__.

FRANCHISOR:

The Decor Group, Inc.,
a Texas corporation

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

**AMENDMENT TO THE DECOR GROUP, INC.
FRANCHISE AGREEMENT AND DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA**

The Decor Group, Inc. Franchise Agreement between _____ (“Franchisee” or “You”) and The Decor Group, Inc. (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

MINNESOTA LAW MODIFICATIONS

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80C.01 *et seq.*, and of the Rules and Regulations promulgated under the Act (collectively the “Franchise Act”). To the extent that the Agreement and/or Disclosure Document contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. The Minnesota Department of Commerce requires that franchisors indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee’s use of the franchisor's proprietary marks infringes trademark rights of the third party.
- b. Minn. Stat. Sec. 80C.14, Subds. 3, 4., and 5 requires, except in certain specified cases, that a franchisee be given ninety (90) days notice of termination (with sixty (60) days to cure) and one hundred eighty (180) days notice for non-renewal of the franchise agreement. If the Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act's requirements and shall have no force or effect.
- c. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Franchise Act.
- d. Minn. Stat. Sec. 80C17, Subd. 5 requires that no action may be commenced pursuant to this section more than three (3) years after the cause of action accrues. If the Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act's requirements and shall have no force or effect.
- e. If the Agreement requires that it be governed by the law of a State other than the State of Minnesota or arbitration or mediation, those provisions shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

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

3. The Agreement and/or Disclosure Document is hereby amended to delete all references to liquidated damages (which includes the termination fee) in violation of Minnesota law; provided, that no such deletion shall excuse the franchisee from liability for actual or other damages and the formula for liquidated damages in the Agreement and/or Disclosure Document shall be admissible as evidence of actual damages.

4. To the extent required by Minnesota Law, the Agreement and/or Disclosure Document is amended to delete all references to a waiver of jury trial.

5. All sections of the Agreement and/or Disclosure Document referencing Franchisor's right to obtain injunctive relief are hereby amended to refer to Franchisor's right to seek to obtain.

6. Each provision of this Agreement shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment on _____, 20__.

FRANCHISOR:

The Decor Group, Inc.,
a Texas corporation

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

**AMENDMENT TO THE DECOR GROUP, INC.
FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK**

The Decor Group, Inc. Franchise Agreement between _____ (“Franchisee” or “You”) The Decor Group, Inc. (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

NEW YORK LAW MODIFICATIONS

1. The New York Department of Law requires that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 through 695 (1989). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the General Business Law, regulation, rule or order under the Law, such release shall exclude claims arising under the New York General Business Law, Article 33, Section 680 through 695 and the regulations promulgated thereunder, and such acknowledgments shall be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.
- b. If the Agreement requires that it be governed by the law of a state, other than the State of New York, the choice of law provision shall not be considered to waive any rights conferred upon the Franchisee under the New York General Business Law, Article 33, Sections 680 through 695.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the New York General Business Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

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IN WITNESS WHEREOF, the Franchisee on behalf of itself and its Owners acknowledge that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20__.

FRANCHISOR:

The Decor Group, Inc.,
a Texas corporation

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

**AMENDMENT TO THE DECOR GROUP, INC.
FRANCHISE AGREEMENT
FOR THE STATE OF NORTH DAKOTA**

The Decor Group, Inc. Franchise Agreement between _____ (“Franchisee” or “You”) and The Decor Group, Inc. (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

NORTH DAKOTA LAW MODIFICATIONS

1. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1995). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgments shall be void with respect to claims under the Law.
- b. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.
- c. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.
- d. If the Agreement requires that it be governed by the law of a state, other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.
- e. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.
- f. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

- g. Any provision that provides that the parties waive their right to a jury trial may not be enforceable under North Dakota law.
- h. A waiver of exemplary or punitive damages by the parties may not be enforceable under North Dakota law.
- i. All initial fees and payments shall be deferred until such time as the franchisor completes its initial obligations.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20__.

FRANCHISOR:

The Decor Group, Inc.,
a Texas corporation

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

**AMENDMENT TO THE DECOR GROUP, INC.
FRANCHISE AGREEMENT
FOR THE STATE OF RHODE ISLAND**

The Decor Group, Inc. Franchise Agreement between _____ (“Franchisee” or “You”) and The Decor Group, Inc. (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

RHODE ISLAND LAW MODIFICATIONS

1. The Rhode Island Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Rhode Island law, including the Franchise Investment Act, R.I. Gen. Law, tit. 19 chap. 28.1 §§ 19-28.1-1 -19-28.1-34. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If this Agreement requires litigation to be conducted in a forum other than the State of Rhode Island, the requirement is void with respect to any claims brought under Rhode Island Franchise Investment Act Sec. 19-28.1-14.
- b. If this Agreement requires that it be governed by a state's law, other than the State of Rhode Island, to the extent that such law conflicts with Rhode Island Franchise Investment Act it is void under Section 19-28.1-14.
- c. If the Franchisee is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Rhode Island Franchise Investment Act, and such acknowledgments shall be void with respect to claims under the Act.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owner acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20__.

FRANCHISOR:

The Decor Group, Inc.,
a Texas corporation

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

**AMENDMENT TO THE DECOR GROUP, INC.
FRANCHISE AGREEMENT AND RELATED AGREEMENTS
FOR THE STATE OF WASHINGTON**

The Decor Group, Inc. Franchise Agreement between _____ (“Franchisee” or “You”) and The Decor Group, Inc. (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

WASHINGTON LAW MODIFICATIONS

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20_____.

FRANCHISOR:

The Decor Group, Inc.,
a Texas corporation

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

OPTION AGREEMENT

EXHIBIT A-2

THE DECOR GROUP, INC.

OPTION TO PURCHASE

For, and in consideration of One Thousand Dollars (\$1,000.00), via automated bank draft, credit card, or company check, and other good and valuable consideration, the receipt of which is acknowledged, The Decor Group, Inc. (“Seller”), 2301 Crown Court, Irving, Texas 75038, grants to:

(Name)

(Business Phone)

(Address)

(Fax Phone)

(City, State, Zip)

(Company Name)

Hereafter the “Buyer”,

An exclusive right and option to purchase, in accordance with the terms and conditions in this Agreement, the Christmas Decor Service Territory described on Exhibit “A” attached hereto.

1. **Option.** This Option is irrevocable until _____, 20__ at which time it may be renewed.
2. **Renewal.** This Option is renewable for one (1) month periods through _____, 20__ (the Expiration Date), subsequent to the initial Option period, upon payment of an Option extension fee in the amount of _____ Dollars (\$_____) per month to be paid on the first (1st) day of each month via automated bank draft, credit card or company check.
3. **Purchase Price.** The franchise fee for the territory described in Exhibit A shall be:

Base Fee of Nine Thousand Nine Hundred Dollars (\$9,900.00) plus a Territory Fee ranging from One Thousand Five Hundred Dollars (\$1,500.00) up to Twenty-Two Thousand Dollars (\$22,000.00).
4. **Conditions Precedent.** In order for the Buyer to exercise this Option to purchase a franchise, all of the following conditions must be met:
 - A. The Buyer must be a person capable of operating a Franchise in the territory and be approved by the Seller.
 - B. The Franchise Agreement between Seller and Buyer must be executed, the form of which is included with this Option Agreement.

- C. Payment by the Buyer of the required franchise fee at the time of exercise of this Option, less the amount of all Option fees received by the Seller as provided in paragraph five (5).
- 5. **Credit of Option Consideration.** If the Buyer fails to exercise this Option herein before the Expiration Date, the Seller shall retain the consideration paid under this agreement. If, however, the Buyer does exercise this Option in accordance with the terms hereof on or before the Expiration Date, Seller shall credit toward Buyer's franchise fee all the Option fees received by the Seller.
- 6. **Notice.** The Buyer shall give notice to the Seller of intent to exercise this Option by delivering a fully executed Franchise Agreement (and related documents, if any), **AND** the required franchise fee to the Seller **PRIOR** to the Expiration Date of this Option.
- 7. **Assignment.** This Option shall be binding on the Buyer and may not be assigned by the Buyer without written approval of the Seller. Seller may assign this agreement without Buyer's consent.
- 8. **Benefit.** This Option Agreement shall be binding on the parties hereto, their heirs, and legal representatives.

Executed on this _____ day of _____, 20__.

SELLER:

THE DECOR GROUP, INC.

By: _____

Print Name and Title: _____

Sales Representative: _____

BUYER:

(Company Name)

By: _____

Print Name and Title: _____

Exhibit A

Description of Franchise Territory

TABLE OF CONTENTS OF OPERATIONS MANUAL

EXHIBIT B

Christmas Decor Franchise Operations Manual

Table of Contents

<u>Section</u>	<u>Number of Pages</u>
<u>Administration and Business Operations</u>	
Introduction	9
A.C.L.S. Ordering Policies	20
Advisory Council	2
Bookkeeping	4
Competition	4
Continuing Ed/Conference	4
Employee Hiring	14
Franchisee Relations and Expectations	10
LightRight – Tracking and Invoicing	130
Templates and Forms	3
<u>Marketing and Sales</u>	
Design and Mapping	21
Marketing Strategies and Tactics	37
Pricing and Proposal	20
Sales Process Residential	24
Sales Process Commercial	23
Sales Tools	9
Trade and Home Shows	11
Understanding the Affluent	6

<u>Section</u>	<u>Number of Pages</u>
<u>Technical and Installation</u>	
Installation and Removal	22
Lighting Installation Videos	11
Power Needs	31
Scheduling and Organization	36
Storage	6
Safety	10
Training – Initial / Ongoing / Field	868

FINANCIAL STATEMENTS

EXHIBIT C

THE DECOR GROUP, INC.
FINANCIAL STATEMENTS

The Financial Statements for the period April 1, 2021 through September 30, 2021, 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.

The Decor Group, Inc.
Income Statement
From Apr 2021 to Sep 2021

Financial Row	Amount
Ordinary Income/Expense	
Income	
4000-0 - Revenue	
4001-0 - Franchise and Operations	
4001-1 - Franchise Royalties	\$383,720.19
4001-2 - Franchise Sales	\$40,651.47
4001-3 - Education/Conferences	\$101,493.50
4001-4 - Technology	\$42,250.00
4001-5 - Freight Sales	\$246,753.40
4001-6 - Franchise Renewals	\$24,560.00
Total - 4001-0 - Franchise and Operations	\$839,428.56
4002-0 - Product	
4002-1 - Product Sales - Christmas Decor	\$2,878,341.42
4002-2 - Product Sales - Nite Time Decor	\$894,868.64
4002-3 - Product Sales - Barcana	\$909,115.22
4002-4 - Product Sales - Other	\$144,360.91
4002-5 - Product Sales - Inception	\$439,635.70
4002-6 - Sales Discounts - Promotions	(\$6,978.33)
4002-7 - Sales Discount - Cash	(\$3,421.27)
4002-8 - Product Sales - FDS	\$570,934.02
Total - 4002-0 - Product	\$5,826,856.31
4004-0 - Revenue : Tenant Shipping	
4004-1 - Tenant Shipping	\$26,248.58
Total - 4004-0 - Revenue : Tenant Shipping	\$26,248.58
Total - 4000-0 - Revenue	\$6,692,533.45
Total - Income	\$6,692,533.45
Cost Of Sales	
5000-0 - Cost of Goods Sold	
5001-1 - Freight	\$8,052.86
5001-2 - Christmas Decor	\$1,682,713.21
5001-3 - Nite Time Decor	\$636,111.55
5001-4 - Barcana	\$525,983.49
5001-5 - Other	(\$0.26)
5001-6 - Inception Product (Cost of Goods Sold)	\$335,483.20
5001-7 - FDS	\$357,480.45
5002-0 - Inventory Adjustments	(\$2,329.95)
5002-1 - RMA Bad Inventory	\$111.65
5003-1 - Installation Labor Expense-Inception	\$44,055.29
5003-11 - Warranty	(\$25,811.27)
5003-3 - Warranty - Inception	\$18,957.64
5004-1 - Cost of Goods Sold: Samples & freebies	\$266.25
Total - 5000-0 - Cost of Goods Sold	\$3,581,074.11
5003-4 - LC Shipping Charge	(\$3,409.47)
5003-5 - LC Freight Costs	\$328,267.19
5003-6 - LC Import Fees	(\$6,933.68)
5003-7 - LC Customs and Duties	\$81,342.19
Total - Cost Of Sales	\$3,980,340.34
Gross Profit	\$2,712,193.11
Expense	
6000-0 - Direct Expenses	
6000-1 - General Repairs & Maintenance	\$1,617.56
6000-10 - Insurance - Officer's Life	\$16,640.01
6000-13 - Product Sales Commissions (NEC)	\$106,145.15
6000-14 - Professional Fees	\$4,709.20
6000-16 - Recruiting Fees	\$34,600.00
6000-17 - Research and Development	\$5,186.00

Financial Row	Amount
6000-19 - Equipment Leases	\$2,941.86
6000-21 - Taxes-Property	\$30,000.00
6000-22 - Taxes-State Franchise	\$47,558.33
6000-24 - Telecommunications	\$150.00
6000-3 - Bank Charges and Merchant Fees	\$69,922.43
6000-5 - Customer Training and Education	\$9,700.00
6000-7 - Dues and Subscriptions	\$1,448.92
6000-8 - Franchise Sales Commissions	\$40,000.00
6000-9 - Information Technology	\$10,198.62
6003-1 - Conferences	\$214,116.63
6004-1 - Trade Shows	\$23,230.15
6012-0 - Training & Education Expenses	
6012-0 - Training & Education Expenses	\$1,127.23
6012-1 - Training	\$12,783.21
Total - 6012-0 - Training & Education Expenses	\$13,910.44
Total - 6000-0 - Direct Expenses	\$632,075.30
6001-0 - Personnel and Benefit Costs	
6001-1 - Salaries & Wages	\$988,980.70
6001-10 - Medical Expense-Insurance & Related	\$155.40
6001-14 - Personnel and Benefit Costs : Marketing Salaries	(\$50,960.00)
6001-18 - Personnel and Benefit Costs: Commissions-Product Sales	\$41,900.00
6001-19 - Personnel and Benefit Costs: Bonuses & Incentives	\$7,500.00
6001-2 - Payroll Taxes	\$87,909.80
6001-21 - Personnel and Benefit Costs: Medical Expense Insurance & rel	(\$837.14)
6001-3 - Insurance-Medical and Related	(\$43,048.14)
6001-4 - Contract Labor	\$4,189.21
6001-5 - Allowances, Relocation, Other	\$15,200.00
6001-7 - Profit Sharing Contributions	\$20,000.00
6001-8 - Employee Incentives	\$3,000.00
Total - 6001-0 - Personnel and Benefit Costs	\$1,073,989.83
6002-0 - Marketing & Advertising	
6002-1 - Advertising and Promotion	\$44,574.58
6002-2 - Marketing & Advertising: Decor Dollar Incentive	(\$84.28)
6002-3 - Marketing & Advertising: Franchise Recruitment	\$15,282.37
6002-4 - Marketing & Advertising: Product Samples	\$225.00
6002-5 - Franchise Recruitment	\$5,650.00
6002-6 - Product Samples	\$97.50
Total - 6002-0 - Marketing & Advertising	\$65,745.17
6003-0 - Travel and Entertainment	
6003-2 - Ground Transportation, Mileage, Fuel	\$1,827.80
6003-3 - Entertainment	\$1,384.85
6003-5 - Meals	\$435.38
Total - 6003-0 - Travel and Entertainment	\$3,648.03
6008-0 - Travel & Entertainment	
6008-2 - Travel & Entertainment: Ground transportation, Mileage & Fue	\$121.88
Total - 6008-0 - Travel & Entertainment	\$121.88
6009-0 - Occupancy Expense	
6009-1 - Occupancy Expense: Building Rent	\$132,461.98
6009-2 - Occupancy Expense: Building Repairs & Maintenance	\$55,574.64
6009-3 - Occupancy Expense: Utilities-Water	\$551.79
Total - 6009-0 - Occupancy Expense	\$188,588.41
7000-0 - General Operating & Administrative Expenses	
7004-1 - Medical Expense-Insurance and related	
7004-1 - Medical Expense-Insurance and related	\$63,244.87
7004-2 - Insurance-Directors & Officers Liability	\$11,628.51
Total - 7004-1 - Medical Expense-Insurance and related	\$74,873.38
7005-1 - Allowances, Relocation & other	\$375.43
7006-1 - 401(k) matching contributions	\$23,695.50
7008-0 - Contract Labor	
7008-1 - Contract Labor-office	\$67,840.16
7008-2 - Contract Labor-warehouse	\$56,137.34
7008-3 - Contract Labor - Other	\$1,331.25
7008-4 - Contract Labor: IT	\$6,000.00

Financial Row	Amount
Total - 7008-0 - Contract Labor	\$131,308.75
7010-0 - Insurance	
7010-1 - Insurance-Auto/truck	\$4,552.52
7010-2 - Insurance-General liability	\$19,506.84
7010-3 - Workman's comp	\$2,856.84
7010-4 - Insurance-umbrella	\$2,455.48
Total - 7010-0 - Insurance	\$29,371.68
7011-1 - License and Registration Fees	\$1,578.76
7013-1 - Professional Fees	\$87,023.40
7013-11 - Legal Fees	(\$350.00)
7014-1 - Supplies and Postage	\$50,133.70
7015-1 - Equipment Leases	\$4,532.31
7016-1 - Bad Debt	\$15,000.00
7020-1 - Telecommunications	\$16,084.39
7022-1 - Contributions - Donations	\$3,189.98
7023-1 - Depreciation and Amortization	\$116,853.18
7024-1 - Dues and Subscriptions	\$1,536.63
7025-1 - Information Technology	\$80,031.54
7026-0 - Travel and Entertainment	
7026-1 - Airfare	\$11,008.79
7026-2 - Ground Transportation, Mileage, Fuel	\$22,287.15
7026-4 - Lodging	\$18,798.77
7026-5 - Meals	\$24,540.87
Total - 7026-0 - Travel and Entertainment	\$76,635.58
7027-0 - Occupancy Expenses	
7027-1 - Building Rent	\$204,250.02
7027-2 - Building Repairs & Maintenance & Security	\$54,055.13
7027-3 - Utilities-Water	\$10,185.96
7027-4 - Utilities-Gas	\$456.64
7027-5 - Utilities - Electric	\$44,508.40
7030-2 - Showroom Supplies	\$1,652.88
Total - 7027-0 - Occupancy Expenses	\$315,109.03
7028-1 - Freight Billed	(\$10,130.07)
7029-1 - Freight Expense-product shipment	\$224,752.98
7029-2 - Freight Expense - General	\$39,026.95
7029-3 - Freight Expense - Free Freight	\$24,781.57
7029-4 - Freight Expense - HWH	\$27,003.61
7030-1 - Warehouse Supplies	\$42,695.77
Total - 7000-0 - General Operating & Administrative Expenses	\$1,375,114.05
8000-0 - Other Expenses	
8000-1 - Interest Expense	\$52,765.41
8000-3 - Miscellaneous	\$64.48
Total - 8000-0 - Other Expenses	\$52,829.89
Total - Expense	\$3,392,112.56
Net Ordinary Income	(\$679,919.45)
Other Income and Expenses	
Other Income	
6006-0 - Other Income	
6006-1 - Miscellaneous	\$11,090.93
6006-3 - Accounting Costs to Affiliates	\$30,000.00
Total - 6006-0 - Other Income	\$41,090.93
Total - Other Income	\$41,090.93
Other Expense	
6005-0 - Other Expense	
6005-16 - Ad Fund-Printing and Photos	\$1,200.00
6005-23 - Ad Fund-Marketing Director & Staff	\$50,960.00
6005-25 - Ad Fund - Web Optimization	\$6,000.00
6005-26 - Ad Fund - Advertising & Promotions	\$71,643.14
6005-28 - Ad Fund-Collections	(\$76,066.04)
Total - 6005-0 - Other Expense	\$53,737.10
Total - Other Expense	\$53,737.10
Net Other Income	(\$12,646.17)
Net Income	(\$692,565.62)

The Decor Group, Inc.
Balance Sheet
End of Sep 2021

Financial Row	Amount
ASSETS	
Current Assets	
Bank	
1000-0 - Cash and Cash Equivalents	
1000-1 - Cash In Bank : FBT Checking	\$683,660.99
1000-2 - Cash In Bank : Canada Checking	\$1,401.78
1000-3 - Cash in Bank - Regions Bank	\$471.26
1000-5 - Petty Cash	\$152.21
Total - 1000-0 - Cash and Cash Equivalents	\$685,686.24
Total Bank	\$685,686.24
Accounts Receivable	
1200-0 - Accounts Receivable	\$3,144,672.59
Total Accounts Receivable	\$3,144,672.59
Other Current Asset	
1300-0 - Allowance for Doubtful Accounts	(\$144,962.75)
1400-0 - Other Current Assets	
1400-0 - Other Current Assets	(\$1,028.00)
1400-1 - Prepaid Deposits - Product	\$2,547,788.11
1400-10 - Inventory: Inception	\$359,948.79
1400-16 - Prepaid Expenses	\$54,907.41
1400-18 - Inventory - FDS	\$790,912.33
1400-2 - Prepaid Deposits - Other	\$65,555.63
1400-5 - Inventory : Christmas Décor	\$2,488,596.86
1400-6 - Inventory : Nite Time Décor	\$931,684.82
1400-7 - Inventory : Barcana	\$750,401.16
1400-8 - Notes Receivable: Due from Blake	(\$28,986.53)
1400-9 - Notes Receivable: Due from BCKK	\$95,782.75
Total - 1400-0 - Other Current Assets	\$8,055,563.33
Total Other Current Asset	\$7,910,600.58
Total Current Assets	\$11,740,959.41
Fixed Assets	
1500-0 - Property and Equipment	
1500-1 - Furniture & Fixtures	\$93,584.95
1500-10 - Software	\$1,048,273.85
1500-2 - Property and Equipment: Leasehold Improvement - Buildings	\$232,456.67
1500-3 - Property and Equipment: Vehicles	\$159,769.53
1500-5 - Property and Equipment: Equipment-Computers & Technology	\$558,288.04
1500-6 - Property and Equipment: Equipment - Warehouse	\$279,873.25
1500-7 - Property and Equipment: Equipment - Machinery & Tools	\$452,780.24
1500-8 - Property and Equipment: Leasehold Improvements - Sample Show	\$655,828.78
1500-9 - Property and Equipment: Leasehold improvements - FF&E	\$175,123.90
Total - 1500-0 - Property and Equipment	\$3,655,979.21
1600-0 - Accumulated Depreciation	
1600-1 - Accumulated Depreciation	(\$3,924,476.35)
Total - 1600-0 - Accumulated Depreciation	(\$3,924,476.35)
Total Fixed Assets	(\$268,497.14)
Other Assets	
1700-0 - Other Long Term Assets	
1700-10 - CSV-COLI	\$245,181.90
1700-12 - Notes Receivable - Inception Lighting	\$500,000.00
1700-13 - INMOV - SOFTWARE DEVELOPMENT	\$117,806.00
1700-2 - Software Development Costs	\$700,383.45
1700-7 - Notes Receivable: Inception Lighting	\$11,344.98
1700-8 - Employee A/R	\$5,566.03
1700-9 - Due From DecorPro	\$386,474.66
Total - 1700-0 - Other Long Term Assets	\$1,966,757.02

Financial Row	Amount
Total Other Assets	\$1,966,757.02
Total ASSETS	\$13,439,219.29
Liabilities & Equity	
Current Liabilities	
Accounts Payable	
2000-0 - Accounts Payable	\$1,230,878.65
Total Accounts Payable	\$1,230,878.65
Other Current Liability	
2100-0 - Other Current Liabilities	
2100-11 - Accrued Vacation	\$66,692.35
2100-14 - Other Accrued Liabilities	\$42,533.50
2100-15 - Accrued Payroll	\$65,789.92
2100-2 - Customer Deposits	\$687,515.11
2100-30 - Accrued Purchases	(\$102,860.53)
2100-7 - Bank Line of Credit (2282)	\$5,325,000.00
2100-8 - Taxes Payable - Short Term	\$48,207.61
2100-80 - Sales Taxes Payable TX	(\$10,527.94)
Total - 2100-0 - Other Current Liabilities	\$6,122,350.02
Total Other Current Liability	\$6,122,350.02
Total Current Liabilities	\$7,353,228.67
Long Term Liabilities	
2200-0 - Long Term Liabilities	
2200-14 - Deferred Comp (COLI)	\$245,181.90
2200-15 - Notes Payable FB&T 4009875380	\$434,705.17
2200-17 - Notes Payable: PPP Stimulus	\$438,365.00
2200-19 - Notes Payable: FB&T 511448551	\$107,573.59
2200-20 - Notes Payable: SBA Loan 6790207900	\$150,000.00
2200-21 - Contract Liability	\$409,707.05
Total - 2200-0 - Long Term Liabilities	\$1,785,532.71
Total Long Term Liabilities	\$1,785,532.71
Equity	
3000-0 - Equity	
3000-1 - Common Stock	\$373,453.00
3000-2 - Distributions	(\$1,096,156.47)
3000-4 - Additional Paid-in Capital	\$1,747,000.05
Total - 3000-0 - Equity	\$1,024,296.58
Retained Earnings	\$3,968,726.95
Net Income	(\$692,565.62)
Total Equity	\$4,300,457.91
Total Liabilities & Equity	\$13,439,219.29



The Decor Group

COMBINED FINANCIAL STATEMENTS

March 31, 2021, 2020 and 2019



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REPORT



INDEPENDENT AUDITORS' REPORT

To the Owners
The Decor Group
Irving, Texas

Opinion

We have audited the accompanying financial statements of The Decor Group (a Texas corporation) and affiliates, (Decor) which comprise the combined balance sheets as of March 31, 2021, 2020, and 2019 and the related combined statements of operations, changes in owners' equity, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of The Decor Group as of March 31, 2021, 2020, 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

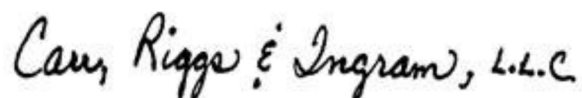
Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute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

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

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

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

Very truly yours,



Carr, Riggs & Ingram, LLC
Lubbock, Texas
October 20, 2021



COMBINED FINANCIAL STATEMENTS



The Decor Group
Combined Balance Sheets

<i>March 31,</i>	2021	2020	2019
Assets			
Current assets			
Cash and cash equivalents	\$ 46,175	\$ 128,606	\$ 177,876
Accounts receivable, net	1,402,414	1,745,722	1,303,198
Inventory	4,584,730	3,240,090	3,793,841
Note receivable	11,345	11,345	24,228
Note receivable from owner	64,534	-	-
Other current assets	95,152	243,227	35,682
Total current assets	6,204,350	5,368,990	5,334,825
Inventory order deposits	1,542,809	1,793,714	811,711
Property, plant and equipment, net	561,614	830,825	1,243,526
Goodwill, net	108,000	129,600	151,200
Notes receivable	500,000	500,000	500,000
Cash surrender value of company owned life insurance	245,182	132,917	124,117
Total assets	\$ 9,161,955	\$ 8,756,046	\$ 8,165,379
Liabilities and Owners' Equity			
Current liabilities			
Accounts payable	\$ 642,016	\$ 225,898	\$ 182,734
Accrued expenses	550,862	490,407	408,414
Customer deposits	-	-	120,772
Revolving line of credit	1,445,000	2,254,000	825,000
Current maturities of long-term debt	277,090	270,764	299,782
Current portion of contract liability	609,618	238,259	-
Total current liabilities	3,524,586	3,479,328	1,836,702
Long-term debt, less current maturities	551,635	565,357	837,928
Non-current portion of contract liability	224,655	79,252	-
Loan payable, owner	-	16,029	775,091
Total liabilities	4,300,876	4,139,966	3,449,721
Owners' equity	4,861,079	4,616,080	4,715,658
Total liabilities and owners' equity	\$ 9,161,955	\$ 8,756,046	\$ 8,165,379

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

The Decor Group
Combined Statements of Operations

<i>For the years ended March 31,</i>	2021	2020	2019
Revenue			
Franchise royalties	\$ 2,336,331	\$ 2,180,487	\$ 2,115,411
Marketing Development Fund fees	449,120	404,439	-
Initial and renewal franchise fees	119,337	118,657	128,709
Other franchise revenues	48,204	156,223	189,609
Product Sales	12,800,855	12,460,880	12,278,027
	15,753,847	15,320,686	14,711,756
Operating Expenses			
Cost of product sold	8,917,078	7,858,873	7,674,243
Personnel	3,133,845	3,293,731	2,890,438
Marketing and support	822,746	1,249,426	938,638
Facilities & equipment	1,310,513	1,240,439	1,341,103
General and administrative expenses	156,745	266,501	221,974
Credit card and bank fees	263,863	220,556	226,752
Software and other technology	193,042	209,704	195,491
Professional costs	180,748	198,314	350,498
Insurance	40,610	99,932	71,829
Bad debt and collections	60,000	45,000	161,971
Operating expenses	15,079,190	14,682,476	14,072,937
Operating Income	674,657	638,210	638,819
Other nonoperating income, net	(698,656)	(106,320)	(107,920)
Interest expense	143,919	197,351	328,996
Net nonoperating (income) expense	(554,737)	91,031	221,076
Income Before Taxes	1,229,394	547,179	417,743
Income tax expense	47,754	56,098	48,206
Net Income	\$ 1,181,640	\$ 491,081	\$ 369,537

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

The Decor Group
Combined Statements of Changes in Owners' Equity

<i>For the years ended March 31,</i>	2021	2020	2019
Owners' equity, beginning of year - as previously reported	\$ 4,616,080	\$ 4,715,658	\$ 2,899,525
Adoption of ASC 606 (Note 2)	-	(225,617)	-
Owners' equity, beginning of year - adjusted	4,616,080	4,490,041	2,899,525
Owner contributions	-	-	1,700,000
Stock compensation contribution	13,000	12,000	22,000
Distributions	(949,641)	(377,042)	(275,404)
Net income	1,181,640	491,081	369,537
Owners' equity, end of year	\$ 4,861,079	\$ 4,616,080	\$ 4,715,658

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

The Decor Group Combined Statements of Cash Flows

<i>For the years ended March 31,</i>	2021	2020	2019
Operating Activities			
Net income	\$ 1,181,640	\$ 491,081	\$ 369,537
Adjustments to reconcile net income to net cash provided (used) by operating activities:			
Depreciation expense	325,824	421,294	499,307
Amortization	21,600	21,600	36,000
Stock based compensation	13,000	12,000	22,000
Provision for bad debts	60,000	45,000	178,328
Loss on sale of fixed assets	3,706	-	-
Changes in operating assets and liabilities			
Accounts receivable, net	283,308	(487,524)	(315,238)
Inventory	(1,344,640)	553,751	(1,156,758)
Inventory order deposits	250,905	(982,003)	964,772
Other current assets	148,075	(207,545)	72,909
Accounts payable and accrued expenses	476,573	125,157	(78,734)
Customer deposits	-	(120,772)	(650,852)
Contract liability	516,762	91,894	-
Net cash provided by (used in) operating activities	1,936,753	(36,067)	(58,729)
Investing Activities			
Cash surrender value of company owned life insurance	(112,265)	(8,800)	(31,524)
Advances made on notes receivable	(64,534)	-	(7,851)
Payments received on notes receivable	-	12,883	21,231
Payments for purchase of long-lived assets	(60,319)	(8,593)	(194,499)
Net cash provided by (used in) investing activities	(237,118)	(4,510)	(212,643)
Financing Activities			
Revolving line of credit advances	5,848,700	7,439,000	5,600,000
Revolving line of credit payments	(6,657,700)	(6,010,000)	(7,475,000)
Long-term debt advances	290,000	-	1,191,226
Long-term debt payments	(297,396)	(301,589)	(1,167,140)
Advances on loan payable to owner	-	50,000	775,091
Repayments on loan payable to owner	(16,029)	(809,062)	-
Owners' contributions	-	-	1,700,000
Owners' distributions	(949,641)	(377,042)	(275,404)
Net cash provided by (used in) financing activities	(1,782,066)	(8,693)	348,773
Net change in cash and cash equivalents	(82,431)	(49,270)	77,401
Cash and cash equivalents, beg. of year	128,606	177,876	100,475
Cash and cash equivalents, end of year	\$ 46,175	\$ 128,606	\$ 177,876
Supplemental Schedule for Certain Cash Flow Information			
Interest paid	\$ 143,919	\$ 197,351	\$ 328,996
Income taxes paid, see Note 2	\$ 47,754	\$ 56,098	\$ 48,206

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

The Decor Group

Notes to Combined Financial Statements

Note 1: DESCRIPTION OF BUSINESS

The accompanying combined financial statements of The Decor Group include the companies listed below (Decor) which are commonly controlled by Blake Smith (Smith):

American Christmas Light & Supply, Inc. (ACLS) is a Texas corporation formed December 1, 1997, as a wholesale supplier of holiday, special event, and outdoor landscape lighting supplies and materials. ACLS operates a warehouse and distribution center in Irving, Texas, to provide products to franchisees, contractors, and the public as well as a wholesale showroom in Atlanta, Georgia.

DecorPro, LLC (DPro) is a Texas limited liability company formed January 26, 2015, with Smith as the primary member and manager. The regulations for DPro stipulate a limited-term existence. In March 2016, DPro purchased substantially all the assets of Barcana, Inc., which comprised equipment, inventory, intellectual property, and accounts receivable. Items from the Barcana product line are sold by ACLS.

ABEK Enterprises, LP (ABEK) was a Texas Limited Partnership formed in 2004 that provided management services to ACLS. The partnership had been inactive since April 1, 2015, and during the year ended March 31, 2019, the partnership was dissolved.

The equity of the entities that comprise Decor have been added together to determine combined equity and all significant intercompany activity and balances are eliminated.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying combined financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding US GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of US GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates. Such estimates primarily relate to the impairment of receivables, product inventory, and property, plant and equipment; estimated useful lives of property, plant and equipment; lower of cost or market costing of product inventory; and valuation of intangible assets.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly-liquid debt instruments with an original maturity of 90 days or less.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Marketing Development Fund

Per the franchise agreement, Decor collects a percentage of sales from franchisees to be held and used as marketing development funds. Any cash collected in excess of the advertising fee recognized is reported as restricted cash in the accompanying combined balance sheets. At March 31, 2021, 2020, and 2019, there are no unused marketing development funds. Gross advertising fee revenue and related expenses are recognized in the accompanying combined statements of operations for the years ended March 31, 2021 and 2020, pursuant to the adoption of ASC 606 as discussed in the revenue recognition policy below. For the year ended March 31, 2019, net marketing expense is recorded in the accompanying combined statements of operation in accordance with revenue recognition guidance for those years.

Accounts Receivable

Accounts receivable represent amounts owed to Decor, which are expected to be collected within twelve months and are presented in the combined balance sheets net of the allowance for doubtful accounts.

Allowance for Doubtful Accounts

Management evaluates its receivables on an ongoing basis by analyzing customer relationships and previous payment histories. The allowance for doubtful accounts is management's best estimate of the amount of probable credit losses in the existing accounts based on current market conditions. Historically, losses on uncollectible accounts have been within management's expectations. The allowance for doubtful accounts is reviewed on a periodic basis to ensure there is sufficient reserve to cover any potential credit losses. When receivables are considered uncollectible, they are charged against the allowance for doubtful accounts. Collections on accounts previously written off are included in income as received. The allowance for doubtful accounts was \$129,963, \$185,091 and \$144,841 at March 31, 2021, 2020, and 2019, respectively.

Inventory

Inventory is comprised of finished goods consisting of lighting, decorative garlands and other Christmas decorating items, hardware, clips, lighting fixtures, wire, transformers, accessories, and equipment to install decorative holiday and landscape lighting. Inventory is carried at the lower of weighted-average landed cost or net realizable value and is purchased domestically and imported from China and Greece. All inventory items are finished goods. Management has determined there is no need for an allowance for obsolescence.

Inventory Order Deposits

Inventory order deposits occur when cash is paid in advance for orders placed with certain manufacturers.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant, and Equipment

Land is carried at cost and all other property plant and equipment is stated at cost less accumulated depreciation. Expenditures for additions, major renewals, and betterments are capitalized and repairs and maintenance are charged to operations as incurred. Depreciation expense is recognized over their estimated useful lives using the straight line method. Leasehold improvements are amortized over the shorter of the estimated useful life or remaining term of the lease.

Impairment of Long-Lived Assets

Decor reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the future undiscounted cash flows expected to result from the use of the asset and its eventual disposition are less than the carrying amount of the asset, an impairment loss is recognized. Long-lived assets and certain intangible assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell. Management is not aware of any impairment of the value of the long-lived assets.

Goodwill

Goodwill represents the excess of the cost of the Barcana assets acquired in March 2016 over the fair value of the net assets acquired. Decor follows the accounting alternative for the subsequent measurement of goodwill provided in ASC 350-20. Under this accounting alternative, goodwill is subject to amortization on a straight-line basis over ten years and is evaluated for impairment only when a triggering event occurs. During the years ended March 31, 2021, 2020, and 2019, no triggering events occurred requiring impairment testing. As such, no impairment loss was recorded.

Customer Deposits and Contract Liabilities

Decor offers an early-buy program to customers. Customers that place orders for the Christmas season by a specified date receive discounts on the orders, but also must prepay some or all of the discounted purchase price. Through March 31, 2019, these payments were accounted for as deposits until the orders shipped. Subsequent to the implementation of Accounting Standards Codification 606, *Revenue from Contracts with Customers* (ASC 606), customer deposits are included in contract liabilities. As of April 1, 2019, contract liabilities consist of deferred franchise fees and customer deposits.

Compensated Absences

Full time salaried employees accrue paid time off based on a graduated schedule of years of employment determined by each employee's anniversary hire date. Paid time off hours are accrued and granted each pay period with a maximum of fifteen days granted annually after nine years of employment. Paid time off may only be taken after the time has been granted and may be paid at year end or carried over at the employee's discretion. The liability for compensated absences at March 31, 2021, 2020, and 2019 was \$66,692, \$76,761, and \$76,761, respectively.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt

Debt is carried at the principal amount due to the lender and related interest expense is accrued as incurred. Debt principal due within one year of the balance sheet date is classified as current maturities and presented separately as current liabilities.

Revenue Recognition

Revenue is recognized when performance obligations under the terms of the contracts with customers are satisfied. Prior to the adoption of Accounting Standards Codification 606, *Revenue from Contracts with Customers* (ASC 606), Decor recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectability was reasonably assured.

Under ASC 606, revenue is recognized upon transfer of control of promised services or goods to customers in an amount that reflects the consideration Decor expects to receive for those services or goods. Sales taxes, where applicable, are collected from customers and remitted to the appropriate taxing authority and are not reflected in Decor's combined statements of operations as revenue.

The franchise arrangement between Decor as the franchisor and the franchisee as the customer requires Decor to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property, as it does not have significant standalone functionality, and substantially all the utility is derived from its association with Decor's past or ongoing activities.

The nature of the Decor's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by Decor are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise fees; (b) continuing franchise fees (royalties); and (c) advertising fees. Since Decor considers the licensing of the franchising right to be a single performance obligation, no allocation of the transaction price is required.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Decor recognizes the primary components of the transaction price as follows:

- Franchise fees are recognized as revenue ratably on a straight-line basis over the term of the franchise agreement. As these fees are typically received in cash at or near the beginning of the franchise term, the cash received is initially recorded as a contract liability until recognized as revenue over time.
- Decor is entitled to royalties and advertising fees based on a percentage of the franchisee's gross sales as defined in the franchise agreement. Advertising fees are restricted for use by the franchise agreement to activities that maximize the general public recognition of the brand. Royalty and advertising revenue is recognized when the franchisee's reported sales occur.

In determining the amount and timing of revenue from contracts with customers, Decor exercises significant judgment with respect to collectability of the amount; however, the timing of recognition does not require significant judgment as it is based on either the franchise term, the month of reported sales by the franchisee or the termination of the agreement, none of which require estimation.

Income taxes

Decor has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under those provisions, Decor does not pay corporate income taxes on its taxable income. Instead, the stockholders are liable for individual federal income taxes on their share of Decor's taxable income.

Texas franchise taxes are income taxes under US GAAP and are recognized as income tax expense in the accompanying statements; Decor is liable for Texas franchise taxes. For Texas franchise tax purposes, losses cannot be carried forward to deduct against income in future periods and no related deferred tax assets are created; other Texas franchise taxes are insignificant. Returns are generally subject to examination for three years after they are filed.

Tax positions are recognized only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax position is recorded. Decor is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Decor recognizes interest and/or penalties related to income tax matters in income tax expense.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest

Interest costs are charged to expense as incurred.

Advertising Costs

Advertising costs are charged to operations as incurred and are included in “Marketing and support” expense in the accompanying combined statements of operations. Advertising expense totaled \$248,728, \$225,895, and \$262,800 for the years ended December 31, 2021, 2020, and 2019, respectively.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 20, 2021. See Note 21 for relevant disclosures.

Accounting Standards Not Yet Adopted

In February 2016, FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. Decor is currently evaluating the impact of the guidance on its financial statements.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This guidance specified that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments superseded the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry specific guidance.

Effective April 1, 2019, Decor adopted ASC 606, using the modified retrospective method. This method allows the standard to be adopted retrospectively through a cumulative adjustment recognized upon adoption. Therefore, the 2019 financial statements have not been restated and continue to be reported under the accounting standards in effect for those years.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)

Decor determined that the initial franchise fees received from franchises do not relate to separate and distinct performance obligations from the franchise right and therefore are recognized as revenue over the term of each respective franchise agreement. Prior to April 1, 2019, Decor recognized such fees as revenue when received. An adjustment to beginning retained earnings as of April 1, 2019, and a corresponding adjustment to contract liability of \$225,617 was made on the date of adoption associated with these fees.

Under the requirements of ASC 606, Decor determined that there are not performance obligations associated with the franchise advertising fees that are separate from the Decor's royalty payment stream, and as a result, these advertising fees and the related expenses are presented gross in Decor's combined statements of operation. While this change materially impacted the gross amount of reported franchise revenues and expenses, the impact on net income was not material.

The cumulative effects of the changes made to Decor's combined balance sheet as of April 1, 2019 for the adoption of ASC 606 were as follows:

	Balance at April 1, 2019	Adjustments due to ASC 606	Balance at March 31, 2019
Current portion of contract liabilities	\$ 226,431	\$ 226,431	\$ -
Non-current portion of contract liabilities	119,958	119,958	-
Customer deposits	-	(120,772)	120,772
Owners' equity	4,490,041	(225,617)	4,715,658

Note 3: FRANCHISING ACTIVITIES

Decor grants franchisees the right to operate under its name with access to products, trademarks, brands, proprietary software, and business systems under individual franchise agreements.

Decor receives initial franchise fees from franchisees upon signing of the initial five-year agreement, and receives royalties and advertising fees monthly. The initial franchise fee was \$9,900 plus a territory fee ranging from \$1,500 to \$22,000. In the first year of franchisee operations, royalties are 5% of annual gross sales. Royalties in subsequent years are 5% of annual gross sales, subject to minimums that range from \$3,050 to \$6,950 based on total annual gross sales. Marketing Development Fund fees are 1% in the first year, and are based on the previous year's gross sales attributable to holiday lighting services in years two through five. Renewal fees are \$2,000 and transfer fees are \$2,500.

When a franchise is sold, Decor agrees to provide certain services to the franchisee. Generally, these services include training personnel, assisting with suggested layout and design of the franchised business, and providing access to operation manuals and proprietary software.

Total initial costs are estimated to range from \$19,550 to \$62,250. Franchisees are required to purchase beginning inventory and equipment, estimated to be \$4,000 to \$10,000 from Decor or another approved supplier.

Note 3: FRANCHISING ACTIVITIES (Continued)

Franchisee activity follows:

<i>For the years ended March 31,</i>	2021	2020	2019
Beginning franchise outlets	225	229	230
Opened	18	-	7
Terminated	(2)	(1)	(1)
Ceased operation (non-renewal or consolidated)	(6)	(3)	(7)
Ending franchise outlets	235	225	229

There were no franchises owned by Decor at March 31, 2021, 2020, and 2019.

Note 4: CONCENTRATIONS

Financial instruments, which potentially subject Decor to concentrations of credit risk, are principally cash investments and accounts receivable. Decor places its cash investments in high credit quality financial institutions. Concentrations of credit risk with respect to accounts receivable is limited due to the number of franchisees comprising Decor's customer base and their dispersion across different geographic regions. To reduce risk, Decor routinely assesses the financial strength of its franchisees and, as a consequence, believes that its accounts receivable credit risk exposure is limited.

Decor has cash deposits with financial institutions, which fluctuate from time to time in excess of federally insured limits of \$250,000. If these financial institutions were not to honor their contractual liability, Decor could incur losses. Management is of the opinion that there is limited risk of loss because of the financial strength of these financial institutions.

Decor operates franchises in the United States and Canada. Revenues related to the Canadian franchises and product sales were not significant. Economic factors can affect future franchise sales and, as territory is assigned to each franchise store, Decor may reach the point where existing markets become saturated and initial franchising revenue declines. Unless new markets are entered, franchise revenues after market saturation will come primarily from royalties and other fees from existing franchisees.

The Decor Group
Notes to Combined Financial Statements

Note 5: ACCOUNTS RECEIVABLE

Accounts receivable are as follows:

<i>For the years ended March 31,</i>	2021	2020	2019
Trade	\$ 1,522,422	\$ 1,803,861	\$ 1,447,182
Employees	9,955	617	857
Related parties	-	126,335	-
	1,532,377	1,930,813	1,448,039
Less allowance for doubtful accounts	129,963	185,091	144,841
Accounts receivable, net	\$ 1,402,414	\$ 1,745,722	\$ 1,303,198

Note 6: NOTES RECEIVABLE

In January 2016, Decor loaned \$115,000 to the supplier of its PermaLites 365 product line. The note is unsecured, bears interest at 5.0% and calls for thirty six monthly principal and interest payments of \$1,918. At March 31, 2021, there was \$11,345 remaining balance on the note. Management expects payment within 12 months of the financial statement date.

On March 31, 2019, Decor received a \$500,000 note from a vendor for costs incurred by Decor to develop the PermaLites 365 product line of permanently installed LED lights. The zero interest note matures on November 16, 2024, or upon sale of the vendor company, whichever occurs first. The receivable includes imputed interest of \$60,000, calculated with the Federal mid-term rate, which was 2.59% at March 31, 2019. Interest income for the year ended March 31, 2021, 2020, and 2019, was \$11,691, \$11,396 and \$0, respectively.

See owner receivable and payable and other related party note receivable at Notes 10 and 18, respectively.

Note 7: GOODWILL

Goodwill is as follows:

<i>March 31,</i>	2021	2020	2019
Goodwill	\$ 216,000	\$ 216,000	\$ 216,000
Less accumulated amortization	(108,000)	(86,400)	(64,800)
Goodwill, net	\$ 108,000	\$ 129,600	\$ 151,200

Amortization of goodwill, which is included in general and administrative expense, was \$21,600, \$21,600, and \$36,000 for the years ended March 31, 2021, 2020, and 2019, respectively.

The Decor Group
Notes to Combined Financial Statements

Note 8: PROPERTY AND EQUIPMENT

The components of property and equipment are as follows:

<i>March 31,</i>	Estimated Useful Lives (in years)	2021	2020	2019
Software	5-7	\$ 1,787,926	\$ 1,748,657	\$ 1,748,657
Leasehold improvements	5-7	1,058,601	1,058,601	1,058,601
IT hardware	5-10	557,150	546,510	541,346
Warehouse equipment	5-15	712,205	701,795	698,366
Vehicles	5	159,770	193,983	193,983
Furniture and fixtures	6-10	93,585	93,585	93,585
		4,369,237	4,343,131	4,334,538
Less accumulated depreciation		3,807,623	3,512,306	3,091,012
Total		\$ 561,614	\$ 830,825	\$ 1,243,526

Depreciation expense for the years ended December 31, 2021, 2020, and 2019 amounted to \$325,824, \$421,294 and \$499,307, respectively.

Note 9: REVOLVING LINE OF CREDIT

Decor has a \$6.5 million revolving line of credit (RLOC) with a bank. The RLOC is secured by receivables, equipment, inventory, furniture, fixtures, all other tangible or intangible personal property, and key-man life insurance. It bears interest at Wall Street Journal prime plus 0.50%, with a floor of 4.00% (prime was 3.25%, 3.25%, and 5.50% at March 31, 2021, 2020, and 2019, respectively). The RLOC matured on September 21, 2021. See Note 21.

Decor did not comply with a debt covenant to provide audited financial statements within 120 days of year end; however, the bank waived the noncompliance for the current year.

Note 10: OWNER RECEIVABLE AND PAYABLE

During the year ended March 31, 2019, one of the owners loaned Decor \$775,091 as an interest free loan. The remaining balance was fully paid within the 2021 fiscal year. The loan was classified as long term debt on the combined balance sheets at March 31, 2020, and 2019.

During the year ended March 31, 2021, one of the owners borrowed \$64,534 as an interest free note receivable from Decor. The balance was paid subsequent to year end.

The Decor Group
Notes to Combined Financial Statements

Note 11: LONG-TERM DEBT

Long-term debt consists of the following:

<i>March 31,</i>	2021	2020	2019
<p>\$1,191,226 note payable to bank dated May 11, 2018; secured by inventory, receivables, fixtures, equipment & key man life insurance; bears interest at Wall Street Journal Prime + 1.0% with a floor of 5.0% (prime was 3.25%, 3.25% and 5.5% at March 31, 2021, 2020 and 2019, respectively) with a monthly payment of \$22,945 through May 12, 2023.</p>	\$ 558,020	\$ 796,515	\$ 1,018,880
<p>\$298,805 note payable to bank dated July 15, 2015; secured by inventory, receivables, fixtures, and equipment; interest at Wall Street Journal Prime + 1.0%; (prime was 3.25%, 3.25% and 5.5% at March 31, 2021, 2020 and 2019, respectively) with a monthly payment of \$5,546 through July 15, 2020.</p>	-	21,461	87,640
<p>\$63,632 note payable to bank dated July 26, 2016; secured by vehicles; bears interest at 4.00%; monthly payment of \$1,174 through July 26, 2021.</p>	-	18,145	31,190
<p>\$140,000 note payable to bank dated June 1, 2020; secured by inventory, receivables, fixtures, and equipment; bears interest at 3.25%; monthly payment of \$2,582 through June 1, 2025.</p>	120,705	-	-
<p>\$150,000 note with the U.S. Small Business Administration under the Economic Injury Disaster Loan program dated June 16, 2020; secured by inventory, receivables, fixtures, and equipment; bears interest at 3.75%; monthly payments of \$731 begin June 16, 2021 through June 16, 2050.</p>	150,000	-	-
	828,725	836,121	1,137,710
Less current maturities	277,090	270,764	299,782
Long-Term Debt, net of current maturities	\$ 551,635	\$ 565,357	\$ 837,928

The Decor Group
Notes to Combined Financial Statements

Note 11: LONG-TERM DEBT (Continued)

The notes payable to the bank include demand clauses, however the bank has committed to not call the loans prior to April 1, 2022. Additionally, Decor did not comply with a debt covenant to provide audited financial statements within 120 days of year end; however, the bank waived the noncompliance for the current year.

Maturities of long-term indebtedness subsequent to March 31, 2021, are as follows:

For the years ending March 31,

2022	\$	277,090
2023		292,878
2024		76,631
2025		33,634
2026		8,631
Thereafter		139,861
Total		\$ 828,725

Note 12: COMMITMENTS AND CONTINGENCIES

Lease Commitments

Decor has entered into two non-cancelable long-term operating leases for office equipment and three leases for showroom space in Atlanta, Georgia, that expire in 2022 with unrelated parties. Additionally, Decor leases office and warehouse facilities in Irving from BCKK Investment Group, Inc., a non-combined company owned by Smith. The current agreement is a five-year operating sublease that began February 14, 2019. The related party lease expense included in rent expense was \$379,650, \$219,801, and \$251,122 for the years ended March 31, 2021, 2020 and 2019. Rent expense is included in "Facilities & equipment" expense in the accompanying combined statements of operations and totaled \$595,643, \$484,276, and \$466,565 for the years ended March 31, 2021, 2020, and 2019, respectively.

The following is a schedule of future minimum lease payments under the non-cancelable operating lease agreements subsequent to March 31, 2021:

For the years ending March 31,

2022	\$	628,567
2023		402,500
2024		402,500
2025		402,500
Thereafter		33,515
Total		\$ 1,869,582

Note 12: COMMITMENTS AND CONTINGENCIES (Continued)

Contingencies

On February 19, 2020, Decor signed an agreement with a company to provide marketing services for Decor through February 2026 for \$225,000 payable over six years.

From time to time, Decor may have asserted and unasserted claims arising in the normal course of business. Decor does not expect losses, if any, arising from these asserted and unasserted claims to have a material effect on the financial statements.

Note 13: REVENUE

Decor is recognizing revenue over time for initial franchise fees, renewal fees, franchise royalties, and advertising fees related to franchise agreements. As of March 31, 2021, there is \$834,273 of performance obligations to be satisfied, of which \$609,618 is expected to be recognized in revenue in 2021 and \$224,655 to be recognized in future years. These performance obligations are based upon the five year licensing agreement and terms of product purchase agreements.

Decor is recognizing revenue at point of service for product sales and other miscellaneous fees. These performance obligations are based upon delivery of the goods or services.

Disaggregated Revenue

A summary of disaggregated revenue information follows:

<i>For the years ended March 31,</i>	2021	2020	2019
Initial and renewal franchise fees	\$ 119,337	\$ 118,657	\$ 128,709
Marketing Development Fund Fees	449,120	404,439	-
Franchise Royalties	2,336,331	2,180,487	2,115,411
Other franchise revenues	48,204	156,223	189,609
Product Sales	12,800,855	12,460,880	12,278,027
Total revenue	\$ 15,753,847	\$ 15,320,686	\$ 14,711,756

Approximately 82% of the revenue earned was at a point in time and the remaining 18% was recognized over time.

Decor is a franchisor with franchised operations in forty-nine states in the US and Canada.

Note 13: REVENUE (Continued)

Contract Balances

<i>For the years ended March 31,</i>	2021	2020, adjusted see Note 2	2019
Contract liabilities, beginning of year	\$ 317,511	\$ 346,389	\$ -
Contract liabilities, end of year	834,273	317,511	-
Receivable from contracts, beginning of year	1,803,861	1,447,182	-
Receivable from contracts, end of year	\$ 1,522,422	\$ 1,803,861	\$ -

Note 14: EMPLOYEE BENEFITS

Employee Benefit Plan

The Decor Group, Inc. 401(k) Plan (the Plan), which covers all full-time employees meeting eligibility requirements. Management makes a safe harbor contribution of 3% of eligible employees' compensation and, at its discretion, may make matching contributions and a profit sharing contribution. Participants immediately vest 100% in their contributions and earnings on their contributions, and vest in employer contributions based on a five-year graded vesting schedule. Decor had matching contribution expense of \$44,891, \$45,638, and \$55,359 and additionally had profit sharing contribution expense of \$0, \$0, and \$8,000 for the years ended March 31, 2021, 2020, and 2019, respectively.

Deferred Compensation Arrangements

In July 2017, Decor formalized IRC§409A non-qualified deferred compensation arrangements (DCAs) with three executives that had been under development since 2014. In January 2015, Decor initiated indexed flexible premium variable universal life company owned life insurance (COLI) policies on these three executives in anticipation of the DCAs. The DCAs were retroactively effective to January 1, 2015.

Under the DCAs, the executives vest in death benefits in amounts that correspond with the COLI death benefits through continued full-time employment as follow: 50% until December 31, 2019, 75% from January 1, 2020, to December 31, 2022, 90% from January 1, 2023, to December 31, 2025, and 100% from that date forward. The executives vest in retirement benefits in amounts that correspond with the net cash surrender values of the COLI through continued employment under a 10-year graded vesting schedule (10% per year). Under the DCAs, Decor will pay premiums on the COLI for 20 years, at which time the COLI may be transferred to the executives. The DCAs also include non-compete commitments from the executives.

Although DCA benefits correspond with COLI death benefits and net cash surrender values, the liabilities to the Executives are unfunded and are not secured by the COLI; the Small Business Administration is listed as an "other beneficiary" on one of the policies.

Note 14: EMPLOYEE BENEFITS (Continued)

Deferred Compensation Arrangements (Continued)

The related accrued liability included in accrued expenses in the combined balance sheets was \$245,182, \$132,917, and \$124,117 at March 31, 2021, 2020, and 2019, respectively, which correspond with the net cash surrender values of the COLI at those dates. The related compensation expense was \$112,265, \$8,800, and, \$31,524 for the years ended March 31, 2021, 2020, and 2019, respectively.

Note 15: EMPLOYEE STOCK COMPENSATION

Under Incentive Stock Grant Agreements (ISGAs), a Decor executive was awarded five percent (5%) nonvoting ownership of ACLS, The Decor Group, LLC (an empty shell company), and DPro on April 1, 2017, for prior service. An additional one percent (1%) nonvoting ownership vests each April 1 for the subsequent five years based on prior service, continued employment, and achievement of annual performance objectives contained in related employment agreements.

The opportunity to vest in another one percent (1%) nonvoting ownership each April 1 for the subsequent five years is contingent upon this executive's relocation from Lubbock, Texas, to Irving, Texas, however the executive has not relocated to date.

Noncash compensation expense of \$13,000, \$12,000 and \$22,000 were recognized for the fiscal years ended March 31, 2021, 2020, and 2019, respectively, under the ISGAs based on the additional 1% nonvoting ownership awarded at April 1, 2021, 2020, and 2019. The estimated fair value of the awards included discounts for lack of control (20%) and liquidity/marketability (25%). One hundred percent of the noncash compensation expense was recognized in ACLS's books, see Note 16, because The Decor Group, LLC is an empty shell corporation, and DPro has negative equity to date and no operations that would suggest that will change in the foreseeable future.

Noncash stock compensation will be based on the award date estimated fair value of the nonvoting ownership and will vest in accordance with the ISGAs. An additional 1% was awarded on April 1, 2021.

Buy-Sell Agreements were signed in conjunction with the aforementioned ISGAs and employment agreements, which restrict the marketability of the subject ownership, provide rights of first refusal to acquire other owners' interests and to govern valuation of ownership interests to be transferred upon occurrence of specified events such as death, divorce, or termination of employment.

Note 16: OWNERS' EQUITY

The composition of and changes in owners' equity of the entities that comprise Decor follow:

For the years ended March 31,

	ACLS					ABEK Limited Partnership Interest	DecorPro Limited Liability Member Interest	Total
	S-Corporation							
	Common Stock Shares	Dollars	APIC	Retained Earnings	S/H's equity			
2018	\$ 100,000	\$ 373,453	\$ 532,085	\$ 2,130,563	\$ 3,036,101	\$ 604	\$ (137,180)	\$ 2,899,525
Contributions	-	-	1,700,000	-	1,700,000	-	-	1,700,000
Stock compensation	-	-	22,000	-	22,000	-	-	22,000
Distributions	-	-	-	(275,404)	(275,404)	-	-	(275,404)
Net income (loss)	-	-	-	413,614	413,614	(604)	(43,473)	369,537
2019	100,000	373,453	2,254,085	2,268,773	4,896,311	-	(180,653)	4,715,658
Adoption of ASC 606	-	-	-	(225,617)	(225,617)	-	-	(225,617)
Contributions	-	-	-	-	-	-	-	-
Stock compensation	-	-	12,000	-	12,000	-	-	12,000
Distributions	-	-	-	(377,042)	(377,042)	-	-	(377,042)
Net income (loss)	-	-	-	515,603	515,603	-	(24,522)	491,081
2020	100,000	373,453	2,266,085	2,181,717	4,821,255	-	(205,175)	4,616,080
Contributions	-	-	-	-	-	-	-	-
Stock compensation	-	-	13,000	-	13,000	-	-	13,000
Distributions	-	-	-	(949,641)	(949,641)	-	-	(949,641)
Net income (loss)	-	-	-	1,257,462	1,257,462	-	(75,822)	1,181,640
2021	\$ 100,000	\$ 373,453	\$ 2,279,085	\$ 2,489,538	\$ 5,142,076	\$ -	\$ (280,997)	\$ 4,861,079

Note 18: RELATED PARTY TRANSACTIONS

At March 31, 2020, Decor had a trade receivable of \$126,335 from BCKK, a non-combined company whose principal activity is real estate holdings and leasing which is owned by Smith. At March 31, 2021, the receivable had a \$0 balance.

The owner had a payable to Decor at March 31, 2021. See Note 10.

Decor has lease agreement with a related party. See Note 12.

Note 19: CARES ACT

In April 2020, in response to the global pandemic, the Company applied for a received a \$448,700 loan through the Paycheck Protection Program under the CARES Act. The Company applied for forgiveness of the debt and recorded the amount as other nonoperating income during 2020. On November 30, 2020, the Company received notice that the \$448,700 and related interest had been forgiven.

Note 20: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of Decor. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

Note 21: SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after March 31, 2021 through October 20, 2021, the date Decor's combined financial statements were available to be issued. The following items occurred:

The RLOC matured on September 21, 2021, however both parties signed a change in terms agreement to extend the maturity date sixty days.

FRANCHISEE LIST

EXHIBIT D-1

**LIST OF FRANCHISEES
THE DECOR GROUP, INC.
CHRISTMAS DECOR FRANCHISE PROGRAM
AS OF MARCH 31, 2021**

Alabama

Tracy Butler	Christmas Decor by Butler Services #61020 17753 Wells Road Athens, AL 35613	(256) 508-2950	Operational
Barry Jowers	Christmas Decor by Cut Right Lawns, LLC #91006 1340 Placid Wood Road Auburn, AL 36830	(334) 559-0883	Operational
Adam Owens	Christmas Decor by Bama Exterminating #111008 2800 Ninth Street Northport, AL 35476	(205) 344-9311	Operational

Alaska

Daniel Stanislaw	Christmas Decor by Dutch Boy Landscaping #121006 3800 Sterling Highway Homer, AK 99603	(907) 235-7140	Operational
Scott Gage	Christmas Decor by Gage Tree Service #91011 4561 E Palmer Wasilla Highway Wasilla, AK 99654	(907) 376-8733	Operational

Arizona

Dustin Mast	Christmas Decor by Flag Landscaping Inc. #181001 4999 E Empire Avenue, Space A Flagstaff, AZ 86004	(928) 607-6281	Operational
Brian Smith	Christmas Decor by NatureScape Landscaping LLC #220001 6927 E Parkway Norte Mesa, AZ 85212	(480) 276-5746	Operational
Rod Glover	Christmas Decor by Bright Ideas II, LLC. #181017 11243 N 68th Street Scottsdale, AZ 85254	(480) 721-0863	Operational

Arkansas

Gary Alber	Christmas Decor by Alber's #141001 8010 Ball Road Fort Smith, AR 72908	(479) 648-8049	Operational
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Adam Sartin	Christmas Decor by Ground Crew LLC #171007 3703 S Culberhouse Road, Suite A Jonesboro, AR 72404	(870) 336-2424	Operational
Trent Ragar	Christmas Decor of NW Arkansas #91022 223 E Monroe Avenue Lowell, AR 72745	(479) 927-6350	Operational
Ed Carrington	Christmas Decor by Carrington Electric Company. Inc. #31074 1708 E Harding Avenue Pine Bluff, AR 71601	(870) 534-6993	Operational
California			
L.C. Kaylor	Christmas Decor by Kaylor Landscape, Inc. #21017 18491 Road 232 Porterville, CA 93257	(559) 781-5189	Operational
Justin Bui	Christmas Decor of Orange County #81003 21 Yellowpine Lane Trabuco Canyon, CA 92679	(808) 212-3002	Operational
Jerry Zarour	Christmas Decor by Zanga Zanga Inc. #151002 11821 Pounds Avenue Whittier, CA 90604	(562) 242-8953	Operational
Colorado			
Christopher Tyler	Christmas Decor by Aspen Lawn & Holiday Lights Inc. #32038 307 Aspen ABC Unit A Aspen, CO 81611	(970) 379-3660	Operational
Judd Bryarly	Christmas Decor by Timberline #41064 8110 Opportunity View Colorado Springs, CO 80939	(719) 638-1000	Operational
John Swayze	Christmas Decor by SavATree LLC dba Swingle #210008 8585 E Warren Avenue Denver, CO 80231	(303) 337-6200	Operational
David Schultz	Christmas Decor by Azteca Landscape, Inc #22044 2393 CR 302 Durango, CO 81303	(970) 749-9257	Operational
Jim Waters	Christmas Decor by Jim Waters Property Maintenance #31040 1205 Riverside Drive Glenwood Springs, CO 81602	(970) 618-6529	Operational

Toby Daniels	Christmas Decor of Grand Junction #71029 140 GH Daniels Blvd Gypsum, CO 81637	(970) 524-5010	Operational
Connecticut			
Don Balint	Christmas Decor by Guardian Pest & Home Services LLC #41101 455 Main Street, Unit C Deep River, CT 06417	(860) 227-5065	Operational
Ron Poulin	Christmas Decor by Picture Perfect Landscape, LLC #31075 208 Pond Circle Glastonbury, CT 06033	(860) 250-5171	Operational
Michael Giannamore	Christmas Decor by Aqua Pool & Patio Service Corp. #181010 852 Main Street South Windsor, CT 06074	(860) 263-8374	Operational
Delaware			
Michael Gray	G.M.G. Inc. T/A Christmas Decor #21060 32657 Seaview Loop Millsboro, DE 19966	(215) 630-4379	Operational
Florida			
Wesley Knox	Christmas Decor by Amplified Lighting L.L.C. #230017 3066 Los Gatos Drive Belleair Bluffs, FL 33770	(727) 612-2199	Operational
Martin DeVincenti	Christmas Decor of Boynton Beach LLC #151008 8911 Rockridge Glen Cove Boynton Beach, FL 33473	(561) 630-1777	Operational
Charles Smith	Christmas Decor by Bring the Bright/South Florida #210003 4801 SW 47th Avenue, Suite 16 Davie, FL 33314	(954) 489-1131	Operational
David Shindler	Christmas Decor Southeast, Inc. #73005 757 SE 17th Street, #333 Fort Lauderdale, FL 33316	(954) 540-7788	Operational
Venus Parton	Christmas Decor of Destin #181009 386 Smith Road Freeport, FL 32439	(850) 226-0053	Operational
James Murphy	Christmas Decor by Southeast Works Inc. #151010 4656-4 Collins Road Jacksonville, FL 32244	(904) 465-3208	Operational

Scott Williams	Christmas Decor by Lawn Master Inc. #21077 3200 E Johnson Avenue Pensacola, FL 32524	(850) 476-1601	Operational
Brian Kendall	Christmas Decor of Tallahassee #191003 2355 Centerville Road Tallahassee, FL 32308	(850) 855-0983	Operational
Kurt Throckmorton	Christmas Decor by Southern Spray Co. – Windermere, FL #41082 205 Magnolia Street Windermere, FL 34786	(321) 231-1357	Operational
Georgia			
Kyle Flanagan	Christmas Decor of Augusta #171005 1048 Franke Industrial Drive Augusta, GA 30919	(706) 840-1698	Operational
Bill Haynes	Christmas Decor by Enchantment Lighting #72001 5024 B.U. Bowman Drive, Suite 100 Buford, GA 30518	(678) 714-2747	Operational
Roger Grant	Christmas Decor by Grant Lawn & Decor Services, Inc. #32128 3811 Zingara Road NE Conyers, GA 30012	(770) 760-0973	Operational
Hunter Hall	Christmas Decor by Great Estates LLC #191006 14481 Lochridge Boulevard Covington, GA 30014	(770) 787-2929	Operational
Josh Ingram	Christmas Decor of Roswell #200007 3150 Oakcliff Industrial Street Doraville, GA 30340	(404) 414-9932	Operational
Larry Johnson Sr.	Christmas Decor by Accolade Pools & Spas, Inc. #31115 2732 Davenport Road Duluth, GA 30096	(770) 813-8660	Operational
Jason Paulk	Christmas Decor by Paulk Outdoors LLC #41033 155 McDonough Parkway, Suite 400 McDonough, GA 30253	(678) 201-7748	Operational
Alon Willett III	Christmas Decor by Alon Willett Inc. #41091 5630 Silk Oak Way Sugar Hill, GA 30518	(770) 769-8869	Operational

Chuck LeBar	Christmas Decor by Magnolia Lawn, Inc. #101003 3690 Burnette Park Drive, Suite E Suwanee, GA 30024	(770) 831-6404	Operational
Josh Bloodworth	Christmas Decor by Elegant Illuminations #101009 202 Stalnaker Avenue Warner Robins, GA 31088	(478) 929-1997	Operational
Idaho			
Matt Richardson	Christmas Decor by Senske Lawn & Tree - Coeur d'Alene, ID #21108 10269 N Taryne Street Hayden, ID 83835	(208) 762-3156	Operational
Dennis Spickler	Christmas Decor by Paramount Pest Control, Inc. #22045 131 Snake River Avenue Lewiston, ID 83501	(208) 743-2152	Operational
Tom Gritzmacher	Christmas Decor by Senske Lawn & Tree - Boise, ID #41016 763 N Ralstin Street Meridian, ID 83642	(208) 887-7900	Operational
Jerry Merrill	Christmas Decor by Merrill Quality Landscapes, Inc. #11021 205 S Fifth W Rexburg, ID 83440	(208) 356-7508	Operational
Blaine Pope	Christmas Decor by Idaho Scapes Inc. #32122 548 Sun Terrace Drive Twin Falls, ID 83301	(208) 734-3497	Operational
Illinois			
Josh Robertson	Christmas Decor by Green Acres Lawn Care & Landscaping Group, Inc. #181006 6505 Logan Avenue Belvidere, IL 61008	(815) 703-0873	Operational
David Jones	Christmas Decor by Kingdom Lawn Care #41048 4204 N Rising Road Champaign, IL 61822-9511	(217) 202-2630	Operational
Todd Selin	Christmas Decor by Plandscape, Inc. #11002 707 E North Street, #2 Elburn, IL 60119	(630) 365-2558	Operational

Ken Noll	Christmas Decor by The Garden Kingdom #101019 3711 S State Route 157 Glen Carbon, IL 62034	(618) 288-0101	Operational
Dennis Marunde	Christmas Decor by Arvidson & Sons, Inc. #121002 3308 Golf View Road McHenry, IL 60050	(815) 459-0660	Operational
Marla Wilson	Christmas Decor by Wilson's Lighting & Lawns, Inc. #32143 913 York Road Mt. Vernon, IL 62864	(618) 315-9930	Operational
Gary Fouts	Christmas Decor by Principle Lighting, Inc. #31048 202 Ford Drive, Suite B New Lenox, IL 60451	(815) 462-1420	Operational
Todd Crow	Turf Management LLC dba Christmas Decor by Golf Green #200013 222 Koch Street Pekin, IL 61554	(309) 347-4798	Operational
Indiana			
Bret A. Goebel	Christmas Decor by Precision Lighting, Inc. #31080 7802 Briarwood Drive Evansville, IN 47715	(812) 305-4092	Operational
Trent Schrock	Christmas Decor by Paragon Landscape #181002 16524 Antwerp Road Harlan, IN 46743	(260) 627-8342	Operational
Clay Putnam	Christmas Decor by ServiScape LLC #191007 711 Highway 212 Michigan City, IN 46361	(219) 872-9412	Operational
Cory Owens	Christmas Decor by Second Nature Landscapes #101013 9784 Barth Drive Zionsville, IN 46077	(317) 873-5278	Operational
Iowa			
Kevin Nagle	Christmas Decor by All American Turf Beauty, Inc. #131002 210 35th Street, Unit 5 Bettendorf, IA 52722	(515) 996-2261	Operational

Chris Stangl	Christmas Decor by TK LLC - Council Bluffs, IA #32102 1503 Indian Hills Road Council Bluffs, IA 51503	(402) 740-8278	Operational
Dan Peterson	Christmas Decor by All American Turf Beauty, Inc. #11020 53918 170th Street A Gilbert, IA 50105	(515) 232-7614	Operational
Jim O'Loughlin	Christmas Decor by All American Turf Beauty, Inc. #11022 311 De Soto Road Van Meter, IA 50261	(319) 654-9496	Operational
Kevin Johnson	Christmas Decor by All American Turf Beauty, Inc. #21095 311 De Soto Road Van Meter, IA 50261	(515) 996-2261	Operational
Derek Mineart	Christmas Decor by All American Turf Beauty, Inc. #11021 2869 Burton Ave Waterloo, IA 50703	(319) 291-2020	Operational
Kansas			
Olin Unruh	Christmas Decor by by Wetlands Irrigation & Turf, L.L.C. #230013 1151 23rd Avenue Galva, KS 67443	(620) 242-4607	Operational
Chris Stangl	Christmas Decor by TK LLC – Olathe, KS #41084 11936 W 119th Street #233 Overland Park, KS 66213	(913) 238-7179	Operational
Chris Troxel	Christmas Decor by The Grounds Guys of Olathe #181023 20165 Gireau Road Parker, KS 66072	(913) 259-2741	Operational
David Hill	Christmas Decor by Hillco L.L.C. #111012 725 E Tenth Street N Wichita, KS 67214	(316) 729-6784	Operational
Kentucky			
Tim Baynum	Christmas Decor by Trimmers Property Maintenance #42032 12881 Wesley Chapel Road California, KY 41007	(859) 462-6677	Operational

Karralea List	Christmas Decor of NKY #41009 4086 Limaburg Road Hebron, KY 41048	(859) 586-4784	Operational
Louisiana			
Michael Pennington	Christmas Decor by Pennington Lawn & Landscape LLC #191004 233 Rodney Drive Baton Rouge, LA 70808	(225) 761-0008	Operational
Tony Gugliuzza	Christmas Decor by Terminix of New Orleans #161005 2329 Edenborn Avenue Metairie, LA 70001	(504) 247-5141	Operational
Jeff Roberts	Roberts Christmas Decor, LLC #32064 15582 W Murray Road Ponchatoula, LA 70454	(985) 969-6554	Operational
Kevin Bonin	Christmas Decor by Bonin's Lawn Service, Inc. #41087 110 Heath Drive Scott, LA 70583	(337) 234-8307	Operational
Jason Wynne	Christmas Decor by Lawnmasters of Shreveport LLC #31110 601 Mount Zion Road Shreveport, LA 71106	(318) 686-4103	Operational
Maryland			
Rob Schmidt	Christmas Decor of Harford & Baltimore Counties #151004 302 Martindale Lane Forest Hill, MD 21050	(410) 803-1956	Operational
Steve Braun	Christmas Decor by Backyard Creations Inc. #230019 4987 Winchester Boulevard, Suite 4 Frederick, MD 21703	(301) 688-4420	Operational
Nick Leinbach	Christmas Decor by Watermark LLC #31101 13509 Baltimore Avenue Laurel, MD 20707	(301) 210-4100	Operational
William Phillips	Christmas Decor of SoMD #230015 22020 Phillip Drive Leonardtown, MD 20650	(301) 904-2167	Operational
Melissa Hurtt	Christmas Decor by Greenstreet Gardens #230006 391 W Bay Front Road Lothian, MD 20711	(410) 858-8540	Operational

Ronald Stewart	Christmas Decor by Stewart Lawn & Landscape #71004 5036 Solomons Island Road Lothian, MD 20711	(410) 266-8586	Operational
Roy Good	Christmas Decor by Hav-A-Lawn and Garden, Inc. #41072 9419 Myersville Road Myersville, MD 21773	(301) 748-3256	Operational
Laurie Flaughner	Christmas Decor by L & B, Inc. #61004 61 Old York Court North East, MD 21901	(443) 674-8422	Operational
Marion G. Mullan	Christmas Decor by Mullan Nursery Co., Inc. #31054 19437 Ensor Road White Hall, MD 21161	(410) 343-0113	Operational
Massachusetts			
Bill Ferris	Christmas Decor by Christmas Delights #121000 5 River Park Terrace Andover, MA 01810	(978) 423-7472	Operational
Michael Rose	Christmas Decor by Suburban Lawn Sprinklers #111003 12R Waverly Street Framingham, MA 01702	(508) 872-2727	Operational
Dave Rykbost	Christmas Decor by Dave's Landscape Management Company #121003 469 River Road Hudson, MA 01749	(978) 562-9591	Operational
Paul Parker	Christmas Decor by StayGreen #21007 58 George Leven Drive North Attleboro, MA 02760	(508) 669-6900	Operational
Dick Ficco	Christmas Decor by Curb Infusion #31039 201 Oak Street, Suite #3 Pembroke, MA 02359	(508) 801-8819	Operational
Jim Burns	Christmas Decor by Fairway Lawn Care Corporation #31127 28 Renker Drive South Easton, MA 02375	(508) 230-2433	Operational
Arnold A. Arsenault Jr.	Christmas Decor by A. Arsenault & Sons, Inc. #21005 16 W Main Street Spencer, MA 01562	(508) 885-5589	Operational

Michigan

Dave DeVries	Christmas Decor by Lakeshore Lighting #61005 3340 Oak Hollow Drive SE Grand Rapids, MI 49546	(616) 890-3194	Operational
Bill Pringle	Christmas Decor by DeVries Landscape Management, Inc. #121005 6439 Center Industrial Drive Jenison, MI 49428	(616) 669-0500	Operational
Bernard P. Naylor	Christmas Decor by Naylor Landscape Management #31094 1300 S Eighth Street Kalamazoo, MI 49009	(269) 375-0084	Operational
Gerald J. Grossi	Christmas Decor by Arborlawn, Inc./Spartan Irrigation #21074 1048 Pierpont, Suite 2 Lansing, MI 48911	(517) 323-0942	Operational
Marc Dutton	Christmas Decor by Marc Dutton Irrigation, Inc. #51003 4720 Hatchery Road Waterford, MI 48329	(248) 674-4470	Operational
Aaron Young	Christmas Decor by Eradico Services, Inc. #21079 29261 Wall Street Wixom, MI 48393	(248) 477-4880	Operational
Minnesota			
Rod Criego	Christmas Decor of West Minneapolis #72005 8824 Zealand Avenue N, Suite A Brooklyn Park, MN 55445	(763) 898-3039	Operational
Mark Fenlason	Christmas Decor of Duluth #200001 701 Laurel St Cloquet, MN 55720	(218) 340-5389	Operational
Deanna Vernier	Christmas Decor by Best Irrigation L.L.C. #31107 9531 Foley Boulevard NW Coon Rapids, MN 55433	(763) 432-2880	Operational
Chuck Holscher	Christmas Decor of the Twin Cities LLC #51004 14505 21st Avenue N, Suite 202 Plymouth, MN 55447	(763) 694-0295	Operational
Michael Hornung	Christmas Decor by Valley Green Companies #31090 1325 Scenic Drive NW	(320) 259-5959	Operational

	Sauk Rapids, MN 56379		
Wes Nichols	Christmas Decor by Pro-Tree Outdoor Services #200004 2940 150th Street West Shakopee, MN 55369	(612) 790-0693	Operational
Mississippi			
Jason Chapman	Christmas Decor of Central Mississippi LLC #161012 210 Iron Horse Station Brandon, MS 39042	(601) 706-9349	Operational
Steve Jordan	Christmas Decor by Turf Masters Lawn Care #181015 3210 Ingalls Avenue Pascagoula, MS 39581	(228) 381-0152	Operational
Missouri			
Kevin Hayne	Christmas Decor by Professional Property Group LLC #210001 1610 E Highview Drive Ozark, MO 65721	(417) 292-3190	Operational
Gary Bugajski	Saint Louis Christmas Decor #151000 1866 Summitview Drive Saint Charles, MO 63303	(314) 503-6508	Operational
Montana			
Andrew Blanchford	Christmas Decor by Blanchford Landscape Group #161011 6187 Monforton School Road Bozeman, MT 59718	(406) 587-3057	Operational
Claire Cann	Christmas Decor by Bozeman Tree, Lawn & Landscape Care #72002 5061 Love Lane Bozeman, MT 59718	(406) 522-8733	Operational
Kevin Ferguson	Christmas Decor of Great Falls #72009 1608 Ninth Avenue N Great Falls, MT 59401	(406) 761-3967	Operational
Brad Culver	Christmas Decor by Nitro Green of Helena #82001 1645 A. Street Helena, MT 59601	(406) 443-5088	Operational
Steve Rasmussen	Christmas Decor by Northern Lawncare #32028 395 Mountain Vista Way Kalispell, MT 59901	(406) 253-2189	Operational

Nebraska

Todd Himmelberg Christmas Decor by (402) 756-7255 Operational
Country Design Lawn & Landscape LLC #73002
141 N Calvert Street
Lawrence, NE 68957

David Hastreiter Christmas Decor by (402) 421-2204 Operational
Festive Expressions Inc. #71011
6040 Newton Street
Lincoln, NE 68506

Nevada

Aurora Marin Christmas Decor by Signature Landscape #21113 (775) 544-5219 Operational
2505 Mill St, Suite B
Reno, NV 89502

New Hampshire

Erik Hanson Christmas Decor by (603) 339-2905 Operational
Outdoor Lighting Designs #210002
533 Central Road
Rye, NH 03870

New Jersey

Eddie Anzalone Christmas Decor of Rutherford #91000 (201) 935-2900 Operational
234 Fernwood Drive
Bayville, NJ 08721

Eddie Anzalone Christmas Decor of Rutherford #230003 (201) 935-2900 Operational
234 Fernwood Drive
Bayville, NJ 08721

James B. Mink Christmas Decor by (973) 492-2100 Operational
Precision Sprinklers & Lighting #31156
45 Carey Avenue, Suite 104A
Butler, NJ 07405

Danny Smith Christmas Decor by (973) 256-2104 Operational
Smitty's Landscaping #21111
54 Sweetwood Drive
Cedar Grove, NJ 07009

Danny Smith Christmas Decor by (973) 256-2104 Operational
Smitty's Landscaping #181000
54 Sweetwood Drive
Cedar Grove, NJ 07009

Danny Smith Christmas Decor by (973) 256-2104 Operational
Smitty's Landscaping #200008
54 Sweetwood Drive
Cedar Grove, NJ 07009

Danny Smith	Christmas Decor by Smitty's Landscaping #220003 54 Sweetwood Drive Cedar Grove, NJ 07009	(973) 256-2104	Operational
Shawn Ferrie	Christmas Decor by Fresh Cut Lawn Care, Inc. #21084 1310 Doughty Road Egg Harbor Township, NJ 08234	(609) 653-2197	Operational
Bill Cowley	Christmas Decor by Cowley's #61025 1145 Route 33 Farmingdale, NJ 07727	(732) 897-9553	Operational
James Robyn	Christmas Decor by Rin Robyn Pools #230014 21 US Hwy 46 Hackettstown, NJ 07840	(908) 509-8040	Operational
Sint Van Solkema	Christmas Decor by Sint's Landscaping #21090 822 Rockport Road Hackettstown, NJ 07840	(908) 966-2930	Operational
Craig Tkaczenko	Christmas Decor by Creative Images Contractors LLC #21110 101 E Main Street Little Falls, NJ 07424	(973) 890-5959	Operational
Craig Tkaczenko	Christmas Decor by Creative Images Contractors LLC #220007 101 E Main Street Little Falls, NJ 07424	(973) 890-5959	Operational
James Ebbinghousen	Christmas Decor by Ebby's Landscaping #41062 101 E Main Street, Building #10 Little Falls, NJ 07424	(973) 725-8638	Operational
Richard Johns	Christmas Decor by Triple R Lighting LLC #31088 398 Lincoln Blvd, Suite C1 Middlesex, NJ 08846	(908) 303-0081	Operational
Matt Cannarozzi	Christmas Decor by Heart & Soules LLC #171004 10 W Elro Drive Oak Ridge, NJ 07438	(973) 219-5805	Operational
Andre Massimi	Christmas Decor by A & M Landscaping #21092 5 Preakness Place Sewell, NJ 08080	(609) 605-4342	Operational

Chris Risdén	Christmas Decor by Y.E.S. Contractors #111000 1771 Highway 34, Unit 1 Wall, NJ 07727	(732) 774-7873	Operational
Tim Smeltz	Christmas Decor by American Sealcoating #91018 5538 Hamilton South Sciota, PA 18354 (territory is in New Jersey)	(908) 333-7423	Operational
New Mexico			
Kenny Grebe	Christmas Decor by Red Shovel Landscape LLC #121001 9100 Second Street NW Albuquerque, NM 87114	(505) 243-2277	Operational
New York			
Michael Desposito	Christmas Decor by Desposito Electric #200010 1 Powell Ave Farmingville, NY 11738	(631) 445-0076	Operational
Kristian Agoglia	Christmas Decor by Looks Great Services, Inc. #31114 7 Lawrence Hill Road, Suite 2 Huntington, NY 11743	(863) 808-9440	Operational
Dan Deyle	Christmas Decor by Michael Grimm Landscape & Tree Service #230016 4195 Lafayette Rd Jamesville, NY 13078	(315) 633-6029	Operational
Craig den Hartog	Christmas Decor by Emerald Magic Lawn Care, Inc. #41004 12 Woods Drive Port Jefferson Station, NY 11776	(631) 286-4600	Operational
Kathleen Neave	Christmas Decor by Neave Decor #31097 80 Airport Drive Wappingers Falls, NY 12590	(845) 463-0592	Operational
North Carolina			
Austin Micklem	Christmas Decor North Charlotte #200009 11521 Reames Road, Suite B Charlotte, NC 28269	(540) 521-5213	Operational
Mike Bradley	Christmas Decor by Elite Gardener #31069 411 Hunters Ridge Drive Creedmoor, NC 27522	(336) 501-4863	Operational

Melissa Wilson	Christmas Decor by Coastal Carolina Lighting L.L.C. #240001 8964 Landing Three Court SW Sunset Beach, NC 28468	(910) 712-1695	Operational
North Dakota			
Rod Glover	Christmas Decor by Bright Ideas, Inc. #32031 3223 Main Avenue Fargo, ND 58103	(701) 235-1075	Operational
Ohio			
Jerry Steiner	Christmas Decor by Steiner's Lawn & Landscape #91007 20 East Charlotte Avenue Cincinnati, OH 45215	(513) 200-5381	Operational
Ed Holcomb	Christmas Decor by Turf-Care Inc. #91023 7300 E Kemper Road, Unit B Cincinnati, OH 45249	(513) 489-8873	Operational
Chad Maag	Christmas Decor by Green Ideas Landscape Management #41071 1020 Cosmos Street NW Hartville, OH 44632	(330) 802-5802	Operational
John Gilbride	Christmas Decor by Premier Landscaping LLC #171008 1520 Cohasset Avenue Lakewood, OH 44107	(216) 228-6916	Operational
Luke McCoy	Christmas Decor of Powell #21073 2391 Likens Road Marion, OH 43302	(740) 375-2730	Operational
Ben Johnson	Christmas Decor by Valley Lighting Group #161004 621 S Union Street Troy, OH 45373	(937) 332-1455	Operational
Oklahoma			
Tom Gillespie	Christmas Decor by Complete Lawn Maintenance #230002 812 S Eighth Street Broken Arrow, OK 74012	(918) 605-4646	Operational
Ryan Deatherage	Christmas Decor by Grounds Guys of Edmond #191005 719 Evergreen Edmond, OK 73003	(405) 650-2004	Operational

Katie Prout	Christmas Decor of N OKC #161001 3949 Rock Dove Landing Edmond, OK 73034	(405) 293-9484	Operational
David VanBuskirk	Christmas Decor by Rainmaker Sprinkler Co. Inc. #73000 2100 Lake Road Ponca City, OK 74604	(580) 762-3711	Operational
Oregon			
Jason Wood	Christmas Decor by LJ Custom Painting #181004 35648 SW Forest Hills Street Cornelius, OR 97113	(503) 939-8151	Operational
Isaac Kearns	Christmas Decor by C and D Landscape Co. #91001 16800 NE McDougall Road Dayton, OR 97114	(503) 864-3551	Operational
Isaac Kearns	Christmas Decor by C and D Landscape Co. #220009 16800 NE McDougall Road Dayton, OR 97114	(503) 864-3551	Operational
Pennsylvania			
Justin Rushin	Christmas Decor of Pittsburgh #181003 1205 Pittsburgh Street Cheswick, PA 15024	(724) 275-9400	Operational
Michael Reade	Christmas Decor by Reade Lighting Company #171002 31 Brush Drive East Stroudsburg, PA 18302	(570) 242-5867	Operational
Dave Marino	Christmas Decor by Dahlkemper Landscape Architects & Contractors #21029 1650 Norcross Road Erie, PA 16510	(814) 825-3253	Operational
Tracy Bond	Great Valley Christmas Decor #181018 446 Lancaster Avenue Frazer, PA 19355	(610) 889-0711	Operational
Nikos Phelps	Christmas Decor of Harrisburg #101012 6780 Parkway E Harrisburg, PA 17112	(717) 545-4321	Operational
Jason Shapiro	Christmas Decor by DKC Landscaping #230008 2308 Big Oak Road Langhorne, PA 19047	(215) 860-5066	Operational

Shawn Kravitsky	Christmas Decor by Grasshopper Lawns Inc. #31011 470 E State Street Larksville, PA 18651	(570) 287-6114	Operational
Ken Divers	Christmas Decor by Pennsylvania Lawn and Landscape LLC #21064 3439 Weidasville Road Orefield, PA 18069	(610) 395-9821	Operational
Ken Divers	Christmas Decor by Pennsylvania Lawn and Landscape LLC #61011 3439 Weidasville Road Orefield, PA 18069	(610) 395-9821	Operational
Ken Divers	Christmas Decor by Pennsylvania Lawn and Landscape LLC #61012 3439 Weidasville Road Orefield, PA 18069	(610) 395-9821	Operational
Robert Bickel	Christmas Decor by L.A. Verruni Landscaping #21050 1357 Farmington Avenue Pottstown, PA 19464	(610) 327-2622	Operational
Neil Brenneman	Christmas Decor of Lancaster #230009 835 Jefferson Lane Red Lion, PA 17356	(717) 318-1941	Operational
Vincent Del Vacchio	Christmas Decor by Del Vacchio Landscapes, Inc. #31145 922 N Chester Road West Chester, PA 19380	(610) 692-2422	Operational
Rhode Island			
Seth Wilson	Christmas Decor by SeaScape #71007 1610 Flat River Road Coventry, RI 02816	(401) 821-7300	Operational
South Carolina			
James Parker	Christmas Decor by Elves #41102 6245 Highway 17 N Awendaw, SC 29429	(843) 928-3830	Operational
Greg Shurburt	Christmas Decor by The Shurburt Group, Inc. #41024 401 Landers Road Spartanburg, SC 29303	(864) 541-0700	Operational

South Dakota

Rod Hunter	Christmas Decor by Hunter's Lawn and Landscape, Inc. #91021 1501 W Thora Circle Sioux Falls, SD 57108	(605) 929-7868	Operational
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Tennessee

Wayne Tritt	Christmas Decor by All Occasion Lighting #42012 4958 Highway 70 E Brownsville, TN 38012	(731) 772-4766	Operational
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Jennifer Mowdy	Christmas Decor by Luminescence LLC #131001 115 Heritage Place Drive Jonesborough, TN 37659	(413) 612-0747	Operational
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Mary Ellen Nichols	Christmas Decor Plus More L.L.C. #230010 2600 PawPaw Plains Road Lenoir City, TN 37771	(865) 769-0039	Operational
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Don Glosson	Christmas Decor by Southern Spray Co. – Memphis #11017 3765 Homewood Road Memphis, TN 38118	(901) 363-4797	Operational
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Mary Ellen Nichols	Christmas Decor of Nashville #230020 8161 Highway 100 Nashville, TN 37221	(865) 769-0039	Operational
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Texas

Matt Robinson	Christmas Decor by Lone Star Electric #141003 18 High Life Circle Abilene, TX 79606	(325) 677-0186	Operational
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Matt Robinson	Christmas Decor by Lone Star Electric #230007 18 High Life Circle Abilene, TX 79606	(325) 677-0186	Operational
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Daryl Seth	Christmas Decor of Amarillo #21071 2113 SW Third Avenue Amarillo, TX 79106-8238	(806) 359-4035	Operational
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Josh Wright	Christmas Decor by Bring the Bright/Austin, LLC #200006 9603 Brown Lane, Bldg C-2 Austin, TX 78754	(541) 784-5200	Operational
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Bucky Thrash	Christmas Decor by Ameritex Lightscapes, L.L.C. #230004 718 S Highway 377 Aubry, TX 76227	(469) 715-7725	Operational
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Scott Yarbrough	Christmas Decor by Holiday Shine Lighting LLC #220002 4105 Ridglea Country Club Drive Benbrook, TX 76126-2208	(817) 889-4020	Operational
Troy Compton	Christmas Decor by Cowboy Christmas LLC #220005 541 Hunters Ridge Coppell, TX 75019	(469) 222-7134	Operational
Wayne Carden	Christmas Decor by Showcase #101004 2102 Flour Bluff Drive Corpus Christi, TX 78418	(361) 779-5055	Operational
Tim Nichols	Christmas Decor by Dallas Christmas Lights #230018 15166 Vizcaya Drive Dallas, TX 75248	(214) 448-5245	Operational
Marilyn Askins	Christmas Decor of South Denton #81000 208 Wilson Way Denton, TX 76207	(214) 500-6480	Operational
Shawn Gotaas	Christmas Decor by Turtle Cove #230022 12134 Esther Lama Drive #200 El Paso, TX 79936	(915) 539-0621	Operational
Josh Truitt	Christmas Decor by JET Services #191001 222 Wheeler St Eustace, TX 75124	(469) 712-4499	Operational
Roger Hammett	Christmas Decor by H & S Lawn & Landscape #151007 10059 U.S. Highway 271 S Gladewater, TX 75647	(903) 238-7152	Operational
Josh Truitt	Christmas Decor by JET Services #210006 122 S Gun Barrel Lane, Suite 2 Gun Barrel City, TX 75147	(469) 712-4499	Operational
Bryan Bernal	Christmas Decor by Halo Outdoor #181016 11648 FM 1560 N, Lot 1 Helotes, TX 78023	(210) 789-6111	Operational
Ron Bruner	Christmas Decor by Bring the Bright/Houston #210004 9050 Long Point Road Houston, TX 77055	(281) 690-0125	Operational

Tammy Sheffield	Christmas Decor of The Hill Country #42086 191 Kerrville Country Drive Kerrville, TX 78028	(830) 896-2976	Operational
Candi Fowler	Christmas Decor by Harbison Electric #191009 7044 N Bentsen Road McAllen, TX 78504	(951) 581-6000	Operational
Ron Bales	Christmas Decor by Electri-Tex Inc. #230005 609 Karolyn Drive Round Rock, TX 78664	(512) 779-0531	Operational
Dusty Thrash	Christmas Decor of Lubbock #230001 6923 Indiana Avenue Lubbock, TX 79413	(806) 786-8708	Operational
Russell Potter	Christmas Decor by Turf Specialties, Inc. #11034 2427 E Highway 80 Midland, TX 79706	(432) 684-7166	Operational
Travis Wheeler	Christmas Decor by Rain or Shine Landscaping LLC #161009 2090 N I-35, Suite 4104 New Braunfels, TX 78130	(210) 896-8604	Operational
David Whetsel	Christmas Decor by Lawn Tech Corporation #11010 205 W Broadway Prosper, TX 75078	(972) 346-2696	Operational
Marvin Salcido	Christmas Decor by Salcido Lawn Care 12549 State Highway 64 Tyler, TX 75704	(903) 502-0669	Operational
Fred Huffman	Christmas Decor by GGA - Temple #61023 1904 Franklin Ave, Suite 100 Waco, TX 76701	(254) 666-6242	Operational
Fred Huffman	Christmas Decor by GGA - Waco #31138 1904 Franklin Ave, Suite 100 Waco, TX 76701	(254) 666-6242	Operational
Jaime Caballero	Christmas Decor by All Around Bounce #230021 36655 Cochran Road Waller, TX 77484	(713) 447-8899	Operational
Jonathan Davis	Christmas Decor by Thunderball Enterprises #181013 203 N Blume West, TX 76691	(254) 855-7496	Operational

Utah

Freeborn DeMille	Christmas Decor by Green and DeMille Enterprises #111005 506 N 200 W Cedar City, UT 84721	(435) 590-2997	Operational
Craig Mitton	Christmas Decor by Ben Lomond Landscape Maintenance #41036 3677 N Highway 126, Suite D Farr West, UT 84404	(801) 786-8600	Operational
Debbie MacDuff	Christmas Decor by Reliable Tree Care, Inc. #11031 4455 S 700 E, Suite 302 Salt Lake City, UT 84107	(801) 262-7996	Operational
Tom Rowley	Christmas Decor by Senske Lawn & Tree Care – Utah #81004 4036 S 500 W Salt Lake City, UT 84123	(509) 374-5023	Operational
Chad Jones	Christmas Decor by Chad's Plumbing Supply #21000 714 W 2300 S Syracuse, UT 84075	(801) 721-4495	Operational
Chris Weaver	Christmas Decor by Senske Lawn & Tree Care #220010 441 E 1750 N, Unit D Vineyard, UT 84057	(801) 426-6353	Operational
Vermont			
Lisa Swett	Christmas Decor by Professional Decorators of Vermont #31081 960 E Pittsford Road Rutland, VT 05701	(802) 345-4143	Operational
Virginia			
Victor Tirondola	Christmas Decor by Manor Works Painting #151001 22727 Tail Race Road Aldie, VA 20105	(973) 775-2586	Operational
Troy Taylor	Coastal Virginia Christmas Decor #181012 709 Burrow Avenue Chesapeake, VA 23324	(757) 286-4689	Operational
Sam Zogran-Werness	Christmas Decor by Dominion Light Works #200012 1394 Manakin Road Manakin Sabot, VA 23103	(804) 495-9227	Operational

Lyle Anderson	Christmas Decor Roanoke Virginia #191012 2314 Patterson Avenue SW Roanoke, VA 24016	(540) 904-1044	Operational
Adam Anderson	Christmas Decor Roanoke Virginia #230012 2314 Patterson Avenue SW Roanoke, VA 24016	(540) 904-1044	*Signed but not yet opened
David Dolak	Christmas Decor of NoVA, Inc. #210009 1019 Westwood Drive Vienna, VA 22180	(570) 436-8787	Operational
Washington			
Chris Weaver	Christmas Decor by Senske Lawn & Tree Care – Kennewick #21031 400 N Quay Street Kennewick, WA 99336	(509) 374-5023	Operational
Erik Hodson	Christmas Decor by Eco Elite Pest Control, L.L.C. #61018 2533 Inter Avenue Puyallup, WA 98372	(253) 845-1818	Operational
Doug Warner	Christmas Decor by Senske Lawn & Tree Care - Spokane #21030 7115 E Cataldo Spokane Valley, WA 99212	(509) 535-3591	Operational
Joe Aills	Christmas Decor by Senske Lawn & Tree Care -Yakima #21032 2909 River Road Yakima, WA 98902	(509) 736-0754	Operational
West Virginia			
Mike Conley	Christmas Decor by K and M Service Company, Inc. #32009 1580 Joy Lane Bridgeport, WV 26330	(304) 842-6157	Operational
Dennis Crede	Christmas Decor by Crede Lawn Service #31007 5897 Teays Valley Road Scott Depot, WV 25560	(304) 757-2567	Operational
Wisconsin			
Carianne King	Christmas Decor by Pro X Lawncare #31012 1635 W Haskel Street Appleton, WI 54914	(920) 734-5615	Operational

Joe Bilskemper	Christmas Decor by Lawn Care Specialists, Inc. #21022 3016 Airport Road LaCrosse, WI 54603	(608) 781-3217	Operational
Boyd Stacken	Christmas Decor by Green Oasis Lighting Inc. #101014 N8232 945th Street River Falls, WI 54022	(715) 426-2007	Operational
Justin Lex	Christmas Decor by Swimming Pool Services, Inc. #161002 W220 N1563 Jericho Court Waukesha, WI 53186	(262) 544-5500	Operational
Wyoming			
Don Schwartzkopf	Christmas Decor of Casper #22024 2436 E Tenth Street Casper, WY 82609	(307) 234-5474	Operational
Don Ellis	Christmas Decor by Ellis Concrete #230011 65 Sandy Court Lander, WY 82520	(307) 349-1788	Operational

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

EXHIBIT D-2

**LIST OF FRANCHISEES
WHO HAVE LEFT THE SYSTEM IN THE LAST FISCAL YEAR OR
WHO HAVE FAILED TO COMMUNICATE WITH FRANCHISOR
WITHIN 10 WEEKS OF THE DATE OF ISSUANCE OF
THIS FRANCHISE DISCLOSURE DOCUMENT
THE DECOR GROUP, INC. – CHRISTMAS DECOR FRANCHISE PROGRAM**

Georgia

Mike Roach	Tidewater Landscape Management #181020 Garden City, GA 31408	(912) 966-7391	Non-Renew
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Michigan

Ron Pierson	Christmas Decor of NW Michigan #200011 Battle Creek, MI 49037	(269) 275-0197	Terminated
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Missouri

Kyle Carlisle	Carlisle Land Management LLC #191011 Sikeston, MO 63801	(573) 481-2346	Terminated
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New Jersey

Frank Pavlica, Jr.	Tranquility Landscape & Design LLC #171000 Wayne, NJ 07470	(973) 706-7852	Non-Renew
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Tim Smeltz	American Sealcoating #200015 Sciota, PA 18354 (territory is in New Jersey & Pennsylvania)	(908) 333-7423	Transferred
------------	--	----------------	-------------

Oklahoma

Rodney Warlick	Lawn America, Inc. #11003 Broken Arrow, OK 74012	(918) 615-2073	Transferred
----------------	---	----------------	-------------

Pennsylvania

Jeff Sensenig	LY Services Group, L.L.C. #181021 Lancaster, PA 17603	(717) 399-3314	Transferred
---------------	--	----------------	-------------

Tennessee

Wendell Redmond	Christmas Decor of Knoxville #71027 Lenoir City, TN 37772	(865) 769-0039	Transferred
-----------------	--	----------------	-------------

Glenn Barker	Barker Enterprises #31103 Mount Juliet, TN 37122	(615) 310-5691	Non-Renew
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Jon Willow	Southern Spray Co. - Nashville #21008 Nashville, TN 37211	(615) 248-4455	Non-Renew
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Texas

Ken Hyatt	Village Green Lawn Service, Inc. #71013 Garland, TX 75044	(972) 495-6990	Transferred
James Tuttle	Tree Loving Care #71031 Ropesville, TX 79358	(806) 785-8733	Non-Renew
James P. Wilhite	Wilhite Landscaping & Lawn Care Ltd. #31041 Tyler, TX 75704	(903) 593-5975	Transferred

Notes:

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

END USER LICENSE AGREEMENT

EXHIBIT E

**END-USER LICENSE AGREEMENT FOR
TDG PROPRIETARY SOFTWARE**

IMPORTANT – READ CAREFULLY

This License Agreement (“LICENSE AGREEMENT”) is a legal agreement between the individual or entity identified on the signature page as the “Licensee” (“LICENSEE,” “you,” or “your”) and The Decor Group, Inc. (“TDG” “LICENSOR,” “we,” “us,” or “our”).

This License Agreement covers the proprietary software for the Christmas Decor program and any associated media, printed materials, and online or electronic documentation and applies to the version of the computer software listed on the signature page (“SOFTWARE PRODUCT”).

1. GRANT OF LICENSE.

1.1 This License Agreement grants you a non-exclusive right to install and use the SOFTWARE PRODUCT solely in connection with the operation of your Franchised Business.

1.2 If this license is for the single-user version of the SOFTWARE PROGRAM, you may use one copy of the SOFTWARE PRODUCT on only one computer at a time. If you have multiple licenses of the SOFTWARE PRODUCT, you may install the SOFTWARE PRODUCT on the same number of workstations as the number of licenses you have. Installation on a network server solely for distribution to licensed workstations does not count as an installation. You must have a reasonable process to assure that the number of workstations where the SOFTWARE PRODUCT is installed does not exceed the number of licenses you have bought.

2. REPRODUCTION AND DISTRIBUTION

You may not modify, copy, reproduce and/or distribute copies of the SOFTWARE PRODUCT or the registration key(s) unless expressly permitted in writing by the LICENSOR, and in such event solely to the extent required for use of the SOFTWARE PRODUCT in the operation of your Franchised Business.

3. CONFIDENTIALITY

3.1 You understand and acknowledge that the SOFTWARE PRODUCT contains our trade secrets. You agree, during the term of this License Agreement and thereafter, not to communicate, divulge or use the SOFTWARE PRODUCT other than in the operation of your Franchised Business by you and your employees. You may allow access to the SOFTWARE PRODUCT only to your employees who must have access to it in connection with their employment with the Franchised Business. At our request, you will obtain execution of covenants concerning the confidentiality of the SOFTWARE PRODUCT (in a form we approve) from any persons employed by you who have access to the SOFTWARE PRODUCT.

3.2 You agree to exercise reasonable precautions, no less rigorous than those you use to protect your own confidential information, to protect the confidentiality of the SOFTWARE PRODUCT and the user and operating manuals pertaining thereto, which precautions must include, at a minimum, giving instructions to your employees who will have access to the SOFTWARE PRODUCT that it is our proprietary property and contains our trade secrets. You agree not remove or alter any designations that we have included in the SOFTWARE PRODUCT that indicate such material is our proprietary property.

3.3. You agree to notify us immediately of the existence of any unauthorized knowledge, possession or use of the SOFTWARE PRODUCT or of any part thereof.

3.4. You acknowledge and agree that the SOFTWARE PRODUCT is our valuable property and contains our trade secrets, that any violation by you of the provisions of this License Agreement would cause us irreparable injury for which we would have no adequate remedy at law, and that, in addition to any other remedies which we may have, we will be entitled to preliminary and other injunctive relief against any such violation.

4. OTHER RIGHTS AND LIMITATIONS

4.1. You may not reverse assemble, reverse compile, or otherwise recreate the SOFTWARE PRODUCT.

4.2. The SOFTWARE PRODUCT is licensed as a single product. Its component parts may not be separated for use with other applications unless expressly permitted in writing by the LICENSOR.

4.3. Should the SOFTWARE PRODUCT become, or in LICENSOR'S opinion be likely to become, the subject of a claim of infringement, LICENSOR may (at LICENSOR'S election) procure for you the right to continue to use the SOFTWARE PRODUCT or replace the SOFTWARE PRODUCT with non-infringing functionally equivalent software, or modify the SOFTWARE PRODUCT to make it non-infringing. If none of these alternatives are commercially practicable for LICENSOR, then LICENSOR may discontinue this License Agreement as to the infringing software.

5. OWNERSHIP OF SOFTWARE PRODUCT AND RELATED COPYRIGHTS.

All title and copyrights in and to the SOFTWARE PRODUCT (including but not limited to any images, photographs, animations, video, audio, music, text, and "applets" incorporated into the SOFTWARE PRODUCT), the accompanying printed materials, and any copies of the SOFTWARE PRODUCT are owned by the LICENSOR.

6. NO WARRANTIES; NO LIABILITY FOR DAMAGES.

LICENSOR will replace without charge any copies of the SOFTWARE PRODUCT provided under this License Agreement which have defects in materials and workmanship that are not caused by your misuse or unauthorized modification of the SOFTWARE PRODUCT. THIS REPLACEMENT SHALL BE YOUR SOLE AND EXCLUSIVE REMEDY.

LICENSOR expressly disclaims any warranty for the SOFTWARE PRODUCT. The SOFTWARE PRODUCT and any related documentation is provided "as is" without warranty of any kind, either expressed or implied, including, but not limited to, the implied warranties or merchantability, fitness for a particular purpose, or non-infringement. The entire risk arising out of use or performance of the SOFTWARE PRODUCT remains with the LICENSEE.

LICENSOR shall not be liable for any direct, indirect, special, incidental or consequential damages (including damages for loss of business, loss of profits, or the like), arising out of the use or inability to use the SOFTWARE PRODUCT, whether based on breach of contract, tort (including negligence), product liability or otherwise, even if LICENSOR or its representatives have been advised of the possibility of such damages and even if a remedy set forth herein is found to have failed of its essential

purpose. To the extent provided by applicable law, the foregoing limitations of damages do not apply to damages for personal injury to you, if any. In the event that any other term of this License Agreement is found to be unconscionable or unenforceable for any reason, the foregoing waiver by agreement of direct, indirect, special, incidental or consequential damages (including damages for loss of business, loss of profits, or the like) shall continue in full force and effect.

7. TRANSFER: You may not sell, lease, assign, sublicense or otherwise transfer any of your rights under this License Agreement without the prior written consent of LICENSOR in connection with the transfer of your Franchised Business.

8. TERM, RENEWAL AND TERMINATION

8.1. The license granted by this License Agreement will expire on August 1 of the year following the date of this License Agreement and on each August 1st thereafter unless, on or before such date, you renew this license by paying a renewal fee. The renewal fee will not exceed 35% of our then-current license fee and shall be paid in the manner established by LICENSOR.

8.2. Provided that the license is renewed each year as described above, the term of this License Agreement shall be co-extensive with the term of your Franchise Agreement identified on the signature page to this License Agreement ("Franchise Agreement"), including any renewal of the Franchise Agreement, unless earlier terminated in accordance with Section 8.3 below.

8.3 Expiration or termination of the Franchise Agreement for whatever reason shall automatically terminate this License Agreement and the right granted by it to use the SOFTWARE PRODUCT, without notice to you. In addition, without prejudice to any other rights, we may terminate this License Agreement immediately, without notice, upon your failure to comply with any of the terms and conditions herein, including, without limitation, your failure to renew the license as provided in Section 8.1.

8.4 Upon termination of this License Agreement, you must immediately cease to use the SOFTWARE PRODUCT, erase the SOFTWARE PRODUCT from your computer system, and destroy or return to us (at our direction) all copies of the SOFTWARE PRODUCT and all of its component parts. You must also return the PC provided by TDG, if applicable (but only in the event that you fail to renew at the end of the initial term of this Agreement).

9. NOTICES

Notice under this License Agreement shall be provided as indicated in the Franchise Agreement.

10. GOVERNING LAW

This License Agreement shall be interpreted by and construed under the laws of the state of Texas, except for Texas choice of law rules.

In Witness Whereof, the parties have duly executed and delivered this License Agreement as of the effective date of the Franchise Agreement.

LICENSOR:

The Decor Group, Inc.

By: _____

Name: _____

Title: _____

LICENSEE:

Name: _____

Title: _____

Franchise Agreement dated _____, _____

For _____

SOFTWARE PRODUCT VERSION

___ Multi-User
___ Single User
(check one)

FORM OF GENERAL RELEASE

EXHIBIT F

FORM OF GENERAL RELEASE
MUTUAL RELEASE AGREEMENT

This Mutual Release Agreement (the “Agreement”) is made and entered into this ____ day of _____ 20__ (the “Effective Date”), by and between The Decor Group, Inc. a Texas corporation (“Franchisor”), _____, a _____ **[insert state of incorporation, formation or organization of franchisee entity]** and _____ **[insert name of owner or owners of the franchisee entity]**, individually (collectively, the “Franchisee”; reference to “Franchisee” in this Agreement shall include the parties individually and collectively). Capitalized terms used but not defined herein shall have the meanings attributable to them under the Franchise Agreement (defined below).

RECITALS:

Franchisor and Franchisee entered into a Franchise Agreement (“Franchise Agreement”) dated _____ under which Franchisee obtained the right to establish and operate one (1) Franchised Business (the “Business”) under the System and Marks.

In connection with the **[termination; non-renewal; transfer]** of the Franchise Agreement, Franchisor and Franchisee desire to enter into this Mutual Release Agreement.

NOW, THEREFORE, in consideration of the mutual covenants set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged, the parties agree as follows:

1. Franchisee’s Release and Covenant Not to Sue.

a. Release. As of the Effective Date of this Agreement, Franchisee and its respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all other persons acting on its behalf or claiming under it (“Franchisee Covenantors”), hereby release and forever discharge Franchisor, its predecessors, parents, subsidiaries, and affiliates and their respective officers, directors, shareholders, employees, successors, and assigns, past and present (“Franchisor Released Parties”), from any claims, debts, liabilities, demands, obligations, actions, and causes of action, known or unknown, vested or contingent, which any of them have ever had, now has, or may hereafter have by reason of any event, transaction, or circumstance arising out of or relating to the Franchise Agreement from the beginning of the world through the date of this Agreement, except for the obligations of the Franchisor under this Agreement.

b. Covenant Not To Sue. Franchisee further covenants and agrees for itself and for Franchisee Covenantors not to bring or allow to be brought on behalf of any Franchisee Covenantor, any action, cause of action, suit or other proceeding of any kind, which has accrued or which may ever accrue, whether based in the Constitution, common law or statute, contract, tort, or in equity, for actual or punitive damages or other relief, against the Franchisor Released

Parties arising out of, resulting from, or in any manner related to the matters released in Paragraph 1.a.

2. Franchisor's Release and Covenant Not to Sue.

a. Release. As of the Effective Date of this Agreement, Franchisor, its affiliates and their respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all other persons acting on their behalf or claiming under them ("Franchisor Covenantors"), hereby release and forever discharge Franchisee, and its respective predecessors, parents, subsidiaries, and affiliates and their respective officers, directors, employees, successors, and assigns, past and present ("Franchisee Released Parties"), from any claims, debts, liabilities, demands, obligations, actions, and causes of action, known or unknown, vested or contingent, which any of them have ever had, now has, or may hereafter have by reason of any event, transaction, or circumstance arising out of or relating to the Franchise Agreement from the beginning of the world through the date of this Agreement, except for the obligations of Franchisee under this Agreement and those obligations of Franchisee that survive the expiration, transfer or termination of the Franchise Agreement (including, without limitation, the confidentiality of proprietary information, the surrender of customer lists, indemnification, and the covenants against competition and the diversion of business).

b. Covenant Not To Sue. Franchisor further covenants and agrees for itself and for all Franchisor Covenantors not to bring or allow to be brought on behalf of any Franchisor Covenantor, any action, cause of action, suit or other proceeding of any kind, which has accrued or which may ever accrue, whether based in the Constitution, common law or statute, contract, tort, or in equity, for actual or punitive damages or other relief, against the Franchisee Released Parties arising out of, resulting from, or in any manner related to the matters released in Paragraph 2.a.

3. Continuing Liability of Franchisee. Notwithstanding anything to the contrary in this Agreement, following the Effective Date, Franchisee will continue to be responsible for the following:

a. Unpaid Fees. All accrued but unpaid royalty fees, marketing development fees or contributions, and other amounts owed to Franchisor or its affiliates as of the Effective Date, as detailed on Attachment A to this Agreement.

b. Indemnity. All of its respective obligations and/or liabilities to Franchisor arising under the Franchise Agreement through the Effective Date, including, without limitation, the obligation to indemnify Franchisor for any claims arising from the operation of the Business through the Effective Date.

c. Covenants Against Competition and Use of Confidential Information. All of its respective obligations that survive the termination, expiration or transfer of the Franchise Agreement, including, without limitation, the covenants against competition and use of Franchisor's confidential information set forth in the Franchise Agreement.

4. Franchisee's Acknowledgements and Agreements. By affixing its signature to this Agreement, Franchisee represents, warrants, acknowledges and agrees that:

a. Knowing and Voluntary Release. Franchisee has carefully read and fully understands the provisions of this Agreement, including, specifically, Franchisee's release of claims and covenant not to sue set forth in Paragraphs 1.a. and 1.b. of this Agreement, and that the release of such claims and covenant not to sue is knowing and voluntary.

b. No Assignment of Claims. Franchisee has not assigned or transferred, or purported to assign or transfer, to any person or entity, any suit, claim, controversy, liability, demand, action, or cause of action released under Paragraph 1. of this Agreement, and since the date of the Franchise Agreement, there has been no assignment or transfer, and no purported assignment or transfer, to any person or entity of the franchised business, the Franchise Agreement, or any rights or interests therein or in the Franchisee.

c. Complete Defense. This Agreement and the release in Paragraph 1.a. above shall be a complete defense to any claim released under Paragraph 1.a. and Franchisee hereby consents to the entry of a temporary or permanent injunction to end the assertion of any such claim.

d. California Waiver. If Franchisee is in California, Franchisee expressly waives and relinquishes all rights and benefits which Franchisee may now or in the future have under and by virtue of California Civil Code Section 1542. Franchisee does so understanding the significance and consequence of such specific waiver. Section 1542 provides that "[a] general release does not extend to claims which the creditor does not know or suspect exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor." For the purpose of implementing a general release and discharge as described in Paragraph 1.a. above, Franchisee expressly acknowledges that this Agreement is intended to include in its effect, without limitation, all claims described in Paragraph 1.a. above which the parties do not know or suspect to exist in their favor at the time of execution hereof, and that this Agreement contemplates the extinguishment of any such claims.

5. Indemnification. Franchisee agrees to indemnify Franchisor, its predecessors, parents, subsidiaries, and affiliates and their respective officers, directors, shareholders, employees, successors, and assigns, past and present, for any losses, damages, liability, costs and expenses (including reasonable attorneys' fees and disbursements and court costs) (i) incurred as a result of any breach by Franchisee of any of the representations and/or warranties contained in this Agreement, or (ii) incurred in defending against, or seeking an injunction to end the assertion of, any claim released under Paragraph 1.a. above, or (iii) arising out of, resulting from, or related in any way to the Business or of any other business conducted by Franchisee in connection with the Business or the Franchise Agreement or because of any act or omission by Franchisee under the Franchise Agreement.

6. General Provisions.

a. Amounts Due. Franchisee warrants and represents that all fees and other amounts payable to Franchisor or its affiliates under the Franchise Agreement are current as of the date of this Agreement.

b. Attorneys' Fees. In the event that Franchisor institutes legal proceedings of any kind to enforce this Agreement, Franchisee agrees to pay all costs and expenses associated therewith, including, but not limited to, all attorneys' fees.

c. Entire Agreement. This Agreement, when fully executed, supersedes all previous negotiations, representations, and discussions by the parties hereto concerning the subject matter hereof and integrates the whole of all of their agreements and understandings concerning the subject matter hereof. No oral representations or undertakings concerning the subject matter hereof shall operate to amend, supersede, or replace any of the terms or conditions set forth herein.

d. Authority. By their signatures below, the parties hereto represent and warrant to each other that they have all necessary authority to enter into this Agreement. Each party hereto represents and warrants that the party is entering into this Agreement solely for the purposes and consideration set forth herein, and further warrants that this Agreement is being executed without reliance on any representation of any kind or character not expressly set forth herein. Each party warrants that it has read this Agreement and has had the opportunity to consult with legal counsel as to its effect.

e. Counterpart Execution. This Agreement may be executed in multiple counterparts, each of which shall be fully effective as an original.

f. Survival. All covenants, representations, warranties, and agreements of the parties shall survive execution and delivery of this Agreement and shall continue until such time as all the obligations of the parties hereto shall have lapsed in accordance with their respective terms or shall have been discharged in full.

g. Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally or sent by certified, registered or express mail, postage prepaid to the parties at their respective addresses set forth below or to such other address as any party may hereafter specify in writing and deliver in accordance with this Paragraph 6.g. Any such notice shall be deemed given when so delivered personally or sent by facsimile transmission or, if mailed, three (3) days after the date of deposit in the United States mail, to:

If to Franchisee: _____

Telephone: _____

If to Franchisor: The Decor Group, Inc.
2301 Crown Court
Irving, Texas 75038
Attn: Brandon Stephens
Telephone: (806) 722-1225

h. Gender. All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable.

i. Confidentiality. Franchisee shall at all times treat as strictly confidential and refrain from disclosing the terms and conditions of this Agreement to any third party, except Franchisee's attorney. If Franchisee violates this Paragraph 8.i., Franchisor shall be entitled to seek all legal and equitable remedies, including, without limitation, the return of the full Agreed Amount and any additional damages, as well as injunctive relief.

j. Further Assurance. The parties hereto covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out the intent of this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

FRANCHISOR:

The Decor Group, Inc.,
a Texas corporation

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

_____, Individually

_____, Individually

ACH AUTHORIZATION AGREEMENT

EXHIBIT H

ACH Authorization Agreement

Payment for:	<input type="checkbox"/> Christmas Decor Franchise Fee	<input type="checkbox"/> Option payment
	<input type="checkbox"/> Minimum Royalty fees	<input type="checkbox"/> Minimum MDF
	<input type="checkbox"/> Renewal Payment	
	<input type="checkbox"/> Product	<input type="checkbox"/> Other (please specify) _____
Type of Debit:	<input type="checkbox"/> One-time payment	<input type="checkbox"/> Ongoing Monthly Payment for the term of the Franchise Agreement

Company Name: _____ Company Tax ID Number: _____
Mailing Address: _____
City: _____ State: _____ Zip Code: _____

I (We) hereby authorize The Decor Group, Inc. hereafter called COMPANY, to initiate debit entries to my (our) () Checking () Savings Account (select one) indicated below at the depository financial institution named below, hereinafter called BANK and to debit the same to such account. This authorization is to remain in full force and effect until COMPANY has received written notification from me (or either of us) of its termination in such time and in such manner as to afford COMPANY AND BANK a reasonable opportunity to act on it. I agree that a photocopy of this authorization is to be considered valid as the original.

Bank Name: _____ Branch: _____

City: _____ State: _____

Routing Number: _____ Account Number: _____

Names(s): _____

Signed: _____ TIN or SS# _____

Date: _____

Signed: _____ TIN or SS# _____

Date: _____

Note: All written debit authorizations must provide that the receiver may revoke the authorization only by notifying the originator in the manner specified in the authorization.

Attach Voided Check to this Authorization

CREDIT CARD AUTHORIZATION AGREEMENT

EXHIBIT I

Credit Card Authorization Agreement

Company Name:	Phone Number:	Date:
----------------------	----------------------	--------------

<input type="checkbox"/>	THE DECOR GROUP, INC. - CHRISTMAS DECOR
<input type="checkbox"/>	OTHER – PLEASE SPECIFY _____

	Card Type (please check one):	Card Number:	Expiration Date:
<input type="checkbox"/>	VISA		
<input type="checkbox"/>	MASTERCARD		
<input type="checkbox"/>	AMERICAN EXPRESS		
<input type="checkbox"/>	DISCOVER		

** Please include 3-digit authorization code: _____
 (this is found on the back of your card in the signature block at the end of the acct #)

Name on Card (Please print):

Credit Card Billing Address:

_____ **City:** _____ **State:** _____ **Zip:** _____

- Option Fee \$ _____
- Recurring Option Payment \$ _____
Date Range: from ____/____/____ to ____/____/____
- Franchise Fee \$ _____
- Minimum Marketing Development Fund \$50.00/monthly Feb-Sept & Oct-Dec balloon payments per Agreement
- Minimum Royalty Payment \$250.00/monthly Feb-Sept & Oct-Dec balloon payments per Agreement
- Product _____
- Other (please specify) _____

Authorization is for (please check all that apply):

TOTAL AMOUNT AUTHORIZED: \$ _____

AUTHORIZATION IS FOR (Please check one):

- Monthly beginning on February 1 of the 2nd Franchise year through the expiration date of the Franchise Agreement
- One time only

AUTHORIZED SIGNATURE:

THANK YOU!

I AGREE TO PAY ABOVE TOTAL AMOUNT ACCORDING TO CARD ISSUER AGREEMENT.
RETURN THIS COPY; MAKE A COPY FOR YOUR RECORDS.

PROMISSORY NOTE, SECURITY AGREEMENT, GUARANTY AGREEMENT

EXHIBIT J

PROMISSORY NOTE

Date _____

1. **FOR VALUE RECEIVED**, the undersigned _____, hereafter "Maker/s," promises to pay to the order of The Decor Group, Inc., a Texas corporation, 2301 Crown Court, Irving, TX 75038, hereafter "Payee," (\$ _____) in lawful money of the United States of America, together with interest from the date of this Note on the principal amount from time to time remaining unpaid, at the rate per annum described below.

2. **Interest.** This Note shall bear interest at ten percent (10%) per annum unless not paid as per the payment schedule. At that time, the interest rate may be raised to eighteen percent (18%) per annum or the maximum allowed by law.

3. **Payment of Note.** Maker/s hereby agrees to pay to Payee the following installment payments to repay, with interest, Payee the monies loaned to Maker/s by Payee:

- (a) Commencing on _____, and continuing on each succeeding month on the 1st day of each said successive month and thereafter for a period of eighteen (18) months, Maker/s shall pay to Payee installment payments of _____ DOLLARS AND _____ CENTS (\$ _____) per month until the principal and interest owed to Payee is paid.
- (b) Any draft, money order or other instrument given in payment of all or any portion of this Note may be accepted by payee and handled in collection in the customary manner, but the same shall not constitute payment under this Note or diminish any rights of Payee except to the extent that actual cash proceeds of such instrument are unconditionally received by the Payee.

4. **Prepayment.** Maker/s may at any time prepay, in whole in part, and without any premium or penalty therefore, the principal amount of this Note then remaining unpaid, together with all accrued interest payable on the Note, and interest shall cease to run from the date of payment of such part on all of the principal amount of this Note as shall be so prepaid. Any such prepayment under this Note shall be applied first to accrued interest and the balance to principal, but no part prepayment shall, until this Note is fully paid and satisfied, affect the obligation to continue to pay the regular installments required under this Note until the entire indebtedness has been paid.

5. **Default.** If (i) Maker/s shall fail to pay this Note or any installment of this Note, whether principal or interest, when due, and if Maker/s shall not have cured such default in the payment of principal and interest, or either, within five (5) days after Maker/s shall have received from Payee written notice of such Payee's intent to accelerate the maturity of this Note, or (ii) there shall be a default of that certain Security Agreement of even date herein between Maker/s (as Debtor) and Payee (as Secured Party), then Payee may, without further demand, notice or presentment, all of which are hereby severally waived by Maker/s, and waived by any and all sureties, guarantors, and endorsers of this Note, may accelerate the maturity of this Note, upon which the entire unpaid balance of the principal of this Note, together with all accrued but unpaid interest on the Note, shall be at once due and payable.

6. **Collection.** If this Note is not paid at maturity, and after maturity this Note is placed in the hands of an attorney for collection, or if any amounts owed under this Note are collected through any legal proceedings, including but not limited to probate, insolvency, or bankruptcy proceedings, or if suit is brought on the same, Maker/s agrees to pay a reasonable amount as attorney's fees and expenses of collection.

Usury Exclusion. All agreements between Maker/s and Holder are expressly limited such that in no contingency or event shall the amount paid or agreed to be paid to Holder for the use, forbearance, or detention of the money to be lent under this Note exceed the maximum amount permissible under the applicable Federal and State Usury laws. It is the intention of Maker/s and Holder to conform strictly to the State and Federal Usury laws applicable to this loan transaction, and to permit the highest rate of interest according to law.

Therefore, in this Note, or in any of the documents securing payment of this Note or otherwise relating to this Note, the aggregate of all interest and any other charges constituting interest under the applicable law, whether contracted for, chargeable, or receivable under this Note or otherwise in connection with this loan transaction, shall under no circumstances exceed the maximum amount of interest permitted by law. If any excess of interest is provided for, or is adjudicated to be so provided for, in this Note or in any of the documents securing payment of this Note or otherwise relating to this Note, then in such event:

- (a) the provisions of this paragraph shall govern and control;
- (b) neither Maker/s nor Maker/s's heirs, legal representatives, successors, assigns or any other party liable for the payment of this Note shall be obligated to pay the amount of such interest to the extent that it is in excess of the maximum permitted by law;
- (c) any excess of interest shall be deemed a mistake and is hereby canceled automatically, and any excess of interest paid shall, at the option of Payee, be refunded to Maker/s or credited to the principal amount of the Note;
- (d) the effective rate of interest shall be automatically subject to reduction to the maximum lawful contract rate allowed under applicable law, as it now or may later be construed by courts of appropriate jurisdiction;
- (e) the determination of the rate of interest shall be made by amortizing, prorating, allocating and spreading in equal parts during the period of the full stated term of the loan, all interest at any time contracted for, charged or received from Maker/s in connection with the loan.

7. Personal Liability. This Note shall be the joint and several obligation of all Makers and endorsers and shall be binding upon them, individually and severally, their heirs, legal representatives, successors, and assigns. Each Maker and endorser hereby, jointly and severally, waive presentment for payment, demand, protest, and notice hereof, and diligence in collecting on notice of exercise of the option to accelerate the maturity of this Note, and the time of the payment may be extended from time to time without notice and without releasing any of the parties.

8. Assignment. This instrument, and all rights and powers under this instrument, together with the property so secured, if any, may be transferred and assigned by Payee on such time and on such terms as Payee may deem advisable, and assignee shall succeed to all the rights and powers of Payee under this instrument.

9. Construction. This Note shall be governed by and construed under the laws of the State of Texas and the laws of the United States of America.

IN WITNESS WHEREOF, the undersigned has executed this Note on the date first written above.

Maker/s:

SECURITY AGREEMENT

_____, of _____
hereafter "DEBTOR," and The Decor Group, Inc., hereafter "SECURED PARTY," agree as follows:

CREATION OF SECURITY INTEREST

DEBTOR hereby grants to SECURED PARTY a security interest in that certain Franchise Agreement between Debtor and SECURED PARTY dated _____ to secure the performance and payment of all obligations and indebtedness, of whatever kind and whenever or however created or incurred, of DEBTOR to SECURED PARTY.

COLLATERAL

The COLLATERAL to this SECURITY AGREEMENT shall be that certain Franchise Agreement between DEBTOR and SECURED PARTY dated _____, the original of which is attached to this SECURITY AGREEMENT and SECURED PARTY'S superior lien is hereby perfected.

DEBTOR'S OBLIGATIONS

DEBTOR shall pay to SECURED PARTY any sum or sums due, or which may become due, pursuant to any promissory note or notes now or hereafter executed by DEBTOR to evidence DEBTOR's indebtedness to SECURED PARTY, in accordance with the terms of such promissory note or notes and the terms of this security agreement.

DEBTOR shall pay to SECURED PARTY on demand all expenses and expenditures, including reasonable attorney's fees and other legal expenses incurred or paid by SECURED PARTY in exercising or protecting its interests, rights, and remedies under this Security Agreement.

DEBTOR shall pay immediately, without notice, the entire unpaid indebtedness of DEBTOR to SECURED PARTY, whether created or incurred pursuant to this security agreement or otherwise, upon DEBTOR's default under this security agreement.

DEBTOR REPRESENTS, WARRANTS, AND AGREES THAT:

DEBTOR's _____	NAME
_____	ADDRESS
_____	CITY, ST ZIP

All information supplied and statements made by DEBTOR in any accounting, credit, or financial statement or loan application prior to, contemporaneously with, or subsequent to the execution of this security agreement are and shall be complete, true, and correct.

No financing statement covering the Collateral or its process is on file in any public office. Except for the security interest granted in this security agreement, there is no lien, security interest, or encumbrance in or on the Collateral. DEBTOR is the owner of the Collateral.

DEBTOR shall pay, prior to delinquency, all taxes, charges, liens and assessments against the Collateral, and upon DEBTOR's failure to do so, SECURED PARTY at its option may pay any of these and shall be sole judge of the legality or validity of these obligations and the amount necessary to discharge them.

DEBTOR will execute any financing statement, or other instrument or document, deemed necessary by SECURED PARTY to protect the security interest under this security agreement against the rights or interests of third persons.

If in SECURED PARTY's judgment the Collateral has materially decreased in value, or if SECURED PARTY shall at any time deem that SECURED PARTY is insecure, DEBTOR will either provide enough additional collateral to satisfy SECURED PARTY or reduce the total indebtedness by an amount sufficient to satisfy SECURED PARTY.

DEBTOR hereby appoints SECURED PARTY as DEBTOR's attorney-in-fact to do any and every act that DEBTOR is obligated by this security agreement to do, and to exercise all rights of DEBTOR in the Collateral, and to execute any and all papers and instruments to do all other things necessary to preserve and protect the Collateral and to protect SECURED PARTY's security interest in the Collateral.

At SECURED PARTY's option, SECURED PARTY may discharge taxes, liens, security interests or other encumbrances at any time levied or placed on the Collateral, and all sums so expended, including, but not limited to, attorney's fees, court costs, agent's fees, commissions, or any other costs or expenses, shall bear interest from the date of payment at the rate of eighteen percent (18 %) per annum and shall be payable at the place designated in the note or notes secured by this security agreement.

DEBTOR agrees to reimburse SECURED PARTY for any payment made, or expense incurred by SECURED PARTY pursuant to the foregoing authorization.

DEFAULT

DEBTOR shall be in default under this security agreement and promissory note upon the happening of any of the following events or conditions:

- (1) DEBTOR's failure to pay when due any indebtedness secured by this security agreement, either principal or interest;
- (2) any warranty, representation or statement made or furnished to SECURED PARTY by or in behalf of DEBTOR proves to have been false in any material respect when made or furnished;
- (3) default in the performance of any obligation, covenant, or liability contained or referred to in this security agreement and promissory note;
- (4) the making of any levy, seizure or attachment of or on the Collateral;
- (5) dissolution, termination of existence, insolvency, business failure, appointment of a receiver for any part of the Collateral, assignment for the benefit of creditors, or the commencement of any proceedings under any bankruptcy or insolvency law, of, by, or against DEBTOR;
- (6) any time the Collateral becomes, in the judgment of the SECURED PARTY, unsatisfactory or insufficient in character or value;
- (7) any time the SECURED PARTY believes the payment of the indebtedness secured hereby, or the performance of this security agreement, is impaired;

RIGHTS IN EVENT OF DEFAULT

Upon the occurrence of an event of default, or if SECURED PARTY deems payment of DEBTOR's obligations to SECURED PARTY to be insecure, and at any time thereafter, SECURED PARTY may declare all obligations secured hereby immediately due and payable, and shall have the rights and remedies of a SECURED PARTY under the Uniform Commercial Code of Texas, including, without limitation, the right to sell, lease or otherwise dispose of any or all of the Collateral, and the right to take possession of the Collateral, SECURED PARTY will send or otherwise make available to

DEBTOR reasonable notice of the time and place of any public sale of the Collateral, or of the time after which any private sale or other disposition of the Collateral is to be made. The requirement of sending reasonable notice shall be met if such notice is mailed, postage prepaid, to DEBTOR at the address designated at the beginning of this Security Agreement, or if notice is otherwise posted on the door of the premises of DEBTOR, or any public place, at least five (5) days before the time of the sale or disposition. It is expressly understood and agreed by DEBTOR that SECURED PARTY's right to take possession of the Collateral upon the happening of the events of default specified in this Agreement may be exercised without resort to any court proceeding or judicial process whatever, and without any hearing whatever. In this connection, DEBTOR expressly waives any right to any judicial process or to any hearing prior to the exercise of SECURED PARTY's right to take possession of the collateral upon the happening of any such events of default. Expenses of retaking, holding, preparing for sale, or selling, or the like, of any Collateral shall include SECURED PARTY's reasonable attorney's fees and legal expenses, plus interest thereon at the rate of eighteen percent (18%) per annum. DEBTOR shall remain liable for any deficiency.

SECURED PARTY may remedy any default or may waive any default. Any such waiver does not waive other prior or subsequent default.

The remedies of SECURED PARTY under this Agreement are cumulative, and the exercise of any one or more of the remedies provided for in this Agreement shall not be construed as a waiver of any of the other remedies of SECURED PARTY.

ADDITIONAL AGREEMENTS

The term "DEBTOR" as used in this instrument includes the successors, representatives, receivers, trustees and assigns of the party specifically named as DEBTOR under this agreement.

Terms used in this security agreement that are defined in the Texas Uniform Commercial Code are used with the meanings as therein defined.

The law governing this secured transaction shall be that of the State of Texas in force at the date of this Security Agreement.

EXECUTED this _____ Day of _____ 20__.

DEBTOR:

_____	NAME	Accepted – The Decor Group, Inc.
_____	ADDRESS	_____
_____	CITY, ST ZIP	Date _____

SPECIFIC GUARANTY AGREEMENT

FOR VALUE RECEIVED, the undersigned (whether one or more, hereafter called "Undersigned" or "Guarantor") jointly, severally and unconditionally guarantee the full and punctual payment when due of the following described indebtedness of _____ (whether one or more, hereinafter called "Borrower") to The Decor Group, Inc. (hereafter called "Lending Party"):

One certain promissory note in the original principal amount of _____ DOLLARS AND _____ CENTS (\$ _____), dated _____ executed by Borrower and payable to the order of Lending Party, bearing interest at ten percent per annum (10%) and payable in monthly installments of principal and interest beginning (sixty (60) days from Franchise date) _____, and continuing thereafter until paid in full, together with all renewals and extensions thereof, even though represented by new instruments or occurring after the death of any Borrower or Undersigned, and together with all interest, attorney's fees, and court costs for which Borrower may become payable in connection therewith.

The undersigned further, jointly and severally, agree to pay to Lending Party or to Lending Party's successors or assigns, all reasonable attorney's fees incurred by Lending Party in enforcing this agreement, if the indebtedness and obligations guaranteed under this Agreement are not paid by the undersigned upon demand when due as required in this Agreement or if this Agreement is enforced by suit or through probate or bankruptcy court or through any judicial proceedings whatsoever. Should it be necessary to reduce Lending Party's claim to judgment, said judgment shall bear interest at the rate of eighteen percent (18%) per year.

The undersigned waive notice of acceptance of this guaranty and of any liability to which it applies or may apply and waive presentment and demand for payment of any amounts guaranteed, notice of dishonor or nonpayment thereof, collection or instigation of suit, or any other action by Lending Party in collection thereof, including any notice of default in payment thereof, or other notice or demand of payment therefor on any party.

Lending Party may, at Lending Party's option, at any time, without the consent of or notice to the undersigned, without incurring responsibility to the undersigned, without impairing or releasing the obligations of the undersigned on this Agreement, and without any terms or conditions, and in whole or in part (1) change the manner, place or terms of payment, or change or extend the time of payment of, renew, or alter any liability of Borrower guaranteed by this Agreement, or any liabilities incurred directly or indirectly under this Agreement, and the guaranty made in this Agreement shall apply to the liabilities of the Borrower, changed, extended, renewed or altered in any manner; (2) sell, exchange, release, subordinate its lien on, surrender, realize upon, or otherwise deal with in any manner and in any order any property at any time pledged or mortgaged to secure or securing the liabilities; (3) exercise or refrain from exercising any rights against Borrower or others, or otherwise act or refrain from acting; (4) settle or compromise any liabilities hereby guaranteed or hereby incurred, and may subordinate the payment of all or any part of such liabilities to the payment of any liabilities that may be due to Lending Party or others; and (5) apply any sums paid to any liability or liabilities of Borrower to Lending Party, regardless of which liability or liabilities of Borrower to Lending Party remain unpaid.

It is the intention of the parties to this Agreement to comply with the usury laws of the State of Texas. Accordingly, it is agreed that notwithstanding any provision to the contrary in this instrument, or in any note or other instrument, or in any of the other documents securing payment of this Agreement, or otherwise relating to this Agreement, no such provision shall require the payment or permit the collection of interest in excess of the maximum permitted by law. If any such excess of interest is provided for, or shall be adjudged to be so provided for, then in such event (a) the provisions of this paragraph shall govern and control; (b) neither the person executing this instrument nor his heirs, successors or assigns or any other party liable for the payment of this Agreement shall be obligated to pay the amount of such interest to the extent that it is in excess of the maximum amount permitted by law; (c) any such excess that may have been collected shall be, at Lending Party's option, either applied as a credit against the

then unpaid principal amount owing on the obligations, or refunded; and (d) the effective rate of interest covered by this Guaranty Agreement shall be automatically subject to reduction to the maximum lawful contract rate allowed under the usury laws of the State of Texas as such laws may now or later be construed by the courts having jurisdiction.

Suit may be brought against the Guarantors, jointly and severally, or against one or more of them, but less than all, without impairing the rights of Lending Party, or Lending Party's successors or assigns, against any of the other Guarantors; and Lending Party may release one or more of the Guarantors, or settle with such person or persons, as Lending Party deems fit, without releasing or impairing the rights of Lending Party to demand and collect the balance of such indebtedness from the other remaining Guarantors not so released. It is agreed among the Guarantors, however, that such settlement and release shall not impair the rights of the Guarantors as among themselves.

This Agreement is for the benefit of Lending Party, and for such other persons as may from time to time be or become the holders of any indebtedness guaranteed by this Agreement. This Agreement shall be transferable and negotiable, with the same force and effect and to the same extent as the indebtedness that it guarantees may be transferable. It is agreed that upon the assignment or transfer by Lending Party of any indebtedness guaranteed by this Agreement, the legal holder of such indebtedness shall have all of the rights granted to Lending Party under this guaranty.

Lending Party, and Lending Party's successors and assigns, shall not be liable for failure to use diligence in the collection of any indebtedness guaranteed by this Agreement, or in preserving the liability of any person liable on the indebtedness, and the Guarantors hereby waive presentment for payment, notice of nonpayment, protest, notice thereof, and diligence in bringing suit against any person liable for any indebtedness guaranteed by this Agreement.

This instrument is a specific guaranty of indebtedness evidenced by the above-described promissory notes and all renewals and extensions thereof and shall not be wholly or partially satisfied or extinguished by Guarantor's partial payment of any amount thereunder but shall continue in full force and effect as against each of the respective Guarantors for the full amount of the indebtedness specified above until the payment in full of the indebtedness. Guarantors, or any one or more of them, may give to Lending Party written notice that the Guarantor or Guarantors giving such notice will not be liable under this Agreement for any obligations renewed or extended by Lending Party after the giving of such notice, and such notice will be effective as to the Guarantor or Guarantors who give such notice from and after, but not before, such time as the written notice is actually delivered to and received by and acknowledged in writing by Lending Party; provided, that such notice shall not in any way affect, impair or limit the liability and responsibility of any other of the Guarantors under this Agreement with respect to any obligations previously existing or thereafter arising, and Lending Party shall have the right to renew and extend such indebtedness without notice to the remaining Guarantors under this Agreement. In the event of the death of any Guarantor under this Agreement, the obligations of the deceased shall continue in full force and effect as to all indebtedness guaranteed by this Agreement prior to the time when Lending Party shall have received notice, in writing, of termination of this guarantee as set forth above. The release by Lending Party of one or more Guarantors under this Agreement shall not affect the remaining Guarantors under this Agreement, who shall remain fully liable in accordance with the terms of this Agreement.

EXECUTED this _____ Day of _____ 20____.

_____, Guarantor

_____, Guarantor

LIST OF STATE ADMINISTRATORS

ATTACHMENT A

LIST OF STATE ADMINISTRATORS

CALIFORNIA

Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-1105
866-275-2677

FLORIDA

Department of Agriculture and Consumer
Services
Mayo Building, 2nd Floor
Tallahassee, Florida 32399

HAWAII

Business Registration Division
Department of Commerce
and Consumer Affairs
335 Merchant Street
Honolulu, Hawaii 96813

ILLINOIS

Chief, Franchise Bureau
Attorney General's Office
500 South Second Street
Springfield, Illinois 62706

INDIANA

Securities Commissioner
Indiana Securities Division
302 West Washington Street
Room E-111
Indianapolis, Indiana 46204

MARYLAND

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Franchise Administrator
Consumer Protection Division
Antitrust and Franchising Unit
Michigan Department of Attorney General
670 Law Building
Lansing, Michigan 48913

MINNESOTA

Securities Unit
Minnesota Department of Commerce
85 Seventh Place East
Suite 280
St. Paul, Minnesota 55101

NEBRASKA

Nebraska Department of
Banking and Finance
1200 N. Street
P.O. Box 95006
Lincoln, Nebraska 68509-5006

NEW YORK

Assistant Attorney General
NYS Department of Law
Investment Protection Bureau
28 Liberty St, 21st Floor
New York, New York 10005

NORTH DAKOTA

Franchise Examiner
North Dakota Securities Department
600 East Boulevard, Fifth Floor
Bismarck, North Dakota 58505

OREGON

Department of Consumer and
Business Services
Division of Finance and
Corporate Securities
Labor and Industries Building
Salem, Oregon 97310

WASHINGTON

Administrator
Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98501

RHODE ISLAND

Chief Securities Examiner
Division of Securities
John O. Pastore Complex
1511 Pontiac Avenue, Building 69-1
Cranston, Rhode Island 02910

WISCONSIN

Franchise Administrator
Division of Securities
Department of Financial Institutions
345 West Washington Avenue
Madison, Wisconsin 53703

SOUTH DAKOTA

Franchise Administrator
Division of Insurance
Securities Regulation
124 S Euclid, Suite 104
Pierre, South Dakota 57501

TEXAS

Statutory Document Section
Secretary of State
P.O. Box 12887
Austin, Texas 78711

UTAH

Director
Division of Consumer Protection
Utah Department of Commerce
160 East Three Hundred South
P.O. Box 45804
Salt Lake City, Utah 84145

VIRGINIA

State Corporation Commission
Division of Securities
and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219

AGENTS FOR SERVICE OF PROCESS

ATTACHMENT B

AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

Commissioner of Financial Protection and Innovation
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013

HAWAII

Director
Hawaii Department of Commerce
and Consumer Affairs
335 Merchant Street
Honolulu, Hawaii 96813

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

INDIANA

Secretary of State
201 State House
200 West Washington
Indianapolis, Indiana 46204

MARYLAND

Maryland Securities Commissioner
Maryland Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Michigan Department of Commerce,
Corporations and Securities Bureau
670 Law Building
Lansing, Michigan 48913

MINNESOTA

Commissioner of Commerce
85 Seventh Place East
Suite 280
St. Paul, Minnesota 55101

NEW YORK

Secretary of State of
the State of New York
99 Washington Avenue
Albany, New York 12231

NORTH DAKOTA

Securities Commissioner
North Dakota Securities Division
600 East Boulevard, Fifth Floor
Bismarck, North Dakota 58505

OREGON

Director
Department of Consumer and Business Services
Division of Finance and Corporate Securities
Labor and Industries Building
Salem, Oregon 97310

RHODE ISLAND

Director
Division of Securities
John O. Pastore Complex
1511 Pontiac Avenue, Building 69-1
Cranston, Rhode Island 02910

SOUTH DAKOTA

Director
Division of Insurance
Securities Regulation
124 S Euclid, Suite 104
Pierre, South Dakota 57501

VIRGINIA

Clerk of the State
Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

WASHINGTON

Director of Financial Institutions
Securities Division
150 Israel Rd. S.W.
Tumwater, Washington 98501

WISCONSIN

Commissioner of Securities
Wisconsin Securities Commission
345 West Washington Avenue
Madison, Wisconsin 53703

New York Insert
(To be inserted immediately before the Acknowledgement of Receipt)

This Disclosure Document is amended by the addition of the following sentence:

Franchisor represents that this prospectus does not knowingly omit any material fact or contain any untrue statement of a material fact.

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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 below:

State	Effective Date
California	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	October 20, 2021
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	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 The Decor Group, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Applicable state law in (a) Connecticut and Michigan, require us to provide you the disclosure document at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale and (b) Iowa, Maine, New York and Rhode Island require us to provide you the disclosure document the earlier of the first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If The Decor Group, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (as listed in Attachment A to this disclosure document). We authorize the agents listed in Attachment B to receive service of process for us.

The name, principal business address, and telephone number of each franchise seller offering the franchise follow:

Name	Principal Business Address	Telephone Number

I received a The Decor Group, Inc. disclosure document with an FTC issuance date of October 20, 2021. (See the state effective date summary page for state effective dates.) The disclosure document included the following Exhibits and Attachments:

EXHIBITS

- Exhibit A Franchise Agreement
- Exhibit A-1 State Addenda to Franchise Agreement
- Exhibit A-2 Option Agreement
- Exhibit B Table of Contents of Operations Manual
- Exhibit C Financial Statements
- Exhibit D-1 Franchisee List
- Exhibit D-2 List of Franchisees Who Have Left the System
- Exhibit E End User License Agreement
- Exhibit F Form of General Release
- Exhibit G State Addenda to Franchise Disclosure Document
- Exhibit H ACH Authorization Agreement
- Exhibit I Credit Card Authorization Agreement
- Exhibit J Promissory Note, Security Agreement, Guaranty Agreement

ATTACHMENTS

- Attachment A List of State Administrators
- Attachment B Agents for Service of Process

State Effective Dates Page

Dated: _____

Individually and as an Officer of the company designated below or of a company to be formed and designated below on formation

Printed Name

of _____
(a _____ Corporation)
(a _____ Partnership)
(a _____ Limited Liability Company)

[Sign and return this page]

RECEIPT

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If The Decor Group, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (as listed in Attachment A to this disclosure document). We authorize the agents listed in Attachment B to receive service of process for us.

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- Attachment B Agents for Service of Process

State Effective Dates Page

Dated: _____

Individually and as an Officer of the company designated below or of a company to be formed and designated below on formation

Printed Name

of _____
(a _____ Corporation)
(a _____ Partnership)
(a _____ Limited Liability Company)

[Keep this page for your records]